SECTION A (32 marks)

Answer ALL the questions in this section in the spaces provided.

	ght two uses of	the petty cash book.		(2 mark
				
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		<u> </u>		
The fo	ollowing table sh	nows the liabilities, assets a	and capital of three bus	inesses.
	Business	Liabilities (Ksh)	Assets (Ksh)	Capital (Ksh)
	X	60,000	?	120,000
	Y	?	640,000	380,000
	Z	170,000	390,000	?
(ii)	Accruals.			(4 mar
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		<u>-</u>		
		<u>-</u>		
Classi		ollowing expenses as either		
Classi		ollowing expenses as either		or capital expenditure
	fy each of the for	ollowing expenses as either	revenue expenditure	or capital expenditure
(i)	fy each of the for purchase of stop purchase of of	ollowing expenses as either	revenue expenditure	or capital expenditure

	ciation account.	ed 31 December, 2009, 2010 and 2011, prepare	(4 ma
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		- <u> — . — . — . — . — . — . — . — . — </u>	
			
	-		
State	the source docum	ent issued by a firm in each of the following tr	
State	the source docum	en issued by a firm in each of the following the	ansactions.
(i)	Sale of goods or	n credit	·
(ii)	Goods returned	to the firm by a customer	(2 ma
			(2 ma
The f	ollowing informat	ion relates to Jaribu supermarket as at 30 June	:, 2012:
		Ksh	
	Creditors	68,000	
	Inventory	193,000	
	Bank	32,400	
n		. C	/3 ::
Prepa	ire a statement of a	affairs as at 30 June, 2012.	(2 mar
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8.

Year	Cost of Sales (Ksh)	Sales (Ksh)	Expenses (Ksh)
2010	540,000	1,500,000	360,000
2011	590,000	1,600,000	712,000

Calculate the Net Profit for each year. (i)

(ii)	(4 marks)
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9.	The following errors were discovered in the books of Jambo Traders.	asytvet.co
	(i) Ksh 5,000 spent on furniture repairs was recorded in the furniture account	int
	(ii) A credit sale to B. Malik was entered in B. Mailaka's account	
	(iii) A cash payment of Ksh 2,900 was not recorded in the books	
	State the type of error in each of the cases above.	(3 marks)
10.	Jamii social club received the following amounts for subscriptions during the y December:	rear ended 31
	Ksh	
	2010 120,000	
	2011 145,000	
	Included in the amount received in 2011, was Ksh 18,000 relating to 2010. Prepare a statement to ascertain the subscriptions for the year 2010.	(4 marks)
		<u></u>
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SECTION B (68 marks)

Answer ALL the questions in this section in the spaces provided.

11.	(a)	Zawadi started business on 1 June, 2012 with Ksh 200,000 cash. The following transactions took place during the month:
		June 2 Opened a business bank account and deposited Ksh 140,000;
		3 Paid rent of Ksh 25,000 by cheque;
		5 Bought goods on credit from Tala wholesalers worth Ksh 185,000;
		9 Bought stationery for Ksh 2,700 cash;
		11 Purchased furniture worth Ksh 56,000 by cheque;
		20 Sold goods on credit to B. Diwa for Ksh 68,000;
		25 Obtained a loan of Ksh 300,000 from Mengi finance inform of a cheque;
		27 Made cash sales of Ksh 77,000;
		30 Received Ksh 50,000 in form of a cheque from B. Diwa.
		Prepare ledger accounts to record the above transactions.
		(10 marks)

		
		2010 1 1 City with land outrasted from the books of Manat
(b)	On 31 Enteri	May, 2012, the totals of the trial balance extracted from the books of Mapat prises failed to agree. The difference of Ksh 1,000 was entered on the credit
		suspense account.
	The fo	ollowing errors were later discovered:
	(i)	The debit side of the general expenses account was undercast by Ksh.1,20
	(ii)	A cash sale of Ksh 28,500 was completely omitted from the books;
	(iii)	Discounts allowed of Ksh 3,400 had been credited in the discounts receive account;
	(iv)	Equipment purchased for Ksh 45,000 was debited in error as Ksh 54,000.
	Prepa	re:
	(i)	journal entries to correct the above errors;
	(ii)	the suspense account, duly balanced.
		•

- Inventory was valued at Ksh 71,400 on 31 December, 2011.
- On 31 December, 2011, outstanding wages amounted to Ksh 4,200 while prepaid rent was Ksh 15,000.

