CROSSCOUNTRY MOCKS

BUSINESS STUDIES

(MOCKS TRIALS 1-10)

SERIES 1 COMPILATION OF RECENT TOP CROSS-COUNTRY BUSINESS STUDIES MOCKS IDEAL FOR KCSE REVISION PURPOSES.

KCSE MODEL EXAMS TRIALS

SERIES 1

FOR MARKING SCHEMES CALL/WHATSAPP

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CROSSCOUNTRY MOCKS

BUSINESS STUDIES

TRIAL 1 PAPER 1

TIME: 2 HOURS

NAME…… INDEX NO……

SCHOOL…….. SIGN……..…

DATE……..

Answer All the Questions

1. Outline four ways in which horizontal communication may be used in a business organization. **(4marks)**

2. Outline four differences between a partnership and a sole proprietorship.

(4marks)

3. Identify the type of good described by each of the following statements

(4marks)

	Description	**Good**
a)	Owned by no one but the government	
b)	Produced to be used in the production of other goods.	
c)	Available in abundance as gifts of nature	
d)	Have monetary value and human effort is needed to obtain them	

4. State four possible consequences of poor arrangement of goods in a warehouse

(4marks

5. State four factors to be considered when determining premiums to be charged in life assurance. **(4marks)**

6. A firm near your residential area has been constantly releasing toxic wastes into the environment. Outline four measures that you can take to stop the firm from doing so. **(4marks)**

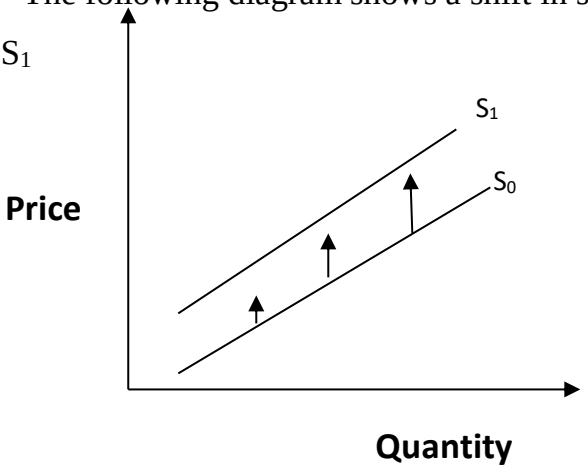
7. An indirect tax has a room for voluntary payment. However it has its shortcomings. State four of such shortcomings. **(4marks)**

8. Outline four roles played by intermediaries in the chain of distribution. **(4marks)**

9. The following entries were made in the two column cash of Dot-com traders. Explain each of the entries.

Date	Details	Cash	Bank	Date	Details	Cash	Bank
1/12/11	Bal b/f	23,000		1/12/11	Bal b/f		5,000
3/12/11	Sales		8,000	1/12/11	Bank	9,000	
5/12/11	cash		9,000	5/12/11	Purchases	10,000	
				9/12/11			

10. The following diagram shows a shift in supply of mangoes in Kathiani Market from S_0 to S_1



State four factors that may have led to the shift. **(4marks)**

11. State four reasons why carbon copying is not a popular method in reproducing documents in offices. **(4marks)**

12. Outline four ways through which a business opportunity may exist. **(4marks)**

13. Indicate in which ledger book transactions involving the following will be recorded. **(4marks)**

	Transaction	Ledger Book
a)	Rent expenses	
b)	Credit purchases	
c)	Cash sales	
d)	Credit sales	

14. Outline four limitations of the circular flow of income. **(4marks)**

15. State four ethical issues that a firm is supposed to address in product promotion **(4marks)**

16. The following balances were extracted from the books of Muli traders as at 31st March 2010

	Shs.
Fixed Assets	200,000
Creditors	35,000
Current assets	110,000
4 year bank loan	150,000

Required;

Determine the net worth of the business as at 31st march 2010 **(4marks)**

17. State four measures that the Kenyan government may adopt to promote her exports. **(4marks**

18. State four negative effects of inflation that Kenyans are facing today. **(4marks)**

19. Outline four reasons why an entrepreneur would prefer to locate his business where similar businesses already exist. **(4marks)**

20. One of the functions of the office is to safeguard the organization's property. State four methods through which this function can be achieved. **(4marks)**

21. Outline four causes of unemployment in Kenya. **(4marks)**

22. Outline four functions of money. **(4marks)**

23. State four disadvantages of division of labour and specialization. **(4marks)**

24. The following transactions relate to Ostrich Ltd.

i) Started the business with Kshs. 10,000 cash and Shs. 15,000 at the business bank

ii) account

ii) Paid Kavi a creditor Shs. 3,000 by cheque

Post the above transactions in the relevant ledger accounts **(4marks)**

25. State four factors that may positively affect the productivity of labour **(4marks)**

CROSSCOUNTRY MOCKS

BUSINESS STUDIES

TRIAL 1 PAPER 2

TIME: 2 ½ HOURS

NAME…… INDEX NO……

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QUESTIONS

1. **a)** Kasiva a coffee farmer in Nduni village wants to join Muthunzuuni farmers' co-operative society. Explain five benefits that would accrue to her as a result of being a member of the society. **(10marks)**

   b) Explain five roles played by advertising agencies. **(10marks)**

2. **a)** Kenya is looking forward to the realization of vision 2030, explain five obstacles that may hinder the efforts made towards this dream. **(10marks)**

   b) Explain five reasons why a properly drawn cheque may be dishonoured. **(10marks)**

3. **a)** The following trial balance relates to Nthoi's enterprise as at 31st December 2011

	DR	**CR**
	Shs.	Shs.
Drawings	60,000	
Land + buildings	700,000	
Cash in bank	115,000	
Stock 1.1.2011	18,000	
Purchases and Sales	500,000	1,000,000
Debtors and Creditors	46,000	92,000
Salaries and wages	85,000	
Carriage inwards	9,000	
Carriage outwards	12,000	
Motor vehicles	400,000	
Capital		909,000
Water and lighting	36,000	

Insurance	40,000	
Returns	30,000	50,000
	2,051,000	**2,051,000**

Stock on 31st December 2011 was valued at kshs. 25,000.

Required; prepare Nthoi's Trading Profit and Loss Account for the year ended 31st December 2011. **(10marks)**

b) Explain five benefits that may accrue to a firm as a result of operating on large scale. **(10marks)**

4. a) Explain five circumstances under which a producer of a certain commodity may find it appropriate to sell his goods directly to the consumer. **(10marks)**

b) Highlight five reasons why a country would be reluctant to adopt free trade policy with her trading partners.

5. a) Explain five sources of short term finance to a business organization.

b) Tumetoka Mbali Traders maintains a petty cash book on imprest system with a float of kshs. 18,000. Reimbursement is usually made on the first day of the week. The following payments were made on the first week of **June 2012**

June 1st: Received Shs. 2,000 for reimbursement

3rd : Bought stamps for shs. 400

4th : Bought stationery for shs. 1,000

5th : Bought sugar for shs. 580 and paid postage shs. 850

6th : Bought tealeaves for shs. 500 and stationery for shs. 650

7th : Paid ostrich a creditor shs. 5,500

7th : Received cash for reimbursement

Required;

Prepare a petty cash book duly balanced using the following analysis columns, stationery, postage, travelling, staff tea, miscellaneous and ledger accounts. **(10marks)**

6. a) Explain five features of under development. **(10marks)**

b) Explain five limitations of relying on per capita income as a measure of living standards of people in a country. **(10marks)**

CROSSCOUNTRY MOCKS

BUSINESS STUDIES

TRIAL 2 PAPER 1

TIME: 2 HOURS

NAME…… INDEX NO……

SCHOOL…….. SIGN……..…

DATE……..

QUESTIONS

1. Outline **four** challenges associated with the satisfaction of human wants. **(4mks)**
2. Highlight **four** ways in which manufacturers can enhance consumer protection. **(4mks)**
3. State **four** ways in which the government may influence the price of a commodity. **(4mks)**
4. Outline **four** features of demand deposit account. **(4mks)**
5. The balances below relates to Eureka Traders for the year ended 31st December 2010.

	Shs.
Capital	?
2 year Bank loan	230,020
Creditors	95,200
Fixed assets	480,000
Current assets	145,220

Determine the following

i.) Working capital. **(2mks)**

ii.)Capital employed. **(2mks)**

6. Classify the following accounts as either real or nominal**.** **(4mks)**

Account	**Class**
Delivery van	
Purchases	
Insurance premium	
Commission income	

7. Highlight **four** measures that the government would undertake to provide investors with an enabling business environment. **(4mks)**

8. Outline **four** circumstances under which downwards communication would be appropriate in an organization. **(4mks)**

9. State ***four*** limitations of using national income statistics to compare the standards of living in different countries. **(4mks)**

10. State **four** merits of using indirect taxes to raise government revenue. **(4mks)**

11. State **four** components of a business plan. **(4mks)**

12. Outline **four** demerits of using pipeline to transport petroleum products. **(4mks)**

13. Highlight **four** circumstances which may make personal selling appropriate as a way of product Promotion. **(4mks)**

14. Maneno traders had the following balances as at 6thJanuary 2012. **(4mks)**

Land & building	150,000
Cash in hand	25,500
Creditors	15,000
Bank overdraft	30,000
Purchases	18,000
Sales	30,000
Returns inwards	5,000

Required;

A trial balance as at 6thJanuary 2012

15. Outline four monetary methods that the government can use to control inflation**.** **(4mks)**

16. Name the office machines used to perform the following functions. **(4mks)**

Function	Machine
a) To fold documents, place them in the envelope and seal.	
b) Used to transmit printed messages such as Letters ,maps diagrams and photographs	
c) Reproducing documents from a master copy(stencil)	
d) Printing postage impressions on the envelopes	

17. Outline **four** distinctions between monopolistic competition and oligopoly. (4mks)

Monopolistic competition	**Oligopoly**
(a)	
(b)	
(c)	
(d)	

18. Highlight four disadvantages of producer co-operative societies. **(4mks)**

19. State ***four*** objectives of export processing zones in Kenya. **(4mks)**

20. Outline four advantages of overpopulation in Kenya. **(4mks)**

21. Highlight **four** benefits of a bonded warehouse to the government. **(4mks)**

22. State **four** features of a departmental store. **(4mks)**

23. Outline **four** conditions which are necessary for a successful development plan**.** **(4mks)**

24. State **four** purposes of a three column cash book. **(4mks)**

25. Highlight four features of general insurance. **(4mks)**

CROSSCOUNTRY MOCKS

BUSINESS STUDIES

TRIAL 2 PAPER 2

TIME: 2 ½ HOURS

NAME…… INDEX NO……

SCHOOL…….. SIGN……..…

DATE……..

