

**KCSE TRIAL 2021**  
**BUSINESS STUDIES PAPER 1**

**Answer ALL questions in the spaces provided.**

1. Identify **four** difficulties that may make an individual not to satisfy most of his needs.

(4 marks)

a).....

.....

b).....

.....

c).....

.....

2. Highlight **four** characteristics of free resources.

(4 marks)

a).....

b).....

c).....

d).....

3. Outline **four** measures that can be taken to improve the efficiency of parastatals in Kenya.

(4 marks)

a).....

.....

b).....

.....

c).....

.....

d).....

.....

4. State **four** factors that would influence the amount of money held by an individual for transaction purposes. (4 marks)

- a).....
- b).....
- c).....
- d).....

5. State **four** measures that the government may employ to regulate and control business activities. (4 marks)

- a).....
- b).....
- c).....
- d).....

6. Given below are books of original entry, state the source document used to prepare each of the books. (4 marks)

Books	Source document
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(i) Cash book	.....
(ii) Sales journal	.....
(iii) Purchase journal	.....
(iv) Sales return journal	.....

7. Post the following transactions to the relevant ledger accounts.

- a) Started business by depositing in the bank a cheque of shs. 100,000.
- b) Withdrew Kshs. 20,000 cash from the bank for business use.
- c) Tumanka a debtor paid shs. 40,000 cash.
- d) Took shs.10, 000. from cash till for personal use.

(4mks)



8. Identify **four** ways through which manufacturers protect the consumers against exploitation.

(4 marks)

a).....

- .....
- b).....
- .....
- c).....
- .....
- d).....
- .....

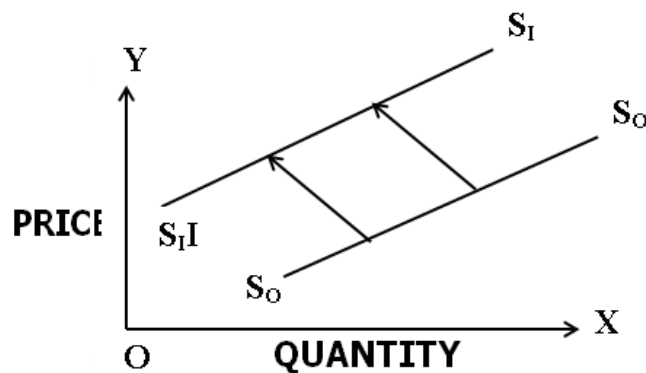
9. List **four** sources of monopoly power for a firm in a market. (4 marks)

- (i).....
- (ii).....
- (iii).....
- (iv).....

10. Outline any **four** benefits of “pooling of risks” to insurance company. (4 marks)

- a).....
- .....
- b).....
- .....
- c).....
- .....
- d).....
- .....

11. The diagram below shows a supply curve  $S_0S_0$  and  $S_1S_1$ .



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

- a).....  
.....
- b).....  
.....
- c).....  
.....
- d).....  
.....

12. Highlight **four** roles played by inter-mediaries in the chain of distribution. (4 marks)

- a).....  
.....
- b).....  
.....
- c).....  
.....
- d).....  
.....

13. Outline **four** uses of national income statistics (4 marks)

- i).....
- ii).....
- iii).....
- iv).....

14. Highlight **four** methods that can be used by a country to solve the problem of deficit balance of payment. (4 marks)

- i).....
- ii).....
- iii).....
- iv).....

15. Outline **four** positive implications of high population growth rate in a country. (4 marks)

- a).....  
 .....  
 b).....  
 .....  
 c).....  
 .....  
 d).....  
 .....

16. Highlight **four** reasons why hypermarkets are increasingly becoming popular in Kenya. (4 marks)

- i).....  
 ii).....  
 iii).....  
 iv).....

17. For each of the following transactions, indicate with a tick (✓) whether it will increase, decrease or have no effect on the balance sheet totals. (4 marks)

Transaction	Effect on the balance total		
	Increase	Decrease	No effect
(i) Borrowing sh 20,000 from bank for paying creditors			
(ii) Used sh 10,000 cash pay for loan arrears			
(iii) Sale of part of business premises			
(iv) Sale of goods worth sh 5,000 for sh 4,500			

18. Outline **four** circumstances under which personal selling is appropriate. (4 marks)

- i).....  
 ii).....  
 iii).....

iv).....

19. State **four** disadvantages of localization to a developing country (4 marks)

a) .....

b) .....

c) .....

d) .....

20. The following information relates to NtutuTraders

Purchases sh 2,700,000

Return outwards sh 600,000

Closing stock sh 500,000

Opening stock sh 1,200,000

Margin  $\frac{2}{9}$

Calculate (i) Cost of sales (2 marks)

.....  
.....  
.....  
.....

(ii) Gross profit (2 marks)

.....  
.....  
.....  
.....

21. State the meaning and significance of the following terms used in international trade.

(i) Depreciation of the currency of country.....

(ii) Determination of the terms of trade of a country.....

(iii) Traderestrictions.....

(iv) Common market.....

22. Outline **four** advantages of a business using E-mail in communication. (4 marks)

- a) .....
- b) .....
- c) .....
- d) .....

23. Outline **four** economic conditions that would prevail in a country undergoing inflation. (4 marks)

- a) .....
- b) .....
- c) .....
- d) .....

24. Indicate in the spaces provided whether the following taxes are either direct taxes or indirect taxes. (4 marks)

Tax	Types of tax
Corporation tax	_____
Capital gain tax	_____
Value added tax	_____
Income tax	_____

25. Indicate in the spaces provided, the account to be debited and account to be credited. (4 marks)

Transaction	Account Debited	Account Credited
(a) Started business by depositing sh 80,000 in the bank account of the business		
(b) Bought stock of goods worth sh 20,000 from XYZ retailers on credit.		
(c) Returned goods worth sh 4,000 to XYZ retailers		
(d) Paid XYZ retailers' sh 15,000 cheque		



