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MARANDA HIGH SCHOOL

The Kenya Certificate of Secondary Education

2024 PRE MOCK EXAMINATION

565/1

Business Studies

Paper 1

March , 2024

Time: 2 Hours

Name:

Adm No:

Stream: Signature:

Instructions to Candidates

- a) Write your name and Admission number in the spaces provided above.
- b) Sign and write the date of examination in the spaces provided above
- c) Answer **ALL** the questions in the spaces provided below each question.
- d) This paper consists of 8 printed pages. Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.
- e) All your answers must be written in English.

For Examiner's Use Only

QUESTION	1	2	3	4	5	6	7	8	9	10	11	12	13
Candidate Score													

QUESTION	14	15	16	17	18	19	20	21	22	23	24	25
Candidate Score												

**TOTAL
MARKS**





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**TOTAL
MARKS**



1. State the line of communication involved in each of the following (4 Marks)

a) The manager of Safaricom Ltd. Communicating to the Manager of Airtel Ltd.

b) An account clerk asking for time off from her boss

c) Sales manager giving instructions to the secretary of the finance manager

d) The receptionist giving explanations to the production manager

2. State **FOUR** demerits of high taxation to the Kenyan economy. (4 Marks)

i) _____

ii) _____

iii) _____

iv) _____

3. Identify the environmental factor described below. (4marks)

a) Skills and methods used in production _____

b) Affects buyer's ability to buy products _____

c) Firms selling similar products trying to outdo each other _____

d) Aspects of the population. _____

4. The following information was extracted from the books of Mogaka Enterprises on 10th March 2020.

March 1: Credit purchases from Obirocha Ksh.1,200 and Agwata Ksh.3,000.

March 5: Credit sales to Okello Ksh.2,000 and Michieka Ksh.4,300.

Required:

Record the transactions in the relevant journals.

(4 Marks)

_____ { 2 } _____

5. Outline **FOUR** disadvantages of localizing firm within one region

(4 Marks)

- i) _____
- ii) _____
- iii) _____
- iv) _____

6. Mention **FOUR** benefits of using WhatsApp groups for office communication (4 Marks)

- i) _____
- ii) _____
- iii) _____
- iv) _____

7. State **FOUR** circumstances that may lead to the dissolution of a partnership (4 Marks)

- i) _____
- ii) _____
- iii) _____
- iv) _____

8. The following balances were extracted from the books of Ufanisi Enterprises on 31st Dec 2022.

Fixed Assets	Ksh. 3,000,000
Current Assets	Ksh. 500,000
Creditors	Ksh. 700,000
4 years loan	Ksh. 1,500,000

Calculate the net worth of the business

(4 Marks)

9. For each of the following descriptions, identify the corresponding method of product promotion. (4marks)

Description	Method of promotion
a) Free promotion of a product	
b) Strategies to increase sales at the point of promotion	
c) Impersonal presentation of a product through mass media	
d) Meant to improve the reputation of a firm.	

10. The participants in a two sector economy are households and firms. Identify the relevant participant in each of the statements given. (4 Marks)

Statement	Participant
i) Payment of goods and services	_____
ii) Sale of factors of production	_____
iii) Payment of factors of production	_____
iv) Sale of goods and services	_____

11. Highlight **FOUR** commercial services that facilitate trade. (4marks)

- i) _____
- ii) _____
- iii) _____
- iv) _____

12. Outline **FOUR** tools used by central bank to control credit. (4marks)

- i) _____
- ii) _____
- iii) _____
- iv) _____

13. The information below relates to R.S Ltd.

	Sh.
Sales	20,000
Cost of sales	15,000
Average stock	6,000
Expenses	10% of sales

Calculate;

i) Markup

(1mark)

ii) Margin

(1mark)

iii) Rate of stock turn over.

(1mark)

iv) Net profit.

(1mark)

14. Outline FOUR challenges that a new entrepreneur will experience when establishing business in Kenya (4marks)

i) _____

ii) _____

iii) _____

iv) _____

15.State **FOUR** advantages of taking an endowment insurance policy.

(4marks)

- i) _____
- ii) _____
- iii) _____
- iv) _____

16.The Ministry of Lands has been accused of being run by cartels. Highlight **FOUR** disadvantages of cartels to consumers.

(4marks)

- i) _____
- ii) _____
- iii) _____
- iv) _____

17.Kenya has been experiencing an upward trend in the prices of petrol. State **FOUR** steps that can be taken to minimize expenditure on petrol.

(4marks)

- i) _____
- ii) _____
- iii) _____
- iv) _____

18.State the type of unemployment described below.

(4marks)

a) Experienced where demand for goods and services is seasonal.

b) Occurs when a person seems to be employed but is mainly underutilized.

c) Occurs when jobs are available but one does not have the required qualifications.

d) Caused by economic factors leading to poor performance of the economy.

19.State **FOUR** features of a perfectly competitive market.

(4marks)

- i) _____
- ii) _____
- iii) _____
- iv) _____

20.Outline **FOUR** reasons that can lead to a correctly drawn cheque being dishonored. (4marks)

- i) _____
- ii) _____
- iii) _____
- iv) _____

21.If a house worth Kshs 1,200,000 was insured against fire for Kshs 900,000 under the 'with average'. Fire occurred and damaged the house causing a loss of Kshs 500,000. Determine the value of compensation due to the insured. (4marks)

22. State **FOUR** problems encountered in measuring national income using the output approach (4 marks)

- i) _____
- ii) _____
- iii) _____
- iv) _____

_____ { 7 } _____

23. On 1st October 2021, Wambu bought goods on credit quoted at shs. 240,000. Terms of sales were; 20 % trade discount and 10 % cash discount if payment was made on 29th October 2021. Calculate the amount paid if payment was made on 26th October 2021. (4 marks)

24. List down any **FOUR** expenses a middleman would incur in the chain of distribution. (4 marks)

- i) _____
- ii) _____
- iii) _____
- iv) _____

25. The table below shows the demand and supply of shoes in a certain region. Use it to answer the questions that follow.

Price in Ksh	Quantity demanded	Quantity supplied
500	1200	602
650	900	780
730	850	850
820	700	905
940	620	1600

- (i) Determine the total excess supply. (1 mark)
- (ii) Determine the total excess demand. (1 mark)
- (iii) Determine the equilibrium price. (1 mark)
- (iv) Determine the equilibrium quantity. (1 mark)