

BUSINESS FORM THREE PAPER 2 END TERM 3 2019

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

Answer any five questions

1. (a) Explain five principles of insurance (10mks)
(b) Explain five ways through which containers may be in effective as a way of moving goods (10mks)
2. (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)
3. (a) Explain five causes of unemployment (10mks)
b) Explain five benefits of preparing a business plan to a firm (10 marks)
4. (a) Explain five factors that influence choice of product promotion (10mks)
b) Explain five roles played by commercial attaches in trade promotion (10 marks)
5. (a) Describe five differences between a movement along a demand curve and a shift of a demand curve (10mks)
b) The following information relates to Maralal Traders for the month of May 2014.
May 1: Balance brought forward:
Cash Shs. 180,000
Bank Shs. 450,000 (Cr)
3: Received a cheque of 1,500,000 from Mpasha, a debtor
7: Cash sales Shs. 280,000
11: Jolloimat, a creditor of Shs.600, 000 was paid by cheque of sh 400,000 and the balance by cash.
14: Received commission in cash sh. 150,000
17: A debtor, Leteipa, paid his account of 185,000 by cheque less 2% cash discount.
19: Paid the following expenses by cheque:
Rent Shs. 75,000
Electricity Shs. 32,000
Water Shs. 25,000
21: Withdrew Shs. 100,000 from bank for personal use
24: Paid cash Shs 133,280 to Kinai after deducting a cash discount of 2%
25: Received a cheque of sh. 200,000 from Kiyapi, a debtor
28: Paid Salaries Shs. 120,000 by cheque.
31: Banked all cash except sh. 50,000.

Required:

Record the above transactions in a three column cash book. (10marks)

6. (a) Explain five reasons that may limit use of pipeline transport in a country (10mks)
(b) Kavetsa had the following balances on 1st January 2010
sh

Motor vehicle

210,000

Debtors	20,000
Cash	90,000
Stock	25,000
Creditors	40,000
Cash at Bank	50,000

During the month, the following transactions took place

2010 January 4: paid sh 12,000 to creditors by cheque

" 13: purchased stock worth sh 18,000 on credit

" 26 : deposited sh 6,000 into the business bank account from cash till

Record the above transactions in the relevant ledger accounts and balance them off **(10mks)**