QUESTIONS

1. a) Explain **five** benefits that would accrue to a businessman who uses a Liner rather than Tramps Steamers. **(10mks)**

b) Using a diagram, describe the effects of outward shift in supply curve on equilibrium price and quantity. **(10mks)**

2. a) Explain ***four*** measures that may be taken by the government to promote her export. **(8mks)**

b) The following Trial Balance was extracted from the books of Kisumu Auto spares as at 31st Oct 2011

Kisumu Auto Spares
Trial Balance
As at 31st Oct 2011

	DR	CR
Capital		653,560
Motor vehicle	603,000	
Equipment	200,600	
Furniture	94,400	
Debtors	75,900	
Creditors		74,300
Carriage on sales	14,400	
Discount Received		26,400
Salaries	12,400	
Rent Income		12,600
Sales		319,400
Purchases		300,000
Advertising	22,200	

Rates	9,400	
Stock 1-11-2010	61,500	
Bank		412,600
Cash	105,060	
TOTAL	**1,498,860**	**1,498,860**

Stock on 31st October 2011 was sh. 80,200

Required,

(i) Prepare Trading ,Profit and Loss account for the year ended 31st Oct 2011

(ii) Prepare Balance sheet as at 31st October 2011 **(12mks)**

3. a) Explain **Five** circumstances under which a manufacturer would find it advisable to distribute his goods through wholesalers. **(10mks)**

b) Explain ***five*** functions of the central bank of Kenya in the Economy. **(10mks)**

4. a) Distinguish between shares and debenture as a source of finance. **(10mks)**

b) Outline five circumstances under which a firm will be located near the market for its products. **(10mks)**

5. a) The following information relates to Bizna Distributor Company for the year ended 31st Dec 2009

	shs
Gross profit	600,000
Opening stock	285,000
Sales	2,400,000
Purchases	1,830,000
Expenses	360,000
Closing stock	315,000
Fixed assets	400,000
Debtors	900,000
Bank	35,000
Current liabilities	438,000

Required calculate

i) Margin **(2 ½ mks)**

ii) Rate of stock turnover **(2 ½ mks)**

iii) Return on capital employed **(2 ½ mks)**

iv) Current ratio **(2 ½ mks)**

b) Explain **five** ways in which the Entrepreneur contributes to the production of goods. **(10mks)**

6. a) Describe **five** means of payment that a trader may use to settle business debts. **(10mks)**

b) Explain **five** indicators of under development in Kenya. **(10mks)**

CROSSCOUNTRY MOCKS

BUSINESS STUDIES

TRIAL 3 PAPER 1

TIME: 2 HOURS

NAME…… INDEX NO……

SCHOOL…….. SIGN……..…

DATE……..

QUESTIONS

1. In the spaces provided, state the type of insurance policy described in each case. **(4mks)**

a) Premium are paid over a stated period with the sum assured payable when insured dues

b) Covers a vehicle against all losses arising from its authorized use.

c) Covers loss, damage or injury accidentally caused to other people by the insured , His property, employees, pets or agents.

d) Covers goods and money lost in private and commercial premises.

2. State FOUR circumstances under which a seller would require a buyer to pay cash with order C.W.O. **(4mks)**

3. State **FOUR** ways in which the nature of goods would influence the choice of transport. **(4mks)**

4. Highlight **FOUR** limitations of consumer initiated methods in consumer protection. **(4mks**

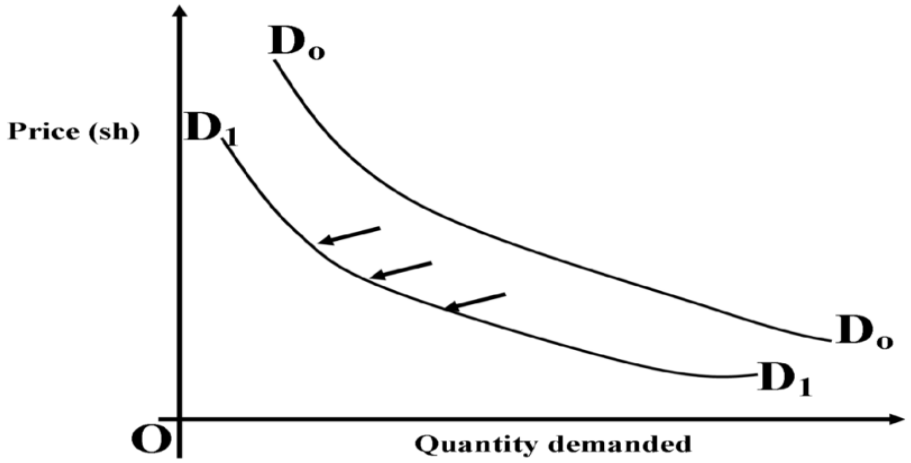
5. Give **FOUR** difficulties faced by human beings in satisfying human wants. **(4mks)**

6. State **FOUR** services offered to commercial banks by the central bank of Kenya. **(4mks)**

7. List **FOUR** sources of public finances. **(4mks**

8. Give **FOUR** reasons why an office is necessary in any organization. **(4mks)**

9. The diagram below shows a shift in demand for rice.



Identify FOUR factors that could have made the demand curve shift from D_oD_o to D_1D_1. **(4mks)**

10. State FOUR ways in which the stock of a business may change. **(4mks)**

11. Outline FOUR benefits of business ethnics. **(4mks**

12. The following information related to businesses A,B ,Cand D

BUSINESS	ASSESTS	LIABILITIES	CAPITAL
A	250,000	M	150,000
B	N	400,000	600,000
C	150,000	60,000	P
D	350,000	Q	250,000

Determine the figures represented by M,N,P, and Q **(4mks)**

13. Record the following transactions in a two column cash book of Magunga Traders and balance it off. **(4mks)**

2012

January 1 – Balance b/d - cash sh 10,000

- bank sh 25,000

January 2 – Bought stock in cash sh 6,000

January 7 – Cash sales shs 2,500

January 12 – With drew cash from bank for office use sh 4,000

January 1st – Paid wages in cash sh . 3,000

January 31st – Received sh 4,500 from Otaro, a debtor by cheque

Magunga Traders

Two Column Cash book for the month of Jan 2012

Dr Cr

Date	Particulars	Cash	Bank		Date	Particulars	Cash	Banks

14. The following account balances were obtained from the books of Kaswanga Traders on **30th June 2011.**

		Sh
Land and buildings	-	200,000
Current assets	-	420,000
Furniture	-	60,000
Motor car	-	240,000
Capital	-	480,000
Current liabilities	-	440,000

Required : Prepare a trial balance for Kaswanga Traders as at 30th June 2011

15. The following information was extracted from the books of Gembe Retailers for the year ended 31st December,2010

	Sh
Cost of sales	1,200,000
Stock as at 1.1.2010	160,000
Stock as at 31.12.2010	240,000

Calculate the rate of stock turnover. **(4mks)**

16. The following balances were extracted from the books of Watber Traders as at 31st December, 2009.

	Sh
Capital	620,000
Motor van	300,000
Stock	140,000
Furniture	100,000
Debtors	120,000
Creditors	60,000
Bank	20,000

Additional information:

On 31st December, 2009 Watber Traders receiver cheques amounting to Sh 40,000 From debtors as part payment of their accounts

Prepare Watber Traders balance sheet as at 31st December,2009. **(4mks)**

17. Name the factor of production that each of the following resources relate to. **(4mks)**

Resource	Factor of production
a) Accountant	
b) Motor vehicle	
c) Water	
d) Owner	

18. State **FOUR** benefits that a government gets from a bonded warehouse. **(4mks)**

19. List **FOUR** features of effective communication. **(4mks)**

20. Give **FOUR** disadvantages of a long chain of distribution of goods to a buyer. **(4mks)**

21. Outline **FOUR** features of a sole proprietorship form of business organization. **(4mks)**

22. List **FOUR** causes of business failure. **(4mks)**

23. State **FOUR** reasons why a cheque may be dishonoured by a bank. **(4mks)**

24. State **FOUR** circumstances under which a trader would advertise his products over the radio instead of television. **(4mks)**

25. On 1 -8-2010, Onyango bought goods on credit quoted at sh 200,000.Terms of sale were 20% trade discount and 10% cash discount if payment was made on 29 – 8- 2010 Calculate the amount paid of payment was made on 26 – 08 – 2010.

