

NAME _____ ADMNO _____ CLASS _____
 TEACHER _____

**ALLIANCE HIGH SCHOOL
 TRIAL EXAMS 2022
 BUSINESS STUDIES
 PAPER 2**

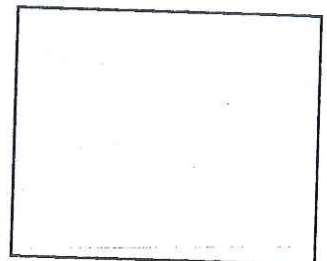
TIME: 2½ HOURS

INSTRUCTIONS TO CANDIDATES

- (a) Write your name, school and Admission number in the spaces provided above.
- (b) This paper consists of six questions.
- (c) Answer **any five** questions only.
- (d) All questions carry equal marks.

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| QUESTION | 1 | | 2 | | 3 | | 4 | | 5 | | 6 | |
|--------------|---|---|---|---|---|---|---|---|---|---|---|---|
| | a | b | a | b | a | b | a | b | a | b | a | b |
| MARKS | | | | | | | | | | | | |



1. (a) Explain FIVE reasons why a country imposes taxes on her citizens.

(10marks)

a). _____

b). _____

c). _____

d). _____

e). _____

(b) On 1st May 2020, Kihenjo Ltd had cash in hand sh.178,000 and a bank overdraft of shs.23,400. During the month, the following transactions took place:

May 3: Cash sales sh 16,500 paid direct into the bank.

May 4: Bought goods for sh.15,000 and paid by cheque.

May 6: Cash sales sh.50,000.

May 9: Received a cheque for Sh.76,500 from Mwikali in full settlement of her debts.

May 13: Paid insurance premium sh.16,000 in cash.

May 14: Paid Otieno by cheque Sh.9,700 in full settlement of his account having deducted 3% cash discount.

May 21: Withdrew Sh 30,000 from bank for office use.

May 23: Received a cheque of sh 23,750 from Kimani in full settlement of his account less 5% cash discount.

May 25: Paid wages of shs. 20,000 in cash.

May 26: Cheque received from Mwikali was dishonored, the bank charged sh 350.

May 30: Banked all cash except Sh 3,000.

Prepare a three-column cash book duly balanced.

(10 marks)

2.(a) Explain any FIVE uses of National Income Statistics

(10marks)

a). _____

b). _____

c). _____

d). _____

e). _____

(b) On 1st January 1993 Makena started a business with sh 120,000 cash and sh 300,000 in the bank.

The following transactions were done in the month of January 1993.

January 3: Bought goods worth sh 60,000 by cheque

January 10: Sold goods worth sh 35,000 cash

January 14: Bought goods worth sh 90,000 cash from Odero

January 18: Paid wages sh 18,000 by cash

January 20: Withdrew sh 40,000 from bank for office use.

Required;

Record the above transactions in the relevant ledger accounts, balance them off and extract a trial balance.

(10marks)

3.(a) Explain **FIVE** services that the central bank of Kenya offers to commercial banks. (10marks)

a). _____

b). _____

c). _____

d). _____

e). _____

(b) Explain **FIVE** features of human wants. (10 marks)

a). _____

b). _____

c). _____

d). _____

e). _____

4.(a) Explain FIVE differences between land and labor as factors of production.

(10 marks)

| LAND | LABOR |
|------|-------|
| | |
| | |
| | |
| | |
| | |

(b) Despite their poor performance, the government is still interested in operating public corporations in the country. Explain FIVE reasons for this. (10 marks).

- a) _____

- b) _____

- c) _____

- d) _____

- e) _____

5.(a) With an aid of a well labeled diagram, explain the effects on equilibrium price and quantity when the supply of vehicles increases. (10 marks)

(b) Outline five channels that can be appropriate for the distribution of exporting tea to France.

(10 marks)

- a). _____

- b). _____

- c). _____

- d). _____

- e). _____

6. (a) Explain FIVE reasons why most Kenyan prefer shopping in a supermarket. (10 marks)

- a) _____
- _____
- _____
- b) _____
- _____
- _____
- c) _____
- _____
- _____
- d) _____
- _____
- _____
- e) _____
- _____
- _____

b) The following trial balance was extracted from the books of Carson Traders on 31 December 2005 after preparing the trading account.

| | Dr | Cr |
|------------------------|----------------|----------------|
| Capital | | 130,000 |
| Drawings | 27,000 | |
| Debtors and creditors | 25,350 | 22,500 |
| Stock 31 Dec. 2005 | 25,000 | |
| Wages and salaries | 31,650 | |
| Gross Profit | | 58,920 |
| Discount | 3,540 | 3,300 |
| Advertising | 3,130 | |
| Bad debts | 1,100 | |
| General expenses | 5,100 | |
| Rates | 2,750 | |
| Cash in hand | 800 | |
| Cash at bank | 3,300 | |
| Motor vehicles at cost | 11,000 | |
| Premises. | 75,000 | |
| | <u>214,720</u> | <u>214,720</u> |

The following additional information is provided.

- a) Wages due shs. 5,400
- b) Rates paid in advance shs 650
- c) Motor vehicles to be depreciated 20% on cost.

You are required to prepare:

i) Profit and loss account for the year ended 31 Dec. 2005

(6marks)

ii) Balance sheet as at 31st Dec. 2005

(4marks)