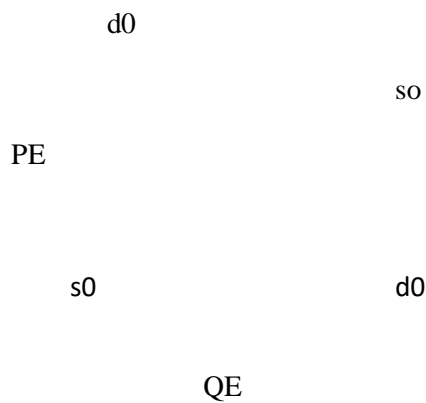


FORM 3 END TERM 2 2020
BUSINESS STUDIES PAPER 2

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

d₀ - demand curve
s₀ - supply curve
PE - Equilibrium point
QE - Equilibrium quantity



- i. On the diagram show the effect of a decrease of tax charged on commodity B on the equilibrium price and quantity of commodity A (4mks)
- ii. 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)
3. 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)
4. 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)

5. 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)
6. 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)