CROSSCOUNTRY MOCKS

BUSINESS STUDIES

TRIAL 3 PAPER 2

TIME: 2 ½ HOURS

NAME…… INDEX NO……

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QUESTIONS

1. **a)** Discuss **FIVE** factors which influence geographical mobility of labour.**(10mks)**

   b) Explain **FIVE** characteristics of good money. **(10mks)**

2. **a)** Describe **FIVE** factors that encourage entrepreneurship in Kenya. **(10mks)**

   b) Highlight **FIVE** adverse effects of localization of firms in an economy.

3. **a)** Discuss **FIVE** factors that a government should consider when deciding on a good tax system. **(10mks)**

   b) Explain **FIVE** factors which may hinder economic development. **(10mks)**

4. **a)** Discuss **FIVE** advantages of trade restrictions to a country. **(10mks)**

   b) Describe **FIVE** merits of public corporations. **(10mks)**

5. **a)** Explain **FIVE** challenges that may be experienced by a country whose population is made up of a large proportion of young people. **(10mks)**

   b) On 1st December 2009, Kamau had sh. 55,000 in hand and sh. 250,000 at bank. During the month, the following transactions took place.

   December 2 cash sales banked sh. 35,260

   3 Bought stationery in cash sh. 4,500

   8 Paid Odongo a creditor sh. 94,000 by cheque in full settlement of his account after deduction 6% cash discount

   12 received a cheque for sh 58,800 from Wafula after allowing him a cash discount of sh. 1,200

   15 paid salaries sh. 34,000 in cash

   25 Withdrew sh. 50,000 from bank for office use.

28 Anyango, a debtor paid her account of sh. 75,000 by cheque less 10% cash discount

30 Deposited all the cash into the bank except sh. 13,700

Prepare a three column cash book and balance if off. **(10mks)**

6. a) Explain **FIVE** uses of National Income statistics.

b) The following trial balance was extracted from the books of Mawego Traders 31st December 2010.

MAWEGO TRADERS

TRIAL Balance as at 31st December,2010

	Dr (shs)	**Cr (shs)**
Gross profit		380,000
Closing stock	274,000	
Capital		259,000
Drawings	83,000	
Creditors		93,000
Premises	103,000	
Debtors	123,000	
Cash at bank	33,000	
Bank loan (2 years)		50,000
General expenses	54,000	
Commission received		20,000
Wages and salaries	132,000	
	802,000	802,000

Prepare:

i) Profit and loss account for the year ended 31st December 2010. **(4mks)**

ii) Balance sheet as at 31st December 2010. **(6mks)**

CROSSCOUNTRY MOCKS

BUSINESS STUDIES

TRIAL 4 PAPER 1

TIME: 2 HOURS

NAME…… INDEX NO……

SCHOOL…….. SIGN……..…

DATE……..

QUESTIONS

1. Outline **four** importance of business studies in a society. **(4 marks)**
2. Determine the missing figures represented by Q, R, S and T. **(4 marks)**

Business	Capital	Assets	Liabilities
A	5,500	16,000	Q
B	9,300	R	15,000
C	S	27,600	16,000
D	1,940	T	2,850

3. Highlight **four** reasons why government participates in business activities. **(4 marks)**
4. Highlight **four** negative consequences of inflation. **(4 marks)**
5. Motor bike transport, popularly known as Boda boda is an upcoming business in Ikutha District. State **four** disadvantages of this business. **(4 marks)**
6. Highlight **four** expenses incurred by a wholesaler when he buys goods from a producer. **(4 mark)**
7. The following are some of the source documents used in accounting; credit note issued, cash sale receipt, credit note received and invoice issued. Match each of the following books of original entry with the relevant source document **(4 marks)**

Book of original entry	Source document
a) Sales returns book b) Sales day book c) Purchases returns book d) Cash book	

8. Outline **four** factors that may determine the amount of rent charged for the use of land as a factor of production. **(4 marks)**

9. Highlight **four** reasons why the government taxes its citizens. **(4 marks)**

10. Indicate the term described by the following statements. **(4 marks)**

Statement	Term
a) Inability of a business to meet its financial obligations.	
b) A company that acquires 51% or more shares of another company.	
c) A business that takes over another business by buying off all its assets and liabilities.	
d) A business grants another right to manufacture and distribute its branded products using its name.	

11. Indicate whether the following accounts are personal, nominal or real.**(4 marks)**

12.

Account	Type
a) Rent b) Discounts c) Creditors d) Land	

13. Name **four** types of utilities created in each of the following circumstances.**(4 marks)**

Circumstances	Utilities
i) A dairy farmer who delivers milk to Brookside diaries.	
ii) Mama Mboga selling vegetables in an open air market	
iii) Freshly harvested fruits are stored in a granary.	
iv) Recycling waste .	

14. The following information was extracted from the books of KM Stores.

Rate of stock turnover 3 times
Opening stock Sh.80,000
Closing stock Sh.100,000
Mark-up 20%

Determine the gross profit. **(4 marks)**

15. Give **four** reasons why plastic money is increasingly being used in business transactions. **(4 marks)**

16. State **four** items that constitute to injections in the circular flow of income. **(4 marks)**

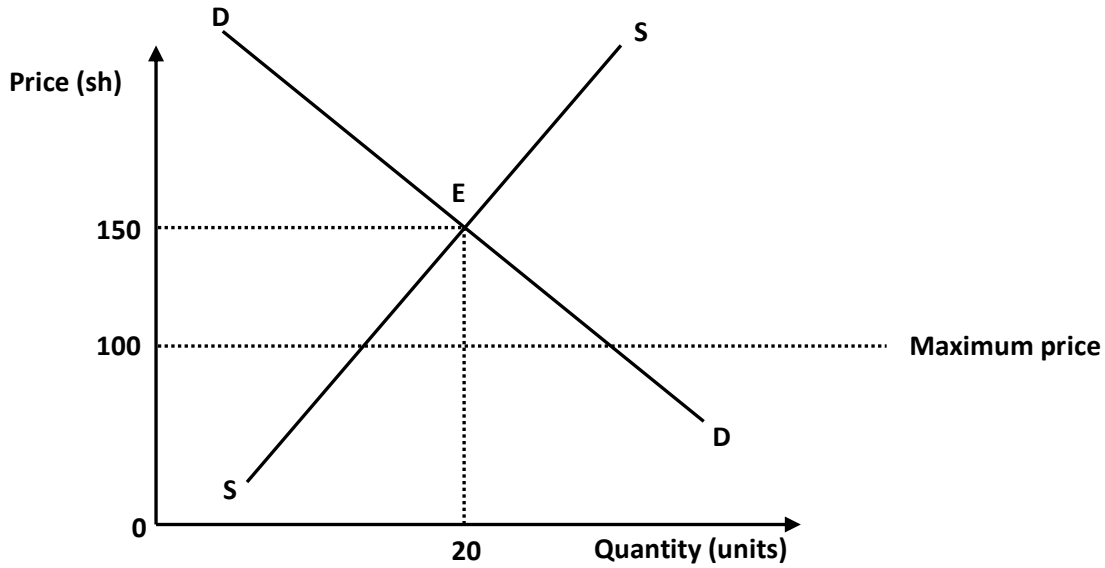
17. Give **four** limitations of Automatic Teller Machines (ATMs) used by commercial banks to provide services for consumers. **(4 marks)**

18. The institutional memory of an organization depends on how well records are kept. Highlight **four** functions of documents in an organization. **(4 marks)**

19. State **four** factors hindering development planning. **(4 marks)**

20. Outline **four** risks against which a shopkeeper may insure. **(4 marks)**

21. The following diagram shows the equilibrium price of good X as set by the forces of demand and supply.



Suppose the government sets the maximum price at Sh.100 which is below the equilibrium price, highlight **four** effects of such a move. **(4 marks)**

22. Anyango is employed as a saleslady by Biashara Traders. She is paid a basic salary of Sh.3,000 per month and a commission based on her sales as follows:-

1.5% on the first Sh.100,000

2% on the next Sh.50,000

2.5% on the next Sh.75,000

3% on any sales above Sh.225,000

During the year 2009, Anyango received a monthly income of Sh.41,575.

Calculate her total sales for the year 2009 (show all your calculations). **(4 marks)**

22. Highlight **four** circumstances under which a firm would be located near the market for its products. **(4 marks)**

23. Give **four** reasons why many business persons prefer mobile phones to landline telephone **(4 marks)**

24. Highlight **four** importance of economic integration in Kenya. **(4 marks)**

25. List **four** factors that may limit the number of entrepreneurs in an area.**(4 marks)**

CROSSCOUNTRY MOCKS

BUSINESS STUDIES

TRIAL 4 PAPER 2

TIME: 2 ½ HOURS

NAME…… INDEX NO……

SCHOOL…….. SIGN……..…

DATE……..

QUESTIONS

1. **a)** Explain **five** ways in which private warehouses differ from public warehouses. **(10marks)**

   b) Discuss the economic importance of natural resources. **(10marks)**

2. **a)** Explain **five** features of monopolistic competition. **(10marks)**

   b) Discuss **five** advantages of M-banking. **(10marks)**

3. **a)** Outline **five** ways in which peace in a country may encourage entrepreneural development. **(10marks)**

   b) Highlight **five** factors that influence the level of national income in a country. **(10marks)**

4. **a)** Explain **five** circumstances in which a trader may offer after sales services. **(10marks)**

   b) Identify and explain **five** methods of reprography that can be used in an office. **(10marks)**

5. **a)** Explain **four** roles of stock exchange as a market for securities in the economy. **(8marks)**

   b) The following trial balance was extracted from the books of Mzalendo Traders as at 31st Dec 2011.

