

12
BUSINESS STUDIES
PAPER 2
JUNE / AUGUST 2016
DURATION: 2 HOURS



TEST – 2016 FORM 3

Kenya Certificate of Secondary Education
BUSINESS STUDIES
PAPER 2
DURATION: 2½ HOURS



INSTRUCTIONS TO CANDIDATES:

This paper consists of **six** questions.

Answer any **FIVE** questions.

Write your answers in the answer **booklet provided**.

All questions carry **equal** marks.

This paper consists of **2** printed pages.

Candidates should check the question paper to ascertain that all pages are printed as indicated and no questions are missing.

TOTAL MARKS

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1. (a) Highlight **five** measures that a business would take to ensure smooth functioning of its warehouse. (10mks)
- (b) Explain **five** causes of unemployment in Kenya. (10mks)
2. (a) Explain **five** reasons why an individual would prefer letters for business communication. (10mks)
- (b) Explain **five** factors that may be considered in determining the appropriate channel for distributing goods. (10mks)
3. (a) Highlight **five** reasons why mobile phones are becoming more popular than landline in Kenya. (10mks)
- (b) Explain **five** reasons why road transport is popular in Kenya. (10mks)
4. (a) Explain **five** ways of attracting customers that traders may use. (10mks)
- (b) Describe the channels to be followed when distributing local agricultural produce. (10mks)
5. (a) The financial period of Kanunga Dress House ends on 31st December every year. On 31st December 2004, the business had the following assets and capital:

Capital	24,000
Stock of goods	1,500
Debtors	2,000
Machinery	20,000
Cash	4,000

 - (i) Calculate the total liabilities of the business. (4mks)
 - (ii) Prepare a balance sheet as at 31st December 2004 (6mks)
- (b) Explain **five** factors that may influence the level of national income of a country. (10mks)
6. (a) Explain **five** services offered by wholesalers to retailers. (10mks)
- (b) Explain **five** challenges likely to face a producer who sells directly to consumers. (10mks)