(i) Prepare:

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- I. an income statement (trading, profit and loss account) for the year ended 31 December, 2011.
- II. a statement of financial position (balance sheet), as at 31 December, 2011.

(ii)	Tariov His				<u>,</u>	nprove the capt (9 mar
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13.	(a)	Explain four causes of depreciation of fixed assets.	easytvet com (8 marks)
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		d Ksh.290,400 at the bank. lowing transactions took place during the month:	
Ma	arch 1	Received cheques from: T. Sambu Ksh.12,000; B. Mali Ksh.36,400;	
		Paid electricity Ksh.4,900 in cash;	
		Made cash sales of Ksh.47,200;	
	12	Paid the following by cheque: C. Mwanzo Ksh.11,000; Mega Ltd Ksh.157,500;	
		Withdrew Ksh.22,000 in cash for personal use;	
	21	Took Ksh.50,000 from the cash till and went and deposited it into the account;	bank
	27	Received a refund on rates of Ksh.1,700;	
	30	Paid salaries Ksh.48,000 by cheque;	
	31	Purchased goods for Ksh.31,300 by cheque.	
	Prepare	e a two column cash book from the transactions given above.	(9 marks)
			
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On 1 March, 2012, the cash book of Nadir Enterprise had a balance of Ksh.60,100 in

(b)

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(8 marks)

14.	(a)	The following balances were extracted from the books of Kilo Traders as at
		31 December:

	2010	2011	
	Ksh	Ksh	
Electricity accrued	12,700	1,200	
Insurance prepaid	14,600	16,000	
Commission receivable outstanding	1,500	700	

During the year ended 31 December, 2011:

- (i) Electricity paid amounted to Ksh 64,000;
- (ii) Water paid amounted to Ksh 3,000;
- (iii) Insurance paid was Ksh 80,000;
- (iv) Commission received amounted to Ksh 11,200.

Prepare:

- (i) water and electricity account;
- (ii) insurance account;
- (iii) commission receivable account.

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	from the books of Super Traders as at 1.
2012.	
	77 - 1
Sales ledger:	KSD
outer teager.	Ksh 354,000 DR
	354,000 DR
Purchases ledger:	354,000 DR 12,400 CR
Purchases ledger:	354,000 DR
Purchases ledger: Transactions during the month:	354,000 DR 12,400 CR
•	354,000 DR 12,400 CR
Transactions during the month:	354,000 DR 12,400 CR 279,500 CR
Transactions during the month: Credit purchases	354,000 DR 12,400 CR 279,500 CR 799,800
Transactions during the month: Credit purchases Credit sales	354,000 DR 12,400 CR 279,500 CR 799,800 1,074,900
Transactions during the month: Credit purchases Credit sales Discounts received	354,000 DR 12,400 CR 279,500 CR 799,800 1,074,900 38,800
Transactions during the month: Credit purchases Credit sales Discounts received Customers' cheques dishonoured	354,000 DR 12,400 CR 279,500 CR 799,800 1,074,900 38,800 14,500
Transactions during the month: Credit purchases Credit sales Discounts received Customers' cheques dishonoured Receipts from debtors	354,000 DR 12,400 CR 279,500 CR 799,800 1,074,900 38,800 14,500 648,100
Transactions during the month: Credit purchases Credit sales Discounts received Customers' cheques dishonoured Receipts from debtors Payments to creditors	354,000 DR 12,400 CR 279,500 CR 799,800 1,074,900 38,800 14,500 648,100 497,200
Transactions during the month: Credit purchases Credit sales Discounts received Customers' cheques dishonoured Receipts from debtors Payments to creditors Contra settlements Discounts allowed	354,000 DR 12,400 CR 279,500 CR 799,800 1,074,900 38,800 14,500 648,100 497,200 56,800
Transactions during the month: Credit purchases Credit sales Discounts received Customers' cheques dishonoured Receipts from debtors Payments to creditors Contra settlements Discounts allowed Balances as at 30 June 2012:	354,000 DR 12,400 CR 279,500 CR 799,800 1,074,900 38,800 14,500 648,100 497,200 56,800 27,100
Transactions during the month: Credit purchases Credit sales Discounts received Customers' cheques dishonoured Receipts from debtors Payments to creditors Contra settlements Discounts allowed	354,000 DR 12,400 CR 279,500 CR 799,800 1,074,900 38,800 14,500 648,100 497,200 56,800

Prepare:

(i) (ii)	sales ledger control account; purchases ledger control account.		(9 marks)
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