Mzalendo Traders

Trial balance

As at 31st Dec. 2011

A/C Title	Dr (Sh)	Cr (Sh)
Fixed assets	292,600	
Current assets	78,000	
Rent income		23,000
Discounts	3,000	2,000
General expenses	89,000	
Carriage inwards	28,000	
Purchases /sales	280,000	474,000
Returns	4,600	7,000
Stock 01/01/2011	46,000	
Drawings	33,000	
Current liabilities		53,000
Capital		295,200
	854,200	854,200

Stock on 31st Dec. 2011 was Sh. 54,000.

Required:

i) Prepare trading, profit and loss accounts for the year ending 31st December 2011. **(8marks)**

Calculate;

ii) Rate of return on capital employed. **(2marks)**

iii) Rate of stock turn over. **(1mark)**

iv) Gross profit margin as a percentage. **(1mark)**

6. a) Explain **five** determinants of economic growth. **(10marks)**

b) The following transactions relate to Busbul Traders for the month of December 2011.

Dec 1: Started a business with Sh.200,000 in the bank account.
Dec 2: Bought furniture for Sh.50,000 and paid by cheque.
Dec 3: Sold goods on credit to Tila Sh.20,000, Katu Sh.10,000.
Dec 4: Bought goods on credit from Kahama Sh.30,000, Kanga Sh.40,000.
Dec 5: Returned faulty goods to Kahama Sh.5,000.
Dec 6: Paid Kahama on account by cheque less 10% cash discount.
Dec 7: Received faulty goods from Katu Sh.2,000.
Dec 8: Received payment due from Tila and Katu by cheque less 5% cash discount.
Dec 9: Cash sales Sh.100,000.
Dec 10: Paid wages Sh.20,000 by cash and electricity Sh.10,000 by cheque.
Dec 11: Deposited all cash in hand into the bank account.

Required:

Prepare a three column cash book duly balanced **(10marks)**

CROSSCOUNTRY MOCKS

BUSINESS STUDIES

TRIAL 5 PAPER 1

TIME: 2 HOURS

NAME…… INDEX NO……

SCHOOL…….. SIGN……..…

DATE……..

QUESTIONS

1. State any **four** circumstances under which air transport may be used. **(4mks)**

2. Highlight **four** ways in which productivity of labour can be improved. **(4mks)**

3. Outline any **four** differences between public companies and parastatals. **(4mks)**

4. Outline **four** reasons why the government issue licences to drivers. **(4mks)**

5. State **four** emerging trends in product promotion. **(4mks)**

6. Outline any **four** reasons why the Kenya government levy taxes on some commodities. **(4mks)**

7. Highlight any four functions of the central bank.

8. Indicate books of original entry for the following transactions. **(4mks)**

Transaction	Book of Original entry
(a) Sold goods on credit	
(b) Bought computer on credit	
(c) Withdrew money from bank for personal use.	
(d) Bought goods on credit	

9. Identify any **four** main obstacles to the implementation of development plans in many developing countries. **(4mks)**

10. State the department where the following functions are carried out. **(4mks)**

Function	Department
(a) Deals with staff recruitment and human resource development	
(b) Collects, records and analyses all business transactions.	
(c) Changes Raw materials to finished goods.	
(d) Selling finished products.	

11. Outline **four** circumstances under which sign language may be appropriate. **(4mks)**

12. State **four** reasons why people may prefer to take an endowment policy other than a whole life policy. **(4mks)**

14. By use of a well labeled diagram, show the effect of an increase in supply of a product on equilibrium price and quantity. **(4mks)**

15. State **four** characteristics of a perfectly competitive market **(4mks)**

16. Highlight four services offered by wholesalers to producers**.** **(4mks)**

17. The following information was extracted from the books of Kibukwo Traders on 31 December 2010.

Gross Profit	100,000
Carriage outwards	2,000
Electricity expense	3,000
Accrued electricity expense	1,000
Commission Income	500
Rent	5,000
Prepaid Rent	2,000

Using the information given above prepare Kibukwo's Profit and Loss Account for the period ended 21/12/2010. **(4mks)**

18. List **four** factors which may influence the level of national income in Kenya. **(4mks)**

19. State **four** reasons why a manufacturer would sell his products directly to the consumer**.** **(4mks)**

20. Outline **four** measures that Kenya may take to control population explosion.

21. The information given below relates to Kapkures stores on 31 December 2009. **(4mks)**

Stock (1/1/2009)	37,500	
Purchases	136,250	
Stock 31/12/2009	13,750	
Margin		20%
Expenses	2,000	

Using the information given above calculate:

i) Cost of Sales

ii) Gross profit

iii) Sales

iv) Net profit

22. State any **four** advantages of a bonded warehouse to the government. **(4mks)**

23. Highlight any **four** factors that determine the size of the firm. **(4mks)**

24. The following are transactions of Chumba Traders for the month of January 2011.

January Balances: Cash shs. 100,000 (Dr) Bank shs. 20,000 (Cr)

1 Purchased stock worth sh. 42,000 and was given 2% cash discount.

2 Sold goods worth shs. 120,000 and received cash after allowing 4% discount.

Required: Enter the above transactions in a three column cashbook and balance it off **(4mks)**

25. State any **four** advantages that Kenya will enjoy by being a member of East African Community. **(4mks)**

26. Gloria started business with Ksh. 20,000 in cash on 1st January 2009.

Jan. 1: Bought stock worth 10,000 in cash.

Jan. 2: Sold goods worth Ksh. 5,000 receiving a cheque payment.

Jan. 3: Took cash worth Ksh. 1,000 for personal use.

Open the ledger accounts and post the above transactions. **(4mks)**

CROSSCOUNTRY MOCKS

BUSINESS STUDIES

TRIAL 5 PAPER 2

TIME: 2 ½ HOURS

NAME…… INDEX NO……

SCHOOL…….. SIGN……..…

DATE……..

QUESTIONS

1. **(a)** Explain **five** reasons why the demand for a commodity may not significantly rise with a decrease in its price. **(10mks)**

(b) Highlight **five** differences between shares and debentures. **(10mks)**

2. **(a)** Explain **five** problems associated with the output approach in computation of national income of a country. **(10mks)**

(b) Outline **five** measures that the Kenyan Government may take to reduce unemployment. **(10mks)**

3. **(a)** The following Trial Balance relates to Katiba Traders for the year ended 31st January 2008

Capital		220,000
Land & Buildings	140,000	
Machinery	43,200	
Furniture	40,000	
Debtors	156,000	
Creditors		100,000
Opening stock	2,200	
Bank	120,000	
Cash	18,000	

Sales		30,800
Sales returns	800	
Purchases	16,000	
Purchases Returns		2,400
General Expenses	2,400	
Carriage Inwards	800	
Carriage Outwards	1,800	
Rent Received		5,000
Commission Received		2,000
Salaries and Wages	12,000	
Electricity	1,400	
Insurance	3,000	
Postage	600	
Drawings	2,000	
Bank Loan		200,000
TOTAL	**560,200**	**560,200**

Note: Closing Stock on 31st January 2008 was valued at Kshs. 5,000.,

Prepare:

(i) Trading, Profit and Loss Account for the year ended 31st January 2008. **(8mks)**

(ii) Balance Sheet as at 31st January 2008. **(4mks)**

(b) Highlight **four** reasons that may make an insurance company to refuse to compensate the insured in the even that a risk occurs. **(8mks)**

4. (a) Explain **five** factors that may lead to a deficit in balance of payment in a country. **(10mks)**

(b) Explain **five** importance of a warehouse to a trader. **(10mks)**

5. (a) Explain **five** importance of filing documents in an organization. **(10mks)**

(b) A manufacturing company operates on imprest of sh. 10,000. On 1/6/06 the petty cashier had a balance of sh. 4,000. She received a reimbursement to restore it on 5/6/06. The following transactions took place during the month:

June 8: Paid Amos a small scale creditor Shs. 500.

June 9: Paid postage Sh. 300

June 10: Paid for cleaning Sh. 480

June 11: Bought stamps for Sh. 180

June 12: Paid for cleaning Sh. 750

June 13: Paid for traveling Sh. 400

June 14: Paid for tea leaves Sh. 450

June 15: Paid for stationary Sh. 430

Required:

Prepare a Petty Cash book for the manufacturing firm for the month of June 2006 with the following analysis columns. **(10mks)**

i) Travelling

ii.) Cleaning

iii) Stationary

iv) Postal

v) Tea

6. (a) Explain **five** considerations to be made when deciding on a good tax system. **(10mks)**

(b) Outline **five** changes that may take place when a country is experiencing economic development. **(10mks)**

CROSSCOUNTRY MOCKS

BUSINESS STUDIES

TRIAL 6 PAPER 1

TIME: 2 ½ HOURS

NAME…… INDEX NO……

SCHOOL…….. SIGN……..…

DATE……..

