

FORM 3 ENDTERM 3 EXAM

BUSINESS STUDIES

PAPER 2

NAMEADM.....CLASS.....

- 1.(a) Explain five internal economies of scale that may be experienced by the firm(10mks)
 (b) Explain five factors to be considered when setting up an office layout for a business organization (10mks)

2a) Explain **five** assumptions that will make a circular flow of two sector economy to hold. (10marks)

b) Explain **five** ways of improving the efficiency of a warehouse. (10 marks)

3.a) Explain six ways which the government of Kenya can use to influence the supply of maize in Kenya (12mks)

b) The following balance relate to the business of Roba traders during the period ended 31st March 2014.

Cash at bank	680,000
Premises	500,000
Machinery	175,000
Creditors	190,000
Furniture	85,000
Motor van	200,000
Cash in hand	50,000
ADS loan	630,000

Extract the trial balance of Roba traders as at 31st March 2014 (8mks)

4a) Discuss any four importance's of a balance sheet with special reference to the interested parties to a balance sheet (8mks)

b) Highlight any six types of an employment and disclose a remedy (solution) for each type (12mks)

5. a) Describe **four** circumstances under which an insurance company would not compensate the insured in the event of loss. (8 marks)

b) The following balance sheet was extracted from the books of Imara stores on 1st May 2015.

IMARASTORES

Balance Sheet

As at 1st May 2015

	Ksh		Ksh
Equipment	200,000		415,000
Furniture	82,000	Mbotela (credi	27,000
Stock	140,00		
Cash	20,000		
	<u>442,00</u>		<u>442,000</u>

The following transaction took place during the month of May 2015.

4.5.2015: The owner of Imara stores sold personal assets for Ksh 30,000 receiving payment by cheque which he invested in the business.

10.5.2015: He purchased goods for Ksh 29,000 on credit from Mbolela.

19.5.2015: He returned goods worth Kshs 3,000 to Mbotela after they were found defective.

30.5.2015: He sold goods for Ksh 12,000 cash.

Required: Open relevant ledger accounts, record the above transaction and balance them off. (12 marks)

6. a) Highlight any five distinguishing characteristics between a public Ltd company and public corporation. (10 marks)
- b) Discuss five conditions necessary for the existence of perfect competition type of market structure. (10 marks)

