

Question 1

- Explain two principles of Public Expenditure (4mks)
- Describe four internal sources of government revenue in Kenya. (4mks)
- What is "Balance of Payments" and when is it in equilibrium? (3mks)
- State any four functions of the Nairobi Stock Exchange market in the growth of Kenya's economy. (4mks)

Question 2

Commodity	2018		2019	
	Qty	Price (Kshs)	Qty	Price (Kshs)
Maize	55(90kgbags)	2800	60(90kgbags)	3000
Beans	22(90kgbags)	6000	25(90kgbags)	6400
Tomatoes	15(crates)	5000	17(crates)	5000
Onions	20(30kgbags)	6000	21(30kgbags)	6000

Using 2018 as the base year, calculate:

- Lespeyres price index (4mks)
- Paasche's price index (4mks)
- Fisher's ideal index (4mks)
- Marshall- Edgeworths index (3mks)

Question 3

On 1st of January, John started a business with a capital of 1.5 million shilling which he put into the business bank account.

On 3rd January, he paid by cheque 600,000/- for the business premises.

On 4th January, he purchased timber from Mitra worth 300,000/- on credit.

On 5th January, he sold some timber to Chess worth 180,000/- on credit.

On 8th January, he paid by cheque the 300,000/- to Mitra.

On 10th January, Chess returned some timber worth 6,000/- to John and paid cash for the rest.

On 13th January, John sold for cash timber worth 90,000/-.

On 16th January, John purchased more timber from Mitra worth 360,000/-, and paid by cheque.

On 20th January, he sold some timber for cash worth 240,000/-.

On 30th January, he returned to Mitra, timber worth 45,000/-.

- Enter the transactions of John into ledger accounts. (10mks)
- Extract a trial balance as at 31st of January 2017. (5mks)