QUESTIONS

1. State the characteristics of human wants that suit the following statement **(4mks)**

Statement	Characteristics
a) wants are so many compared to resources **b)** Once satisfied some wants are left again and again **c)** satisfaction of a given want gives rise to another **d)** Everybody needs them in one form or another	

2. Yator and Korir have been trading partners.Yator decided to breakaway from the partnership and commence his own business. State four benefits that he will derive from the undertaking. **(4mks)**

3. For each of the following accounts title, Indicate whether it is real, nominal or personal **(4mks)**

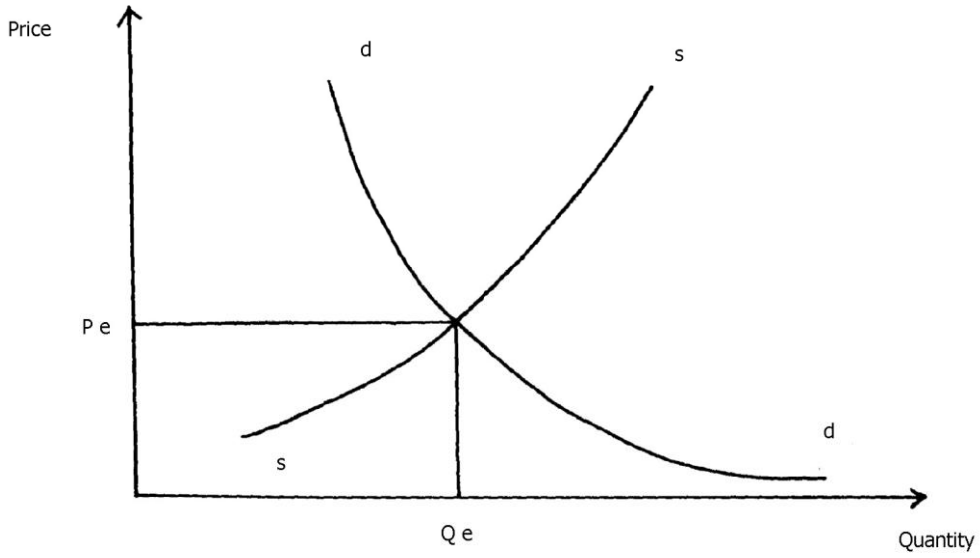
Account title	Account type
a) Waswa, a debtor b) Commission received c) Bank d)Purchases	

4. Highlight four reasons why a country would like to know the structure of it's population **(4mks)**

5. Identify four circumstances under which communication may be in effective **(4mks)**

6. Mention five reasons why M-Pesa is becoming a very popular means of payment in Kenya **(4mks)**

7. The following diagram shows demands and supply carve of commodity.



State four things that will happen if the supply of the commodity is increased while demand remains constant **(4mks)**

8. Highlight four factors that contribute to demand pull inflation **(4mks)**

9. Ukweli enterprises has a working capital of sh.200,000 and a current ratio of 3:1.Calculate

(i) Current assets **(2mks)**

(ii) Current liabilities **(2mks)**

10. Highlight four circumstances under which a manufacturer would prefer to sell his products directly to consumers instead of middlemen

11. Highlight four uses of national income statistics to any country **(4mks)**

12. Outline four measures which the government can take to encourage location of firms in an area **(4mks)**

13. On 1.1.09 the cash book of Kimende traders Cash and Bank balances of sh.3,500 and sh.20,000 respectively. The following transactions took place in the month.

Jan 6, Cash sales sh.12,500

15, Receives a cheque of sh.45,000 from a debtor after deducting a 10% discount.

31, Paid a creditor sh.28,500 after deducting 5%discount

31, Banked all cash leaving a balance of sh.100 in the cash till

Prepare a three column cash book. **(4mks)**

14. Kenya has been hard hit by H.e.p shortages in the recent past. State four alternative energy sources which should be promoted to meet the following demand **(4mks)**

15. Outline four circumstances under which a country may engage in trade restriction **(4mks)**

16. Outline four demerits of an indirect tax **(4mks)**

17. The following assets and liabilities belong to Mumbi as at 31.21.08

Stock	sh. 90,000
Land	sh. 130,000
Creditors	sh. 65,000

a) Calculate capital **(1mk)**

b) In Jan, 2009 stock costing shy.30,000 was sold for sh.36,000 cash. Prepare a new balance sheet as at 31.1.09**.** **(3mks)**

18. Outline four circumstances under which a trader would use porters to transport goods. **(4mks)**

19. For each of the following cases, identify the motives for holding money **(4mks)**

Case	Motives
a) To meet daily transport expenses	
b) To meet any unforeseen circumstances	
c) To take advantage of fall in share prices	
d) To pay for any food requirements	

20. Identify four differences between a supermarket and hypermarket **(4mks)**

21. Give four instances under which an insurance company may find it necessary to re-insure **(4mks)**

22. Highlight four reasons why a development plan is important to a country **(4mks)**

23. Tango limited wishes to promotes its products through advertising. Mention any four ethical issues it must consider before engaging in advertising **(4mks)**

24. State four uses of business plan **(4mks)**

25. Highlight four ways in which HIV and AIDS has adversely affected business operations **(4mks)**

CROSSCOUNTRY MOCKS

BUSINESS STUDIES

TRIAL 6 PAPER 2

TIME: 2 ½ HOURS

NAME…… INDEX NO……

SCHOOL…….. SIGN……..…

DATE……..

QUESTIONS

1. **(a)** Explain **five** ways by which business owner may ensure a condusive environment for this business **(10mks)**

(b) Explain **five** ways by which the central bank may reduce the amount of money in circulation in Kenya **(10mks)**

2. **(a)** Karemi owns a bakery in Kitale town. Explain **five** ways why he carried out division of labour in the process of baking bread in his factory. **(10mks)**

(b) Describe **five** measures by which the Kenyan government can take to improve on its balance of its payment position **(10mks)**

3. **(a)** Explain **four** characteristics of an underdeveloped economy. **(8mks)**

(b) The following trial balance belongs to Kipevu trades as at 30th June, 2004

KIPEVU TRADERS

Trial balance as at 30th June 2004

	Dr (shs)	Cr (shs)
Stock on 30/6/03	40,000	
Capital		162,300
Purchase and sales	35,000	70,000
Drawings	6,000	
Furniture and fittings	20,000	
Motor vehicles	150,000	12,000
Debtor and creditors	8,000	4,800
Returns	2,000	800
Discount	900	
Wages and salaries	15,000	
Rent	3,500	
Insurance	2,100	
Commission	400	
Bank		3,000
cash	6,000	
	252,900	252,900g

REQUIRED

(i) Prepare a trading profit and loss account

(ii) Prepare a balance sheet as at 30th June 2004 **(12mks)**

4. (a) Jilo company wishes to have its goods distributed all over the country. Advise the company on **five** factors it may consider before choosing the distribution channels **(10mks)**

(b) Kamwaru private company recently joined the Nairobi stock Exchange. Describe **five** benefits of such a decision **(10mks)**

5. (a) Explain **five** factors that may have contributes to the slow pace in the achievement of the East Africa community **(10mks)**

(b) Wako Limited operators as a monopolist. Explain **five** factors that may have made the firm acquire monopoly power**.** **(10mks)**

6. **(a)** Discuss **five** circumstances under which an insurance contract may be terminated **(10mks)**

(b) Explain **five** problems that consumers may encounter as they try to satisfy their wants **(10mks)**

CROSSCOUNTRY MOCKS

BUSINESS STUDIES

TRIAL 7 PAPER 1

TIME: 2 HOURS

NAME…… INDEX NO……

SCHOOL…….. SIGN……..…

DATE……..

QUESTIONS

1. Outline four ways in which indirect production will benefit the producer **(4mks)**

2. Highlight any four features that distinguish a private limited company from a public corporation **(4mks)**

3. Give four benefits of expanding a business **(4mks)**

4. Identify three items that constitute injections in the circular flow of income **(3mks)**

5. In the spaces provided below, state the principle of insurance to which each of the following statements relates **(4mks)**

Statement	**Principle**
(a)There is a close connection between causes of loss and actual risk for compensation to be affected	
(b)A person can only insure such properties whose destruction would result in financial loss to him/her.	
(c)Compensation is paid only upto the amount of real loss.	
(d)The insures stakes over the residual of	
the property insured after compensation	

6. Outline four reasons why planning is essential to a business organisation **(4mks)**

7. Identify four essentials of an effective filing system **(4mks)**

8. The following balance sheet relates to Mwangi's traders

Mwangi Traders

Balance sheet

As at 1st Jan 20-6

	Shs		Sh
Land and building	120,000	Capital	140,000
Debtors	50,000	Creditors	25,000
Cash	40,000	Bank overdraft	45,000
	210,000		210,000

The following transactions took place during the month of January

i. Paid creditors shs 10000 in cash ii. Received cash shs. 38,000 from debtors

iii. Bought office equipment for shs 32,000 in cash

Prepare Mwangi traders balance sheet as at the end of January **(4mks)**

9. Highlight four disadvantages of an ageing population **(4mks)**

10. Give five reasons for using travellers cheque as a means of payment **(5mks)**

11. List four functions of produces co-operative societies **(4mks)**

12. Outline four reasons why the government trains business people **(4mks)**

13. Give four reasons that may lead to a decline in supply of maize in Loitokitok district **(4mks)**

14. The following information related to Njoka Enterprises for the period ended 30th June 2011.

	Shs.
Turnover	270,000
Margin	40%
Rate of stock turn	6 times
Expenses	40,000

Calculate

i. Gross profit **(1mk)**

ii. Cost of sales **(1mk)**

iii. Net profit **(1mk)**

iv. Average stock **(1mk)**

15. List four disadvantages of face to face communication **(4mks)**

16. Highlight four reasons delocalization of industries is necessary **(4mks)**

17. For each of the following transactions, state the account to be debited and the account to be credited. Unfinished

18. Give four reasons that may limit the growth of a country's national income **(4mks)**

19. Give four disadvantages of a long chain of distribution of goods to a buyer **(4mks)**

20. Outline four factors that may limit the number of entrepreneurs in an area **(4mks)**

21. List four sources of documents **(4mks)**

22. Highlight four reasons why firms with popular products find it necessary to continuously advertise the same popular product. **(4mks)**

23. List four sources of public finance. **(4mks)**

24. Give four negative consequences of inflation. **(4mks)**

25. Highlight four effects HIV and AIDS to a business. **(4mks)**

CROSSCOUNTRY MOCKS

BUSINESS STUDIES

TRIAL 7 PAPER 2

TIME: 2 ½ HOURS

NAME…… INDEX NO……

SCHOOL…….. SIGN……..…

DATE……..

