

# SECTION A (40 marks)

Answer ALL questions in this section in the spaces provided.

List for	ir users of accounting information.	(2 marks)
An am error n	ount paid for machinery repairs was debited to machinery account. State the t	ype of (1 mark)
(a)	types of cash book.  A selement	(2 marks
(b) Mati I year to	Limited depreciates its furniture using the straight line method, which is applied another. State the accounting concept being applied.	d from one (1 mark
For ea	ach expenditure stated below, indicate whether it is a capital or a revenue expe	nditure. (2 marks
(i)	Repainting of classroom	
(ii)	Purchase of stationery	
(iii)	Renovation of hostel	
(iv)	Payment of electricity	

6.	The following	information	relates to N	Meta Traders	for the year	rended 31	December:

	2011	2012
	Ksh	Ksh
Gross profit	342,000	517,000
Expenses	186,000	493,000

- (a) For each of the years ended 31 December, 2011 and 2012, compute the net profit.
- (b) Advise the proprietor on the possible cause of the change in net profit. (3 marks)

- 7. Highlight the purpose of a sales journal. (1 mark)
- 8. Bei Traders operates a petty cash book on an imprest system. Reimbursement is done at the beginning of each week. The following information is available.

Ksh. 2,740

1 April, 2013 Petty Cash balance

1 April, 2013 Cash given to Petty

cashier 5,760

Determine the petty cash float. (2 marks)

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(a)	Asset;		
(b) 	Liability.		(2 marks
State (	one reason that may ca	use a cheque to be dishonoured by a bank.	(1 mark
Molan	Retailers had the follo	owing balances as at 31 March, 2013:	
		Ksh.	
	Capital Bank	100,000 15,000	
	Inventory	32,000	
	Creditors	12 000	上
	Debtors	66,000	JI
Prepar	re a trial balance as at ?	31 March, 2013.	(3 marks
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(a)	source document received by Pembe Traders;	
(b)	amount due from Pembe Traders.	marks)
		marks,
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Highl	dight the purpose of a bank reconciliation statement. (2	marks)
		marks)
its eq off fo	Limited bought an equipment for Ksh. 200,000 on 1 January, 2011. The firm deprequipment at 20% per annum on cost. On 31 December, 2012, the equipment was distor Ksh. 140,000.	ciates posed
its eq off fo	quipment at 20% per annum on cost. On 31 December, 2012, the equipment was dis or Ksh. 140,000.	posed
its eq off fo	quipment at 20% per annum on cost. On 31 December, 2012, the equipment was dis or Ksh. 140,000.	posed
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its eq off fo	quipment at 20% per annum on cost. On 31 December, 2012, the equipment was distort Ksh. 140,000.  are an equipment disposal account.  (3)	posed
its eq off fo	quipment at 20% per annum on cost. On 31 December, 2012, the equipment was distort Ksh. 140,000.  are an equipment disposal account.  (3)	ciates posed marks

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(2 marks)	

Expid	ain the meaning of the term 'Control Account'. (2 m	ars
	January, 2012, Boza paid Ksh. 44,000 for rent. The rent for the year ended 31 December Was Ksh. 40,000. Prepare the rent account. (2 m	
The f	ollowing information relates to Kofi Social Club:	
	Bar sales Bar inventory: 1 January, 2012 Bar purchases  Ksh. 850,000 440,000 139,000 650,000	
(a)	Prepare a bar trading account for the year ended 31 December, 2012.	
(b)	Advise the manager of the club on the action to take on the performance of the bar. (3 m	



is off disco	ering a 20% tra	y goods for Ksh. 20,000 fro de discount and a 5% cash	om either supplier A or supplied discount. Supplier B is offeri	er B. Supplier A ng a 25 % cash
(a)	Determine th	e net amount payable by A	mani to each of the suppliers.	
(b)	Advise Amar	ni on the supplier to select i	f he is to pay promptly.	(3 marks)
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			Mantelli	
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		polite	Jene	
	does not keep pended 31 Decm		the following information is as	vailable for the
	ended 31 Decm	ber, 2012.	Ksh.	vailable for the
	ended 31 Decm Capital:	ber, 2012. 1 January, 2012	Ksh. 120,000	vailable for the
	ended 31 Decm	ber, 2012.	Ksh.	vailable for the
year e	ended 31 Decm Capital: Assets: Liabilities:	ber, 2012.  1 January, 2012  3 I December, 2012  31 December, 2012	Ksh. 120,000 192,000 45,000	
year e	ended 31 Decm Capital: Assets: Liabilities:	ber, 2012.  1 January, 2012 3 i December, 2012	Ksh. 120,000 192,000 45,000	vailable for the
ycar e	ended 31 Decm Capital: Assets: Liabilities:	ber, 2012.  1 January, 2012  3 I December, 2012  31 December, 2012	Ksh. 120,000 192,000 45,000	(2 mark



