**NAME ----------------------------------------------------------------------- INDEX NO-----------------------------------**

**DATE\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ CANDIATES SIGNATURE \_\_\_\_\_\_\_\_\_\_\_\_\_**

**565/2**

**BUSINESS STUDIES**

**PAPER 2**

**TIME: 2 ½ HRS**

**MWAKICAN JOINT EXAM TEAM (MJET) – TERM 1 2014**

**565/2**

**BUSINESS STUDIES**

**PAPER 2**

**TIME: 2 ½ HRS**

**INSTRUCTIONS TO CANDIDATES**

* This paper consists of six questions
* All questions carry equal marks
* Answer any five questions

**This paper consist of 2 printed pages candidates should check the questions paper to ascertain that all the pages are printed as indicated and that no questions are missing**

1. a) Outline any five differences between a public limited company and a public corporation (10mks)

b) Explain five factors that influence the location of business enterprises (10mks)

1. a ) The diagram below shows the equilibrium price and quantity of commodity A which is produced jointly with commodity B.

 do do-demand curve

 so so - supply curve

 PE -Equilibrium point

 QE -Equilibrium quantity

 d0

 so

 PE

 s0 d0

 QE

1. On the diagram show the effect of a decrease of tax charged on commodity B on the equi8librium price and quantity of commodity A (4mks)
2. Explain the effect of a decrease of tax charged on commodity B on the equilibrium price and quantity of commodity A (6mks)

b) Bidco Kenya Ltd. is a manufacturer of soap and edible oil products. Highlight five reasons why the company chooses to distribute its products through wholesalers rather than selling directly to consumers (10mks)

1. a) Explain any four ways in which the Kenya government involves itself in government activities in the country (10mks)

 b) Discuss five ways which county governments in Kenya can use to attract entrepreneurs in their areas. (10mks)

1. a) Kenya association of manufactures (KMA) brings Kenyan manufacturers together to solve problems faced by the manufacturers as well as consumers. Discuss five measures taken by the manufacturers to protect consumers (10mks)

 b) Discuss five importances of natural resources in a country (10mks)

1. a) A recent economic survey showed a very big gap between the rich and the poor in Kenya Explain any five factors that could have led to this disparity in income distribution among individuals in Kenya (10mks)

 b) Highlight any five reasons why there are so many small-scale business firms in Kenya despite the economies of scale enjoyed by large firms (10mks)

1. a) Discuss any five circumstances under which an insurer may not compensate the insured in the event of occurrence of a loss (10mks)

b) Explain any five functions of marketing boards in Kenya (10mks)