NAME………………………………………………………………………..ADM…………………………..CLASS…………….

1. The graph below shows the price mechanism and effects of government interference.

Highlight four effects of fixing the price at P1. (4 marks)

**D**

**S**

**S**

**D**

**Price**

**P1**

**Output**

(a)…………………………………………………………………………………………………………………………………………..

(b)………………………………………………………………………………………………………………………………………….

(c)……………………………………………………………………………………………………………………………………………..

(d)…………………………………………………………………………………………………………………………………………….

2. List **four** reasons why a producer would not need a lot of warehousing space/ facilities. (4 marks)

(a)…………………………………………………………………………………………………………………………………………

(b)……………………………………………………………………………………………………………………………………………

(c)……………………………………………………………………………………………………………………………………………..

(d)………………………………………………………………………………………………………………………………………………….

3. Outline **four** benefits of privatization to Kenya’s economy. (4 marks)

(a)…………………………………………………………………………………………………………………………………………………

(b)…………………………………………………………………………………………………………………………………………………….

(c)……………………………………………………………………………………………………………………………………………….

(d)…………………………………………………………………………………………………………………………………………………….

4. A business enterprise had cash balance of sh. 50000 and an overdraft of sh. 15000 on 1st February 2011.

Transactions conducted were as follow:

Feb 2: A debtor paid sh. 40000 by cheque.

Feb10: The business bought stock sh. 10000 in cash

Feb12: Creditors were paid ksh.5000 by cheque.

Feb 13: Sold goods sh. 30000 in cash.

Prepare a two column cash book to record the above transactions. Balance the cash book. (4 marks)

Dr.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Date | Details | Cash | Bank | Date | Details | Cash | Bank |
|  |  |  |  |  |  |  |  |

5 State **four** errors that effect the agreement of a trial balance. (4 marks)

(a)…………………………………………………………………………………………………………………………………………………………….

(b)……………………………………………………………………………………………………………………………………………………………

(c)……………………………………………………………………………………………………………………………………………………………..

(d)………………………………………………………………………………………………………………………………………………………………….

6.The following relates to Jaba business for the year ended 31-12-2006

Capital as at 31-12-2006 sh.85000

Drawings for the year sh.13000

Net loss for the year sh. 6000

Extra capital introduced the year sh. 33000

Determine his capital on 1-1-2006. (4 marks)