

NAME ..... INDEX NO. ....

DATE ..... CLASS .....

**KENYA CERTIFICATE OF SECONDARY  
EDUCATION**

**565/2  
BUSINESS STUDIES  
PAPER 2**

**TIME: 2 HOURS**

**Instructions for candidates**

1. This paper consists of six questions.
2. All questions carry equal marks.
3. Answer any five questions.
4. All answers must be written in English.
5. Answer the questions on the answer sheet provided.

1. (a) Discuss any **five** benefits to a trader who uses cheques as a means of payment rather than paying in cash. (10 mks)

(b) Kirinyaga county government is considering setting aside one area where all manufacturing firms will be located. Highlight any **five** merits of concentrating the firms in one area. (10 mks)

2. (a) The diagram below shows the supply curve of a certain commodity in the market. Explain any five factors that could have contributed to the shift of the supply curve from  $S_0S_0$  to  $S_1S_1$ . (10 mks)



(b) Outline any five benefits to a farmer who is a member of a producer co-operative society. (10 mks)

3. (a) Highlight any five circumstances under which a firm may become a monopoly. (10 mks)

(b) Explain any five advantages of having a short channel of distributing goods. (10 mks)

4. (a) Discuss the role played by air transport in the growth of Kenyan economy. (10 mks)

(b) Explain any five uses of the national income statistics. (10 mks)

5. (a) Discuss any five disadvantages of using newspapers as a medium of product promotion. (10 mks)

(b) Explain any five reasons why the government offers training to business people. (10 mks)

6. (a) Describe the procedure to claiming compensation from an insurer in case of occurrence of the insured risk. (10 mks)

(b) Highlight five problems that a trader who sells goods on trade credit terms may experience.

(10 mks)