### SECTION B (60 marks)

Answer any FOUR questions from this section in the spaces provided.

21.	(a)	Explain three qualities of	of good accounting	g information.	(6 marks)
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	(b)	in hand. On the same of	late, the cashier ga	Dealers had a balance of ave the petty cashier Kshs. shier made the following p	3,350. During the
	•	2013		Ksh.	
		1	Milk	300	
		1	Pens	280	
		1		290	
		2	Sugar	120	



2	Sambo-Creditors	520
3	Taxi	600
4	Tea leaves	160
5	Photocopying papers	1000
5	Milk	150

Prepare a petty cash book with the following analysis columns:

- Stationery;Travelling;
- Office tea;
- Ledger.

	(9 marks
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- 22. (a) The following errors were revealed in the books of Choda Traders during the month of April, 2013.
  - (i) A purchase of motor van on credit from Mazela Motors for Ksh. 3,500,000 was omitted from the books of account;
  - (ii) A credit sale of Ksh. 15,000 to J. Mwangi was entered in J. Munga's account;
  - (iii) Furniture purchased for Ksh. 45,000 was debited to the purchases account.

Prepare Journal entries to correct the errors above.	(6 marks)
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(b) Tahidi Enterprises had the following balances as at 1 March, 2013.

	Ksh.
Mali - Debtor	106,000
Turi - Creditor	62,500
Bank	144,000
Furniture	92,500

During the month of March, the following transactions took place:

2013	
March 1	Withdrew Ksh. 30,000 from the bank for office use;
6	Received a cheque of Ksh. 86,000 from Mali;
12	Cash sale Ksh. 37,000;
20	Bought goods on credit from Turi Ksh. 150,000;
25	Returned goods worth Ksh 2,000 to Turi;
27	Paid Turi Ksh 210,000 by cheque.



	(i) (ii) (iii)	Prepare ledger accounts to record the transactions above.  Balance off the bank account.  Comment on the bank balance obtained in (ii) above.	(9 marks)
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(b) Tima Traders does not keep proper books of account.
The following information was obtained from the records of the business:

	Ksh.
Receipts from debtors	302,000
Payment to creditors	93,300
Rent paid	15,000
Insurance paid	10,000
Salaries and wages paid	85,000

Assets and Liabilities as at:

	1 January	31 December
	2012	2012
	Ksh.	Ksh.
Debtors	59,000	36,000
Creditors	48,000	33,000
Inventory	21,500	11,600
Furniture	52,000	44,000
Insurance prepaid	3,000	4,000

Prepare an income statement for the year ended 31 December, 2012. (9 mag)	
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24.	663	On 21 January 2012 the early to the CNT of The Land to L. D. T.
<b>44.</b>	(a)	On 31 January, 2013, the cash book of Wezo Traders had a bank balance of Ksh. 56,400, while the bank statement balance on the same date was Ksh. 109,400.
		The following discrepancies were later revealed:
		- Items on the bank statement but not in the cash book;
		Ksh.
		Bank charges 550
		Direct receipts 8,100
		Standing order - Insurance premium 4,800
		- Items in the cash book but not on the bank statement:
		<ul> <li>Cheques received from: A. Mate - Ksh. 55,000</li> <li>B. Kazi - Ksh. 11,950</li> </ul>
		<ul> <li>Cheques paid out to: W. Raha - Ksh. 87,500</li> <li>Y. Pema - Ksh. 29,700</li> </ul>
		Prepare:
		(i) an updated cashbook;
		(ii) a bank reconciliation statement, as at 31 January, 2013.  (6 marks)
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## (b) Kesho Traders had the following bank balances:

	Ksh	
Debit balances on 1 January, 2013:		
- Sales ledger	232,000	
- Purchases ledger	1,900	
Credit balances on 1 January, 2013:		
- Sales ledger	3,100	
– Purchases ledger	177,600	
Debit balance on 31 January, 2013:		
- Purchases ledger	700	
Credit balance on 31 January, 2013:		
- Sales ledger	2,800	
Transactions for the month of January,		
	Ksh	
Credit purchases	332,000	
Credit sales	460,000	
Receipts from debtors	314,000	
Payment to creditors	289,000	
Bad debts written off	4,200	L
Discounts allowed	16,500	<b>T</b>
Returns inwards	7,900	10
Contra entries from purchases ledger		
to sales ledger	50,000	
Discounts received	8,200	
Prepare:		
(i) Sales ledger control account;		
(ii) Purchases ledger control account	nt.	(9 n

(ii)	Purchases ledger control account.	(9 marks)
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25. (a) Jirani Traders had the following balances as at 1 July, 2013:

Ksh.

Cash in hand

16,000

Cash at bank

58,000

The following transactions took place during the month of July, 2013.

- July 1 Paid Ksh . 12,000 for rent by cheque;
  - 2 Cash sales amounted to Ksh. 18,000;
  - 4 Purchased goods worth Ksh. 15,000 and paid by cheque;
  - 10 Received a cheque of Ksh. 28,900 from Suhel in settlement of his account;
  - 15 Took Ksh 13,200 from the cash till and deposited it into the bank account;
  - 24 Paid Sela Traders Ksh. 9,000 by cheque;
  - 31 Proprietor withdrew Ksh 5,000 from the cash till for personal use.

Prepare a cash book for the month of July, 2013.	(6 marks)
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(b) The following balances were extracted from the books of account of Pita Retailers as at 31 December, 2012:

Ksh.
420,000
2,700
250,000
7,000
3,800
7,600
105,000
22,000
247,500
62,100
11,400
2,700
13,800

#### Additional information:

- Inventory as at 31 December 2012 was valued at Ksh. 43,900.
- The motor vehicle is depreciated at 25% per annum.
- On 31 December 2012:
  - outstanding telephone was Ksh 500;
  - prepaid insurance amounted to Ksh. 1,800
- (i) Prepare an income statement for the year ended 31 December, 2012;

(11)	Advise the proprietor on the action to take on the performance of the i	(9 marks)
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(6 marks)

- 26. (a) Sosen Retailers had the following transactions during the month of March, 2013.
  - March 1 Credit sales to Bosi Ksh. 30,000;
    - 5 Credit purchases from Wale Ksh. 14,700;
    - 7 Credit sales to Chama Ksh. 11,500;
    - 12 Goods returned by Bosi Ksh. 2,000;
    - 15 Credit purchases from Laki, Ksh 20,000; less5% trade discounts;
    - 21 Credit sales to Saba Ksh 41,600;
    - 27 Goods returned to Wale Ksh. 1,200;
    - 31 Goods returned by Saba Ksh. 4,500

Pre	pare:

- (i) Sales Journal;
- (ii) Purchases Journal:
- (iii) Returns inwards Journal;
- (iv) Returns outwards Journal.

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(b)	The following is the receipts and payments account of Wananchi Social Club for the year ended 31 December, 2012;

	Ksh.	an iei ie	Ksh.
Balance b/d	77,500	Secretary's honorarium	34,000
Subscriptions	140,000	Groundsman's wages	18,000
Sale of tickets for annual dinner	90,000	Games equipment	160,000
Donations	35,000	Printing and stationery	4,500
		Electricity	2,600
		Annual dinner expenses	57,000
		Balance c/d	_66.400
	342,500		<u>342,500</u>
		Į	

#### Additional information:

- Subscription prepaid on 1 January, 2012 and 31 December, 2012 amounted to Ksh. 15,000 and Ksh 32,000, respectively;
- Outstanding electricity as at 31 December, 2012 was Ksh. 400;
- On 1 January, 2012, the club had premises with a cost of Ksh. 1,500,000;
- Games equipment to be depreciated at 10% per annum;
- Accummulated fund as at 1 January, 2012 was Ksh. 1,562,500.

#### Prepare:

- (i) income and expenditure account for the year ended 31 December, 2012;
- (ii) statement of financial position as at 31 December 2012.

(9 marks)