QUESTIONS

1. **(a)** Discuss Five ways of improving the efficiency of a warehouse **(10mks)**

(b) Outline FIVE benefits that a bank customer gets from operating a current account **(10mks)**

2. **(a)** Explain FIVE benefits that could accru... to a customer who buys goods from a departmental store **(10mks)**

(b) Explain FIVE advantages of advertising to a producer **(10mks)**

3. **(a)** Under what circumstances will an exporter prefer air transport to water transport **(10mks)**

(b) Prepare a duly balanced three column cash book from the following information extracted from the books Tarachea traders

Jan 1st : Balance b/d cash shs.4,000,bank 27,000

Jan 4th : Settled Olweny creditors account of shs 8000 by cheque having deducted 6% cash discount

Jan 8th : Received shs 6000 cash from Mutoma traders

Jan 16th : Deposited shs 4,500 to the bank account

Jan 24th : Withdrew shs.9,200 from the bank for private use.

Jan 29th : Received shs. 19,950 from Kahawa by cheque after allowing 5% discount

Jan 31st : Banked all the cash leaving shs 1,500 in the office **(10mks)**

4. **(a)** Describe FIVE features of human wants **(10mks)**

(b) Discuss FIVE factors that determine the size of the firm **(10mks)**

5. **(a)** The following trials balance was extracted from the books of Kimana traders as at 30th June 2010.

Kimana Traders

Trial Balance

As at 30th June 2010

	Dr	Cr
Premises	1,500,000	
Debtor and creditors	20,000	30,000
Cash at Bank	90,000	
Cash at hand	10,000	
Purchases and sales	1,140,000	320,000
Stock of goods on 1st July 2009	45,000	
Discounts	6,000	2000
Salaries and wages	50,000	
Commissions		8,000
Power and lighting	12,000	
Returns	15,000	19,000
Carriage inwards	5,400	
Carriage outwards	2,300	
Capital		1,543,700
Furniture	27,000	
	1,922,700	**1,922,700**

Additional information

(i) Stock of goods on 30th June 2010 was worth shs.22,000

Required :Prepare the trading profit and loss account for the year ending 30th June 2010. **(10mks)**

(b) Explain FIVE limitations of adopting new technology by a business **(10mks)**

6. **(a)** Explain FIVE assumptions of monopolistic market structure **(10mks)**

(b) Discuss five methods of solving unemployment problem in Kenya **(10mks)**

CROSSCOUNTRY MOCKS

BUSINESS STUDIES

TRIAL 8 PAPER 1

TIME: 2 HOURS

NAME…… INDEX NO……

SCHOOL…….. SIGN……..…

DATE……..

QUESTIONS

1. Outline four ways in which business entrepreneurship helps economic development of a country. **(4 marks)**

2. Mention four adverse effects of inflation. **(4 marks)**

3. State four differences between shares and debentures. **(4 marks)**

4. Mention four circumstances under which stock may change. **(4 marks)**

5. The following terms relate to communication: verbal, horizontal, formal and informal. Write the appropriate term of communication associated with each of the following. **(4 marks)**

Statement	Term
i) Rumours going around that the most disciplined will be promoted	
ii) A manager giving instructions to a supervisor in his division	
iii) Prefects discussing discipline in their school	
iv) A manager issues a general circular to employees	

6. On January 1 2009, Kuinet traders has Ksh. 36,000 in cash and Ksh. 340,000 at bank. During the month the following transaction took place.

2009

January 7, Paid Pemwai Traders Ksh. 50,000 by cheque less Ksh. 2000 cash discount

January 18, sold goods for Ksh. 28,000 cash less 5% cash discount.

January 30, Banked all the cash except Ksh. 10,400

Enter the above transactions in the cash book.

Cash Book

Date	Particulars	Disc. Allow.	Cash	Bank	Date	Particulars	Disc. Rec.	Cash	bank

7. The following information relates to Cheraa Traders for year ended 31st December 2010.

Opening stock	12,000
Carriage inwards	6,000

Purchases	185,000
Sales	221,250
Closing stock	20,000

Other expenses 10% on gross profit.

Prepare Trading, Profit and Loss account for the year ended 31st December 2010. **(5 marks)**

8. In the table below are risks which are either Insurable or uninsurable. Indicate with a tick( ) in the spaces provided to show whether each is insurable or uninsurable. **(3 marks)**

Risk	**Insurable**	**Uninsurable**
Shop lifting		
Floods		
House fire		

9. State four measures that the government in Kenya has put in place to protect consumers from unscrupulous business practice. **(4 marks)**

10. Name the document that each of the following descriptions refer to. **(4 marks)**

Description	**Document**
i) Used to tell the buyer that the seller has received the order	
ii) Used to ask about the availability of goods	
iii) Used to organize for transportation of goods between a seller and buyer	
iv) Used to show goods sold on credit	

11. Identify four ways in which an organization can improve the productivity of its employees **(4 marks)**

12. Highlight four reasons why the government must control the exploitation of her natural resources. **(4 marks)**

13. Differentiate between derived demand and joint demand giving examples. **(3 marks)**

14. Outline fout types of business which are beyond the control of a business organization.

(4 marks)

15. State whether the following factors would either lead to a shift in or movement along the demand curve. **(4 marks)**

Factor		**Effect**
i)	A change in real income	
ii)	Change in price of a product	
iii)	A decrease in sales tax of a product	
iv)	A decrese in population	

16. State four advantages that Kenya may get by being a member of the World Bank.

(4 marks)

17. In the table given below, give the appropriate type of advertising which suits the description. **(4 marks)**

		Description	Type of advertising
i)		Persuades the consumers to buy a product	
ii)		Promotes a particular brand of product	
iii)		Creates awareness about a product	
iv)		Promotes the name of the manufacturer	

18. State four characteristics of oligopoly market structure. **(4 marks)**

19. Highlight four disadvantages of a long channel of distribution of goods to a buyer.

(4 marks)

20. Give four factors that may discourage the use of pipeline as a means of transporting petroleum products in Kenya. **(4 marks)**

21. State four reasons why consumers have to make a choice between competing needs. **(4marks)**

22. State four items that are found on the credit side of the current account of a country. **(4 marks)**

23. Arrange the following items in a balance sheet in the order of Liability; Premises, Prepaid rent, Bank Overdraft, 5 Year Bank Loan, Cash, Electricity accrued, wheel barrow, stationery. **(4 marks)**

24. State four factors that determine the period for which documents should be stored in an organization. **(4 marks)**

25. The National Income is measured using the expenditure given as:

Y=C+I+G+(X-M)

State what each of the following letters represent. (4 marks)

C

I

G

(X-M)

CROSSCOUNTRY MOCKS

BUSINESS STUDIES

TRIAL 8 PAPER 2

TIME: 2 ½ HOURS

NAME…… INDEX NO……

SCHOOL…….. SIGN……..…

DATE……..

QUESTIONS

1. **a)** Explain **five** reasons that make a firm to file its documents. **(10 marks)**

b) Explain **five** determinants of labour demand factors. **(10 marks)**

2. **a)** Explain **five** benefits that accrue from public finance. **(10 marks)**

b) Explain **five** differences between a journal and a ledger. **(10 marks)**

3. **a)** Highlight f**ive** factors that may hinder the growth of small businesses. **(10 marks)**

b) Explain any **five** circumstances under which a producer would choose to distribute his goods through wholesalers. **(10 marks)**

4. **a)** Explain **six** problems encountered in using the national income statistics in comparing The standard of living in different countries. **(12 marks)**

b) Explain any **four** errors that do not affect the balance of the trial balance. **(8 marks)**

5. a) Explain **six** factors that may lead to business mergers. **(12 marks)**

b) Langat traders had the following assets and liabilities balances on 31/12/2010. You are required to draw a general journal to record and post the transactions to the relevant accounts.

Cash	Sh.800
Bank	Sh.1600
Debtors	Sh. 1200
Prepaid rent	Sh. 600
Creditors	Sh. 2000
Outstanding salaries	Sh. 14000
Capital	Sh. 2000

(8 marks)

6. **a)** Explain any five problems that consumers may encounter as they try to satisfy their Wants. **(10 marks)**

b) Explain five factors that may contribute to unfavorable terms of trade. **(10 marks)**

CROSSCOUNTRY MOCKS

BUSINESS STUDIES

TRIAL 9 PAPER 1

TIME: 2 HOURS

NAME…… INDEX NO……

SCHOOL…….. SIGN……..…

DATE……..

