

THE SUCCESS PATH EXAMINATION COUNCIL (SPEC)

Paving the Way to Success

565/1 BUSINESS STUDIES

FORM 4 PRE-MOCK EXAMINATION

MARCH 2026

Time: 2 hours



Paper 1

Serial No.
4992104

Name Admission Number
School Class
Candidate's Signature Date

Instructions to candidates

- (a) Write your name and admission number in the spaces provided above.
- (b) Write the name of your school and sign in the spaces provided above.
- (c) Answer all the questions in this question paper.
- (d) All answers must be written in the spaces provided in the question paper.
- (e) This paper consists of 11 printed pages.
- (f) Candidates should check the question paper to ascertain that all pages are printed as indicated and that no questions are missing.
- (g) Candidates should answer the questions in English.

FOR EXAMINER'S USE ONLY

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15

16	17	18	19	20	21	22	23	24	25

TOTAL

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1. Outline four reasons why food is considered basic want. (4 marks)

- (a)
-
- (b)
-
- (c)
-
- (d)
-

2. Highlight four reasons that can lead to the dissolution of a cooperative society. (4 marks)

- (a)
-
- (b)
-
- (c)
-
- (d)
-

3. The following table contains information relating to business A, B and C. Determine the figures represented by W, X and Y. (4 marks)

BUSINESS	ASSETS	CAPITAL	LIABILITIES
A	620,000	230,000	W
B	420,000	X	500,000
C	Y	500,000	300,000

- (a) W.....
- (b) X.....
- (c) Y.....
- (d) Account for the value of X

4. State the discipline given to each of the following statements. (4 marks)

STATEMENT	DISCIPLINE
(a) Study of activities that are carried out in an office	
(b) study of trade and aids to trade	
(c) study of how human beings strive to satisfy their unlimited wants using the limited resources	
(d) study of the process of identifying business opportunity and acquiring resources to start and run a business	

5. Identify any four roles of intermediaries in the chain of distribution. (4 marks)

- (a)
-
- (b)
-
- (c)
-
- (d)
-

6. Advertising primarily aims at promoting a particular line of a product. Suggest four ways in which advertising can be beneficial to the consumer. (4 marks)

- (a)
-
- (b)
-
- (c)
-
- (d)
-

7. Agency banking is becoming increasingly popular among commercial banks in Kenya. Highlight four benefits of this development to bank account holders. (4 marks)

- (a)
- (b)
- (c)
- (d)

8. Outline four circumstances under which a business person may find air transport more appropriate than water transport. (4 marks)

- (a)
- (b)
- (c)
- (d)

9. Outline four problems encountered in measuring national income using output approach. (4 marks)

- (a)
- (b)
- (c)
- (d)

10. Mrs Samuel is the human resource manager to the ABC Holdings. Advise her on four ways that can help improve the performance of the entire work force. (4 marks)

- (a)
- (b)
- (c)
- (d)

11. On 1st January 2025, Ismael started a furniture shop with capital of Ksh120,000. During the year he took Kshs12,000 for his son’s birthday party. He also brought into the business private furniture worth Ksh20,000. At the end of the period he had made a profit worth Ksh35,000. Determine Kamau’s capital at the end of the period. (4 marks)

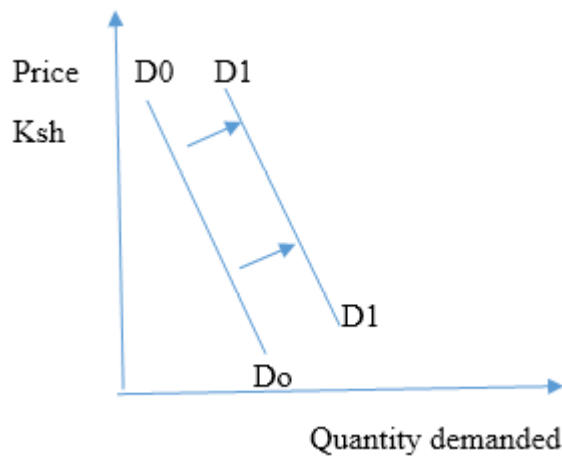
12. State four fiscal policies that can be used to control inflation. (4 marks)

- (a)
-
- (b)
-
- (c)
-
- (d)
-

13. Highlight four reasons why a business may find it necessary to adopt a landscape office layout. (4 marks)

- (a)
-
- (b)
-
- (c)
-
- (d)
-

14. The diagram below shows a demand curve D_0D_0 and D_1D_1



Highlight four factors that account for the above phenomena. (4 marks)

- (a)
-
- (b)
-
- (c)
- (d)
-

15. State four functions of a proforma invoice as used in Home trade. (4 marks)

- (a)
-
- (b)
-
- (c)
-
- (d)
-

16. In the table below, state the journal whose source document is given. (5 marks)

Source document	Journal
Invoice issued	
Payment voucher	
Incoming invoice	
Receipt issued	
Credit note issued	

17. Outline four importance of pooling or risks to an insurance company. (4 marks)

- (a)
-
- (b)
-

(c)

(d)

18. Mention four benefits of establishing several firms in an industry. (4 marks)

(a)

(b)

(c)

(d)

19. In an oligopoly market structure, all firms face a kinked demand curve. Draw a kinked demand curve and briefly outline the concept of price rigidity. (4 marks)

20. Differentiate between reproductive debt and dead-weight debt as used in public finance. (4 marks)

- (a)
-
- (b)
-
- (c)
-
- (d)
-

21. Outline four challenges that a young population poses to a country. (4 marks)

- (a)
-
- (b)
-
- (c)
-
- (d)
-

22. Highlight four 2030 development goals that the Kenya government aim to achieve. (4 marks)

- (a)
-
- (b)
-
- (c)
-
- (d)
-

23. The following is a list of ledger accounts. Name the ledger book, in which they are maintained.

(4 marks)

Account	Ledger book
(a) drawings	
(b) Kamiritu (Customer)	
(c) Sales	
(d) Machinery	

24. Define the following terms as used in International Trade.

(3 marks)

(a) Terms of trade

.....

(b) Balance of trade

.....

(c) Balance of payment

.....

25. The following balance sheet belongs to Dowling enterprises.

Dowling Enterprises

Balance sheet

As at 31/12/2025

<u>Fixed Assets</u>		<u>Capital</u>	
Land	450,000	Capital	543,000
Vehicles	250,000		
Fittings	7,500	<u>Long term liabilities</u>	
	707,500	Loan from KIE	100,000
<u>Current assets</u>		Loan from ICDC	<u>75,000</u>
Stock	20,000		175,000
Debtors	12,500	<u>Current liabilities</u>	
Bank	8,000	Creditors	25,000
Cash	5,000	Salaries owing	10,000
	<u>45,500</u>		<u>35,000</u>
	<u>753,000</u>		<u>753,000</u>

Required: Calculate ;

(4 marks)

(a) Capital owned

(b) Borrowed capital

(c) Working capital

(d) Capital employed