**565/2**

**BUSINESS STUDIES**

**PAPER 2**

**JULY 2015**

**FORM 3 EXAMS**

**Kenya Certificate of Secondary Education**

**Business Studies**

**Paper 2**

**2 hours 30 min.**

**Instructions to candidates**

1. This paper consists of six questions
2. Answer any five questions
3. Write your answers in the answer bookletprovided
4. All questions carry equal marks
5. This paper consists of 2 printed pages
6. Candidates should ascertain that all the pages are printed as indicated and that no questions are missing
7. (a) Explain ***five*** circumstances under which downward communication may be necessary in an organisation (10mks)

(b)The following table represents the supply of potatoes for 3 months.

|  |  |  |
| --- | --- | --- |
| Year 2010 | Price per kg | Quantity supplied (kgs) |
| January | 100 | 100,000 |
| February | 100 | 90,000 |
| March | 100 | 80,000 |

Explain ***five*** reasons that may have led to the change in supply of potatoes in the market for the

period shown above (10 marks)

1. (a) Explain **five** benefits that may be enjoyed by country that adopts the use of pipelinein transporting petroleum products. (10mks)

(b) Explain **five** circumstances that may make a firm to be located near the source of raw materials (10mks)

1. (a) Explain **five** factors that may have contributed to the existence of small scale retailers in the country despite the presence of many supermarkets (10mks)

(b) Explain **five**challenges that may be experienced by a country whose majority of its population is made up of elderly people. (10mks)

1. (a) Explain **five** factors that may limit entrepreneurial practices in the country(10mks)

(b) Explain ***five*** challenges experienced by developing countries when measuring national income (10mks)

1. (a) Explain ***five***benefits that may be enjoyed by a businessman who operates his own warehouse.

(10mks)

(b) Explain ***five*** reasons that account for the existence of monopolies in an economy. (10mks)

1. (a) Explain ***five*** factors that are considered when purchasing office machines (10mks)

(b) Describe five features of non-life insurance (10mks)