QUESTIONS

1. In the spaces provided, state the type of insurance policy described in each case. (4mks)

a) Premium are paid over a stated period with the sum assured payable when insured dues

b) Covers a vehicle against all losses arising from its authorized use.

c) Covers loss, damage or injury accidentally caused to other people by the insured , his property, employees, pets or agents.

d) Covers goods and money lost in private and commercial premises.

2. State **FOUR** circumstances under which a seller would require a buyer to pay cash with order C.W.O. **(4mks)**

3. State **FOUR** ways in which the nature of goods would influence the choice of transport. **(4mks)**

4. Highlight **FOUR** limitations of consumer initiated methods in consumer protection.**(4mks)**

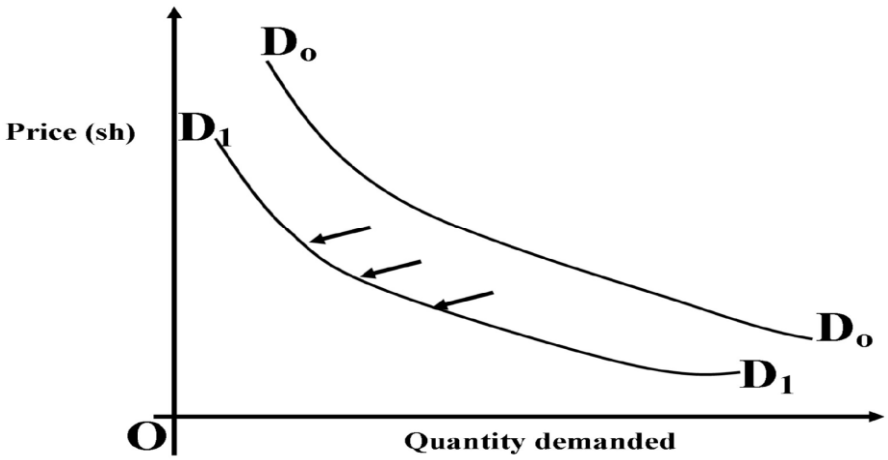
5. Give **FOUR** difficulties faced by human beings in satisfying human wants. **(4mks)**

6. State **FOUR** services offered to commercial banks by the central bank of Kenya. **(4mks)**

7. List **FOUR** sources of public finances. **(4mks)**

8. Give **FOUR** reasons why an office is necessary in any organization. **(4mks)**

9. The diagram below shows a shift in demand for rice.



Identify **FOUR** factors that could have made the demand curve shift from D_oD_o to D_1D_1. **(4mks)**

10. State **FOUR** ways in which the stock of a business may change. **(4mks)**

11. Outline **FOUR** benefits of business ethnics. **(4mks)**

12. The following information related to businesses A,B ,Cand D

BUSINESS	ASSESTS	LIABILITIES	CAPITAL
A	250,000	M	150,000
B	N	400,000	600,000
C	150,000	60,000	P
D	350,000	Q	250,000

Determine the figures represented by M,N,P, and Q **(4mks)**

13. Record the following transactions in a two column cash book of Magunga Traders and balance it off. **(4mks)**

2012

January 1 – Balance b/d - cash sh 10,000

- bank sh 25,000

January 2 – Bought stock in cash sh 6,000

January 7 – Cash sales shs 2,500

January 12 – With drew cash from bank for office use sh 4,000

January 1st – Paid wages in cash sh . 3,000

January 31st – Received sh 4,500 from Otaro, a debtor by cheque

Magunga Traders

Two Column Cash book for the month of Jan 2012

Dr **Cr**

Date	Particulars	Cash	Bank		Date	Particulars	Cash	Banks

14. The following account balances were obtained from the books of Kaswanga Traders on 30th June 2011.

		Sh
Land and buildings	-	200,000
Current assets	-	420,000
Furniture	-	60,000
Motor car	-	240,000
Capital	-	480,000
Current liabilities	-	440,000

Required : Prepare a trial balance for Kaswanga Traders as at **30th June 2011**

15. The following information was extracted from the books of Gembe Retailers for the year ended 31st December,2010

	Sh
Cost of sales	1,200,000
Stock as at 1.1.2010	160,000
Stock as at 31.12.2010	240,000

Calculate the rate of stock turnover. **(4mks)**

16. The following balances were extracted from the books of Watber Traders as at 31st December, 2009.

	Sh
Capital	620,000
Motor van	300,000
Stock	140,000
Furniture	100,000
Debtors	120,000
Creditors	60,000
Bank	20,000

Additional information:

On 31st December, 2009 Watber Traders receiver cheques amounting to Sh 40,000 From debtors as part payment of their accounts

Prepare Watber Traders balance sheet as at 31st December,2009. **(4mks)**

17. Name the factor of production that each of the following resources relate to. **(4mks)**

Resource	**Factor of production**
a) Accountant	
b) Motor vehicle	
c) Water	
d) Owner	

18. State **FOUR** benefits that a government gets from a bonded warehouse. **(4mks)**

19. List **FOUR** features of effective communication. **(4mks)**

20. Give **FOUR** disadvantages of a long chain of distribution of goods to a buyer. **(4mks)**

21. Outline **FOUR** features of a sole proprietorship form of business organization. **(4mks)**

22. List **FOUR** causes of business failure. **(4mks)**

23. State **FOUR** reasons why a cheque may be dishonoured by a bank. **(4mks)**

24. State **FOUR** circumstances under which a trader would advertise his products over the radio instead of television. **(4mks)**

25. On 1 -8-2010, Onyango bought goods on credit quoted at sh 200,000.Terms of sale were 20% trade discount and 10% cash discount if payment was made on 29 – 8- 2010

Calculate the amount paid of payment was made on 26 – 08 – 2010.

CROSSCOUNTRY MOCKS

BUSINESS STUDIES

TRIAL 9 PAPER 2

TIME: 2 ½ HOURS

NAME…… INDEX NO……

SCHOOL…….. SIGN……..…

DATE……..

QUESTIONS

1. **a)** Discuss **FIVE** factors which influence geographical mobility of labour. **(10mks)**

b) Explain **FIVE** characteristics of good money. **(10mks)**

2. **a)** Describe **FIVE** factors that encourage entrepreneurship in Kenya. **(10mks)**

b) Highlight **FIVE** adverse effects of localization of firms in an economy. **(10mks)**

3. **a)** Discuss **FIVE** factors that a government should consider when deciding on a good tax system. **(10mks)**

b) Explain **FIVE** factors which may hinder economic development**.** **(10mks)**

4. **a)** Discuss **FIVE** advantages of trade restrictions to a country. **(10mks)**

b) Describe **FIVE** merits of public corporations. **(10mks)**

5. **a)** Explain **FIVE** challenges that may be experienced by a country whose population is made up of a large proportion of young people. **(10mks)**

b) On 1st December 2009, Kamau had sh. 55,000 in hand and sh. 250,000 at bank. During the month, the following transactions took place.

December 2 cash sales banked sh. 35,260

3 Bought stationery in cash sh. 4,500

8 Paid Odongo a creditor sh. 94,000 by cheque in full settlement of his account after deduction 6% cash discount

12 received a cheque for sh 58,800 from Wafula after allowing him a cash discount of sh. 1,200

15 paid salaries sh. 34,000 in cash

25 Withdrew sh. 50,000 from bank for office use.

28 Anyango, a debtor paid her account of sh. 75,000 by cheque less 10% cash discount

30 Deposited all the cash into the bank except sh. 13,700

Prepare a three column cash book and balance if off. **(10mks)**

6. a) Explain **FIVE** uses of National Income statistics.

b) The following trial balance was extracted from the books of Mawego Traders 31st December 2010.

MAWEGO TRADERS

TRIAL Balance as at 31st December,2010

	Dr (shs)	**Cr (shs)**
Gross profit		380,000
Closing stock	274,000	
Capital		259,000
Drawings	83,000	
Creditors		93,000

Premises	103,000	
Debtors	123,000	
Cash at bank	33,000	
Bank loan (2 years)		50,000
General expenses	54,000	
Commission received		20,000
Wages and salaries	132,000	
	802,000	802,000

Prepare:

i) Profit and loss account for the year ended 31st December 2010. **(4mks)**

ii) Balance sheet as at 31st December 2010. **(6mks)**

CROSSCOUNTRY MOCKS

BUSINESS STUDIES

TRIAL 10 PAPER 1

TIME: 2 ½ HOURS

NAME…… INDEX NO……

SCHOOL…….. SIGN……..…

DATE……..

