

BURAMU II - 2026 JOINT EXAMINATION

KENYA CERTIFICATE OF SECONDARY EDUCATION (KCSE)

565/1 - BUSINESS STUDIES PAPER - 1

MARCH 2026 - 2 HOURS

Name: _____ Adm No: _____

Index No: _____ School: _____

Class: _____ Sign: _____

565/1

BUSINESS STUDIES

Paper 1

TERM I 2026

Instructions to Candidates

- (a) Write your name, admission number and index number in the spaces provided above.
- (b) Sign and write the date of the examination in the spaces provided above.
- (c) This paper consists of 25 questions.
- (d) Answer ALL questions in the spaces provided
- (e) Candidates should answer the questions in English

For examiners' use only

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

Question	16	17	18	19	20	21	22	23	24	25
Score										

1. Highlight **four** benefits of learning Business Studies to a Kenyan student. (4 marks)

- a) _____
- b) _____
- c) _____
- d) _____

2. Identify the mailing service that fits the following descriptions (4 marks)

Description	Name of the mailing service
i) Offered to travelers who may wish to receive correspondence away from their post office box	
ii) Used for sending correspondence and parcels to a destination in the shortest time possible	
iii) Offered to those sending articles of value for which security in handling is required.	
iv) A service is common with firms which would like to encourage their customers to reply to the letters promptly	

3. Give **four** characteristics of a service. (4 marks)

- a) _____
- b) _____
- c) _____
- d) _____

3. Below are tasks performed by office machines and equipment. State the machine/equipment used to perform each task. (4 marks)

Task	Machine/equipment
a) Sending and receiving verbal messages	
b) Cutting papers into required sizes	
c) Printing stamp impression on envelopes	
d) Sending printed diagrams charts, maps e.t.c.	

5.Highlight **four** reason for maintaining a journal in a business. (4 marks)

- a) _____
- b) _____
- c) _____
- d) _____

6.Outline **four** challenges of using free gift as a method of product promotion. (4 marks)

- a) _____
- b) _____
- c) _____
- d) _____

7.The following information relates to Jazo Traders for the year ended 31st December 2018.

Turnover	Ksh. 320, 000
Opening stock	Ksh. 70, 000
Purchases	Ksh. 200, 000
Profit margin	Ksh. 20%

Required: Prepare a trading account for the year ended 31st December 2018. (4 marks)

8. Highlight **four** benefits of globalization to a business enterprise. (4 marks)

- a) _____
- b) _____
- c) _____
- d) _____

9. Explain the following terms as used in insurance.

(4 marks)

a) Surrender value

b) Cover note

c) Consequential loss

d) Beneficiaries

10. Identify **four** documents used in the delivery process in home trade.

(4 marks)

a) _____

b) _____

c) _____

d) _____

11. Recently Kenya has enjoyed peace and cohesion as a result of the “handshake”. Outline **four** ways in which peace encouraged entrepreneurial development in Kenya.

(4 marks)

a) _____

b) _____

c) _____

d) _____

12. Highlight **four** reasons why government encourage establishment of industry in rural areas.

(4 marks)

a) _____

b) _____

c) _____

d) _____

13. On 1st March 2018 the cash book of Bidii traders showed cash and bank balances of sh. 14,000 and sh 140,000 respectively. The following transactions took place during the month

- May 3 Cash sales sh 100, 000
- May 11 Paid sh. 7,000 cash in respect to wages
- May 16 Received a cheque of sh. 200,000 from a debtor
- May 26 Withdrew sh. 20,000 from bank for office use.
- May 29 Paid sh. 90,000 cash to creditor

Required: Prepare a two column cash book.

(4 marks)

14. Highlight **four** circumstances under which a manufacturer may opt to sell his products directly to the consumers rather than through intermediaries. (4 marks)

- a) _____
- b) _____
- c) _____
- d) _____

15. Outline **four** reasons for increased motorcycle accidents in Kenya. (4 marks)

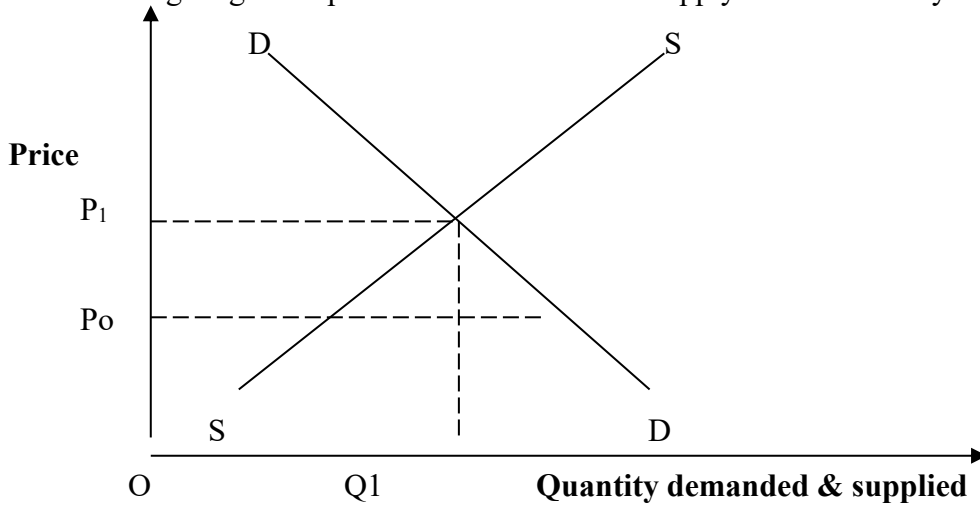
- a) _____
- b) _____
- c) _____
- d) _____

16. Outline **four** features of an oligopolistic market structure.

(4 marks)

- a) _____
- b) _____
- c) _____
- d) _____

17. The following diagram represents the demand and supply of a commodity.



State **four** effects of fixing maximum price at P_0 .

(4 marks)

- a) _____
- b) _____
- c) _____
- d) _____

18. Highlight **four** advantages of promoting sales through the internet.

(4 marks)

- a) _____
- b) _____
- c) _____
- d) _____

19. Outline **four** features of indirect production.

(4 marks)

- a) _____
- b) _____
- c) _____
- d) _____

20. List **four** measures that a business may take to safeguard and control its property. (4 marks)

- a) _____
- b) _____
- c) _____
- d) _____

21. State the account to be debited and the one to be credited in the following transaction. (4 marks)

	Transaction	Debit	Credit
a	Deposited Ksh. 10,000 into the business bank		
b	Sold goods on credit Ksh. 50,000		
c	Brought an old tractor worth Ksh. 200,000 into the business		
d	Paid a creditor by Cash Ksh. 15,000		

22. A developing country has been experiencing a decline in population growth rate. Highlight **four** factors that might be contributing to this? (4 marks)

- a) _____
- b) _____
- c) _____
- d) _____

23. Outline **four** ways in which households contribute to the national income of a country.(4 marks)

- a) _____
- b) _____
- c) _____
- d) _____

24. On 2nd November 2018, Rabai received an invoice for Ksh 12,000. Terms of payment were trade discount 5% and cash discount 10%, if payment is made within 30 days. Determine the amount paid if payment was made on 28th November 2006. (4 marks)

25. The cheque below was presented for payment by Alpha Technologies on 25/1/2020 and the bank refuse to pay.



Outline **four** reasons why the bank dishonored the cheque. (4 marks)

- a) _____
- b) _____
- c) _____
- d) _____