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**565/2**

**BUSINESS STUDIES**

**PAPER 2**

**JULY**

**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 booklet provided
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)