**FORM THREE**

**END TERM TWO 2024**

 **BUSINESS STUDIES PAPER TWO**

**TIME.2hrs**

**NAME………………………………..………………ADM ……….… 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)**

**2**a) Explain **five** assumptions that will makea circular flow oftwo sector economyto hold. (10marks)

b)Explain **five** ways of improvingthe efficiencyofawarehouse. (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

ADS5y 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 whichan insurancecompanywould not compensatethe insured in the event of loss. (8 marks)

b)The followingbalancesheet was extractedfromthe books ofImarastores on 1stMay2015.

**IMARASTORES**

BalanceSheet

|  |  |  |
| --- | --- | --- |
|  | Asat1stMay2015 |  |
| Equipment | Ksh200,000 Capital | Ksh415,000 |
| Furniture | 82,000 |  |  | Mbotela(creditor) | 27,000 |
| Stck | 140,000 |  |  |  |  |
| Cash | 20,000 |  |  |  |  |
|  | 442,000 |  |  |  | 442,000 |

The followingtransaction took placeduringthemonth of May2015.

4.5.2015: Theowner ofImarastores sold personalassets forKsh 30,000 receivingpayment by chequewhich heinvested in thebusiness.

10.5.2015: Hepurchasedgoods for Ksh 29,000 oncreditfrom Mbolela.

19.5.2015: Heturnedgoods worth Kshs 3,000 to Mbotela after theywerefund defective.

30.5.2015: Hesold goods forKsh 12,000 cash.

**Required:** Open relevantledger accounts, record the abovetransaction andbalancethem off.(12 marks)

**6.** a)Highlight anyfive distinguishingcharacteristics betweenapublicLtdcompanyand public corporation. (10 marks)

b)Discuss five conditions necessaryfortheexistenceof perfectcompetition typeof market structure. (10marks)