QUESTIONS

1. Identify four factors that influence the level of capital of a business enterprise. **(4 marks)**

2. Give four features of economic resources **(4 marks)**

3. Indicate with a tick( ) in the appropriate column the business environment associated with each of the factors mentioned below. **(4 marks)**

	FACTOR	INTERNAL	EXTERNAL
i)	Government policy		
ii)	Technological environment		
iii)	Financial resources		
iv)	Firm structure		

4. State four reasons why people engage in business activities. **(4 marks)**

5. Outline four tools used by the government to influence the quantity of a product supplied in a market. **(4 marks)**

6. Highlight four factors that may be used to determine the size of a firm. **(4 marks)**

7. Indicate by writing the word "TRUE" or "FALSE" against the statement describing characteristics for goods and services. **(3 marks)**

	STATEMENT	**TRUE or FALSE**
a)	Goods are inseparable from their producers	
b)	Services can be standardized in form of size, appearance or quality	
c)	Services are experienced not owned	
d)	Goods are not always perishable	
e)	Services are highly perishable	
f)	Goods can change in value overtime	

8. The central bank is a banker to the government. Outline four banking services it provides to the Kenya government. **(4 marks)**

9. The following are types of advertising: Product advertising, competitive advertising, informative advertising and institutional advertising. In the table below, match each type with its appropriate description. **(4 marks)**

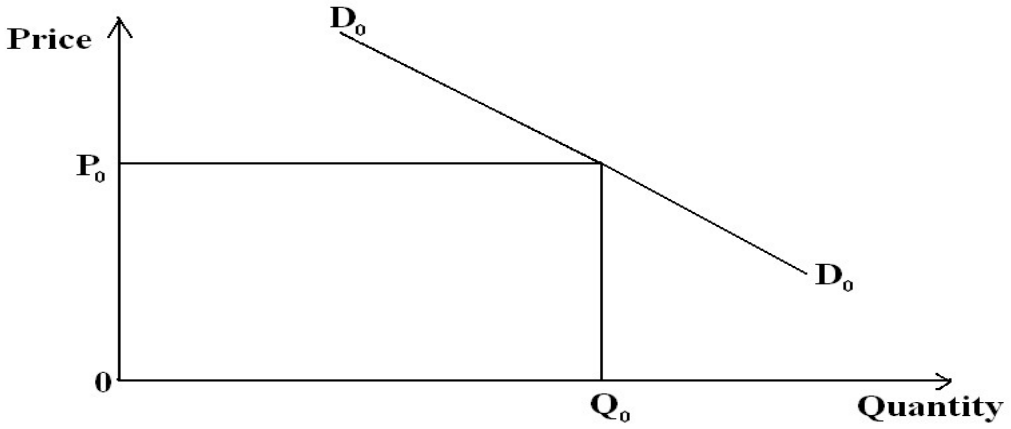
	TYPE OF ADVERTISING	**DESCRIPTION**
a)		Promotes the name of the manufacturer
b)		Persuades the consumers to buy a product
c)		Creates awareness about a product
d)		Promotes a particular brand of a product

10, Outline four barriers to written communication. **(4 marks)**

11. For each of the following cases, name the motive for holding money. **(4 marks)**

	CAES	**MOTIVE**
a)	To meet daily bus fare expenses	
b)	To meet unexpected medical emergencies	
c)	To stock maize when prices fall	
d)	To meet daily food requirements	

12. The diagram below shows the current demands for petrol.



a) What is the effect of an increase in the price of cars on demand for petrol. **(2 mks)**

b) Draw a new demand curve on the diagram above to show the effect of an increase in price of cars**.** **(2 marks)**

13. State four reasons why few Kenyans take out life assurance policies. **(4 marks)**

14. For each of the transactions given below, indicate in the appropriate column, the source documents and the book of original entry in which the transaction is recorded. **(4 marks)**

	Transaction	**Book of original entry**	**Source document**
a)	Sale of tables on credit		
b)	Purchase of stock on credit		
c)	Goods returned by a customer		
d)	Payment to a creditor		

15. Outline four sources of a business idea. **(4 marks)**

16 Write down the international trade document that relate to each of the following statements

	STATEMENT	**DOCUMENT**
a)	Indicate the country of origin of the imported goods	
b)	A document of title to the goods traded in international trade	
c)	Used to demand for payment before delivery of goods	
d)	Facilitated an importer to obtain credit	

17. The financial period of Buteba Traders ends on 31st December every year. On 31st December 2011 the business had the following assets and capital.

Item	Sh.
Capital	24,000
Stock of goods	1,500

Debtors 2,000 Machinery 20,000 Cash 4,000

Required:

Calculate the total liabilities and prepare a balance sheet as at 31st December 2011. **(4 marks)**

18. Highlight four circumstances under which a country may be classified as underdeveloped. **(4 marks)**

19. Record the following transactions in the cash book of Jerussa Entreprises for the month of January 2011 and balance it off.

2011

Jan. 1: Cash in hand sh. 10,000, cash at bank sh. 20,000

Jan. 10:Paid Luke Sh. 8,800 and Joan sh. 11,000 after deducting 12% cash discount in each case by cheque

Jan. 30:Banked all the cash leaving sh. 1,200 in the cash box. **(5 marks)**

JERUSSA ENTREPRISES
CASHBOOK FOR JANUARY, 2011

Date	Details	Disc All.	Cash	Bank	Date	Details	Disc Rec.	Cash	Bank

20. State four benefits that consumers get from small scale retailers. **(4 marks)**

21. The following information was obtained from the books of Okame Traders on 30th June 2011.

Opening stock	8,000
Purchases	53,000
Sales	62,900
Returns outwards	2,700
Closing stock	12,700

Prepare Okame Trading Accounts for the year ended 30th June 2011. **(4 marks)**

22. The following balances were extracted from the books of Mwambo wholesalers for the year ended 31st December,2005.

Sales	500,000
Purchases	320,000
Opening stock	80,000
Closing stock	40,000
Debtors	140,000
Creditors	90,000

Calculate

a) Margin

b) Current ratio

c) Rate of stock turn over **(4 marks)**

23. The following statistics refer to a hypothetical economy. Use it to calculate the per capita income using the income approach. **(4 marks)**

	(Ksh in millions)
Total profits by entrepreneurs	80,0000
Total rent received by landlords	130,000
Total interests earned by financial institutions	40,000
Total salaries paid by employees	-50,000
Total population	40

24. Give four features that differentiate a public corporation from a public limited company. **(4 marks)**

25. Highlight four undesirable effects of inflation to the Kenyan economy **(4 marks)**

CROSSCOUNTRY MOCKS

BUSINESS STUDIES

TRIAL 10 PAPER 2

TIME: 2 ½ HOURS

NAME…… INDEX NO……

SCHOOL…….. SIGN……..…

DATE……..

QUESTIONS

1. a) Epusi Entreprises are considering to market their imported products directly to consumers.Outline five reasons that may be influencing them to make this decision. **(10 marks)**

b) Explain five importance of amalgamation to the merging firm. **(10 marks)**

2. a) Describe five benefits that accrue to a community where firms enjoying tax holidays from The government are located **(10 marks)**

b) Outline five factors that may limit the use of containers as a method of transporting goods in a developing country. **(10 marks)**

3. a) Explain five disadvantages that a country may experience from imposing trade restrictions on trading partners. **(10 marks)**

b) The following are transactions of Totokakile Entreprises for the month of June 2005.

June

1st Purchased stock for sh. 84,000 in cash and was given 2% cash discount.

2nd paid workers' wages by cheque shs. 20,000

3rd Sold goods worth sh. 240,000 and received cash after allowing 4% cash discount.

4th Received sh. 400,000 by cheque from a debtor after 2% cash discount allowed. 5th Bought office furniture for sh. 20,000 in cash.

6th sold an old business van for sh. 320,000 receiving the money through the bank

7th Purchased more stocks worth sh.20,000 by cheque.

8th Withdrew sh. 40,000 from bank to cash till.

9th Took sh. 80,000 to bank from the business.

10th Took stock of goods worth sh. 2000 from the business for personal use.

11th Paid electricity bill worth sh 3750,in cash sh. 2000 and the rest by cheque.

12th Received a cheque from Mwendwa a debtor worth sh. 60,000 in settlement of his debt of sh. 66000.

13th Was given a loan of sh. 100,000 in cash from his bankers. l4 th Received payment from a debtor Poro sh. 46,000 by cheque.

15th All the cash at bank was taken to the business for office use except sh. 50,000.

Required:

Enter the above transactions in the two-column cash book. **(l0 marks)**

4 **a)** Highlight five circumstances under whicha business would prefer a private warehouse to a public warehouse. **(10 marks)**

b) The following information relates to the business of Oputo for the week ended 3oth May, 2004.

May 25: Started business with shs. 24,000"

" 26: Bought goods for shs. 18,000

" 27: Cash sales shs. 18,900

" 28: Paid for rent sh. 150 cash

" 29: Received cash shs. 5625 from sales

" 30: Paid commission shs. 900

Required:

i) Ledger accounts to record the transactions above.

ii) Trial balance as at 30th May, 2004. **(10 marks)**

5. **a)** Explain five ways that a government can use to finance a budget deficit.**(10 marks)**

b) Discuss five reasons for the continued existence of small firms in the Kenyan economy despite the advantages of large scale operations. **(10 marks)**

6. a) Explain five negative consequences of a rapidly increasing population**. (10 marks)**

b) The following information was extracted from the books of Bora Traders on 13st December, 2005.

	Sh.
Sales	600,000
General expenses 60,000	
Rent expense	10,000
Commission received	20,000
Motor vehicle	600,000
Furniture	240,000
Cash	50,000
Creditors	180,000
Debtors	120,000
Purchases 400,000	
Sales Returns	20,000
Capital	700,000

Additional Information:

- Stock on 31st December 2005 was valued at sh. 60,000
- Depreciation is provided as follows:
  Motor vehicle 20% p.a on cost
  Furniture 10% p.a on cost

Prepare:

i) Trading, Profit and Loss Account for the year ended 31st December 2005

ii) Balance sheet as at 31st December, 2005.

(10 marks)

THE END

FOR THE FOLLOWING;

- ✓ KCSE PREMOCKS
- ✓ CROSSCOUNTRY PREMOCKS
- ✓ JOINT PREMOCKS
- ✓ KCSE MOCKS EXAMS
- ✓ CROSSCOUNTRY PREMOCKS
- ✓ JOINT PREMOCKS
- ✓ KCSE POSTMOCKS
- ✓ CROSSCOUNTRY PREDICTIONS
- ✓ KCSE PREDICTIONS
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