Name: .....

ADM No: ..... **Date:** .....

School: .....

BUSINESS STUDIES

FORM THREE

July-August 2026

Time: 2 hours 30 Minutes

INSTRUCTIONS:

Write your name and admission number in the spaces provided above.

This paper consists of two sections i.e. sections A and B.

Answer all questions in section A and THREE questions only in section B.

Answer all questions in paper in the spaces provided below each question.

Answer the questions in English.

SECTION A (70 Marks): Answer all questions in this section.

1. State **four** measures a business can take to ensure that its environment is conducive to its business activities. (4 Marks)

……

……

……

……

……

……

……

……..

2. State **four** characteristics of economic resources. (4 Marks)

……

……

……

……

……

……

……

……

3. Outline **four** characteristics of land that distinguish it from labour. (4 Marks)

……

……

……

……

……

……

……

……

4. Identify **four** factors of an efficient retail outlet (4 Marks)

……

……

……

……

……

……

5. State **four** differences between a bill of exchange and a cheque (4 Marks)

……

……

……

……

……

……

……

……

……

6. Outline **four** factors that should be considered when choosing an appropriate means of communication (4 Marks)

……

……

……

……

……

……

……

……

7. Outline **four** ways in which development of transport has facilitated trade (4 Marks)

……

……

……

8. Highlight **four** benefits of a business plan to an entrepreneur. (4 marks)

……

……

……

……

……

……

……

……

9. State **four** disadvantages of persuasive advertising to consumers. (4 Marks)

……

……

……

……

……

……

……

10. State the significance of the following principles of insurance to the insured party.

(a) Utmost good faith (2 Marks)

……

……

……..

(b) Proximate cause (2 Marks)

……..……

……

……

11. State **four** advantages of bonded warehouse to the importer. (4 Marks)

.....

.....

.....

.....

.....

.....

.....

.....

12. Outline **three** ways through which a partnership may be formed. (3 Marks)

.....

.....

.....

.....

.....

.....

.....

.....

13. Highlight **four** characteristics of a monopolistic competitive market. (4 Marks)

.....

.....

.....

.....

.....

.....

.....

.....

14. Outline **four** factors that would lead to a shift of demand curve to the right. (4 Marks)

.....

.....

.....

15. Outline **three** benefits that may be realised when two firms form a merger. (3 Marks)

.....

.....

.....

.....

.....

.....

.....

.....

16. Highlight **four** limitations of per capita income as a measure of standards of living. (4 Marks)

……

……

……

……

……

……

……

……

17. Outline **four** negative effects of an ageing population to an economy. (4 Marks)

……

……

……

……

……

……

18. State **four** duties of the office clerk. (4 Marks)

<u>SECTION B(30 Marks): Answer any three questions in this section.</u>

19. Explain **five** clauses that must be specified in the Memorandum of Association of a public limited company. (10 Marks)

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....20. Taifa Roses is a Kenyan horticultural company producing flowers. Explain **five** factors that may influence the choice of a channel for distributing its products. (10 Marks)

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

21. Explain **five** methods of determining the price of a product other than price control.

(10 Marks)

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

……

…….……

22. Explain **five** advantages of government involvement in business. (10 Marks)

……

……

……

……

……

……

……

……

……

……

……

……