

# THE ELITE JET



**565/1**

**BUSINESS STUDIES**

**Paper 1**

**March 2026 – Time: 2 hours**

Admission No..... Index. No.....

School.....Date.....Signature.....

**Instructions to candidates**

- a) Write your Admission number, Index number and school in the spaces provided above.
- b) Sign and write the date of examination in the spaces provided above.
- c) Answer all questions in the spaces provided in the question paper
- d) All questions carry equal marks.
- e) Non-programmable silent electronic calculators may be used.
- f) This paper consists of **12** printed pages.
- g) Candidates should check the question paper to ascertain that all pages are printed as indicated and that no questions are missing.
- h) Candidates should answer the questions in English.

**FOR EXAMINER'S USE ONLY**

<b>Question</b>	1	2	3	4	5	6	7	8	9	10	11	12	13
<b>Score</b>													

<b>Question</b>	14	15	16	17	18	19	20	21	22	23	24	25
<b>Score</b>												

Grand Total	
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1. State **four** functions of an entrepreneur in production. (4 marks)

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

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

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

3. State whether each of the following falls under manufacturing or constructive production. (4marks)

Activity	Manufacturing or constructive production
a) Food processing	
b) House building	
c) Cloth making	
d) Juice processing	



4. One of the causes of a business success is proper management of workers. Outline any **four** indicators that show workers are not properly motivated. (4marks)

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

5. For each of the business transaction given below, name the ledger account to be debited and to be credited. (4 marks)

Transaction	DR	CR
a) Proprietor took goods worth 3,000 for family use		
b) Brought in personal Van and made it to be a business asset.		
c) Transferred sh10,000 to a private bank account		
d) Made a profit of ksh 20,000 from sale of a business car		

6. Outline **four** documents required by the registrar of companies to facilitate the registration of a limited liability company. (4marks)

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



7. Highlight **four** measures that may be taken by a government to attract firms to an area. (4marks)

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

8. Outline any **four** items included in calculation of national income using income approach method. (4marks)

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

9. Outline **four** advantages of using courier services in sending mail and parcels. (4marks)

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



10. Juma and Roy bought a house jointly for ksh 8,000,000 with Juma contributing Ksh 5,000,000 .They insured the house against fire for Ksh6,000,000. Fire destroyed part of the house valued Ksh 4,000,000. Calculate how much each will get as compensation. (4marks)

Give a reason for your answer.

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.....  
.....

11. Highlight any **four** measures that the government has taken to reduce road carnage on the Kenyan roads. (4marks)

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



12. Kenya exports flowers to Europe. Describe any **four** channels that the Kenyan flower farmers would use to ensure their goods reach consumers in Europe. (4marks)

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

13. State **four** characteristics of mail order stores. (4marks)

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

14. Highlight the use of the following documents in home trade. (4marks)

- a) IOU.....
- b) Goods returned note.....
- c) Advice note.....
- d) Catalogue .....



15. The following transactions were extracted from the books of Kisian traders (4marks)

1<sup>st</sup> April 2025, Sold goods worth ksh. 24,000 to Onyango and payment was made by cash.

3<sup>rd</sup> April 2025, purchased furniture worth ksh. 140,500 on credit.

**Required:** Post the above transactions into their relevant ledger accounts



16. The following information relates to Onyango and Sons traders for the year 2025.

- i) Closing capital (31.12.2025) Ksh. 300,000
- ii) Onyango and Sons traders converted personal motorcycles valued at Ksh60,000 into business use.
- iii) Onyango and Sons traders had been taking goods monthly worth sh 5,000 for personal use.
- iv) Incurred losses amounting to Ksh 35,000

**Required;** Determine Onyango and Sons’ initial capital as at 1.1.2025. (4marks)

17. Outline circumstances under which a trader may find it necessary to use rail transport.

(4marks)

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



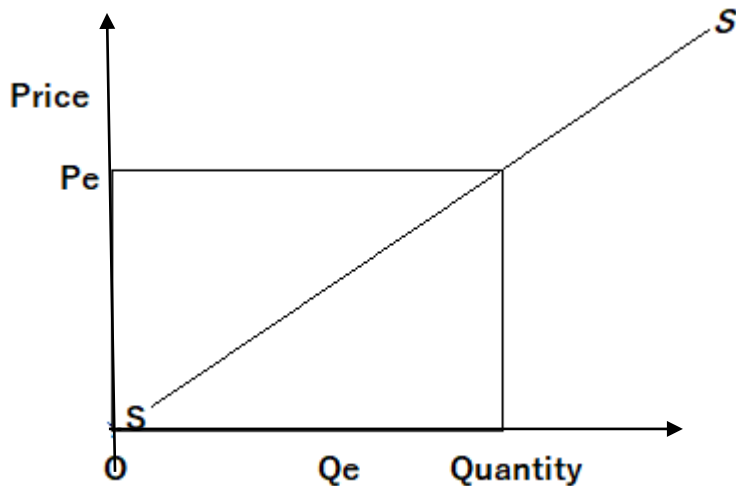
18. Highlight **four** ways in which the Food and Drugs Act protects consumers against exploitation. (4marks)

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

19. Highlight **four** functions of a proforma invoice. (4marks)

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

20. The diagram below shows the current supply of hides. (4marks)



What is the effect of a decrease in the price of beef on the supply for hides? (1mark)

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a) Draw a new supply curve on the diagram above to show the effect of a decrease in price of beef on the supply for hides. (3marks)

21. State any **four** factors influencing the amount of money held for precautionary motives. (4marks)

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

22. Outline **four** features of Oligopoly competition as a market structure. (4 marks)

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



23. Given below are some functions of office machines. Identify the machine used to perform each task. (4 marks)

Function	Machine
(a) Sending and receiving verbal messages	
(b) Cutting papers into the required sizes	
(c) Printing stamp impressions on envelopes	
(d) Sending printed diagrams, charts, maps, etc.	

24. The following information was obtained from the books of Meri Traders as at 1<sup>st</sup> July 2025.

	<b>Shs</b>
Furniture	40 000
Stock	84 000
Creditor	17 000
Cash bank	45 000
Accrued rent	50 000

Prepare Meri 's balance sheet as at 1<sup>st</sup> July 2025. (4marks)



25. Record the following transactions in the relevant subsidiary books.

(4marks)

10<sup>th</sup> June 2024: Office furniture worth sh 180,000 was sold on credit to MEC Cafeteria for sh190,000.

15<sup>th</sup> June 2024: Purchased motor van on credit from General motors for sh 425,000.

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