**Name……………………………… Index number………………………………**

**Date……………………………. Signature…………………………………..**

**565/2**

**BUSINESS STUDIES**

**PAPER 2**

**Time 2 ½ hours**

**K.C.S.E REVISION GUIDE**

**BUSINESS STUDIES**

**PAPER 2**

**2 ½ HOURS**

**INSTRUCTIONS TO CANDIDATES**

1. Write your name and index number in the spaces provided
2. Sign and write the date of examination in the date provided
3. This paper consists of six questions
4. Answer only five questions
5. All answers should be written in the spaces provided
6. This paper consists of 3 printed pages. Ascertain that all pages are printed and no question is missing
7. Answer the questions in English
8. (a) Highlight five benefits of operating a current account. ( 10 marks)

(b) Explain five factors that should be considered when choosing a filing system. (10 marks)

1. (a) Outline five ways the government benefits from operating of a bonded warehouse.

( 10 marks)

(b) Explain five factors that will lead to an increase in national income. ( 10 marks)

1. (a) Explain five causes of cost – push inflation. ( 10 marks)

(b) The following transactions took place in the business of Lamu traders 2013

July 1st started business with capital in cash sh. 150,000

July 2nd opened a bank account and deposited sh. 30,000

July 3rd bought buildings in cash sh. 60,000

July 4th borrowed a loan in cash sh. 20,000

July 5th bought stationary by cheque sh. 6,000

July 6th repaid part of the loan by cheque sh. 10,000

***Required***

1. Record the transactions above in their various ledger accounts (6marks)
2. Prepare a trial balance (4 marks)
3. (a) Outline five characteristics of indirect production. (10 marks)

(b) Explain five sources of monopoly power. (10 marks)

1. (a) Describe the procedure of obtaining an insurance policy. (10 marks)

(b) Explain five roles of middlemen in the channel of distribution. (10 marks)

1. (a) Outline five circumstances under which a cheque may be dishonored. (10 marks)

(b) The following information relates to Rotich traders for the year 2006

Turn over sh. 270,000

Margin 40%

Rate of stock turnover 6 times

Expenses sh. 40,000

Use the information above to calculate the following.

1. Gross profit (3 marks)
2. Cost of goods sold (2 marks)
3. Net profit (2marks)
4. Average stock (3 marks)