

Cash at bank	38,790
Petty cash in hand	1,350
Stock 1 st January 2012	54,000
Motor Vehicles	270,000
Sundry debtors	147,150
Sundry creditors	119,340
Purchases	351,900
Purchases returns	14,400
Sales	789,300
Sales returns	15,300
Carriage in	6,750
Carriage out	7,875
Discount received	15,750
Discount allowed	12,600
Rent and rates	36,600
Wages and salaries	162,000
Printing and stationery	33,300
Drawings	22,500
Telephone expenses	5,625
Office equipment	90,000
Furniture	67,500

Electricity	6,525
Water	1,575
Bank charges	540
Insurance	16,200
Motor expenses	25,200
General office expenses	19,350

Additional Information;

Closing stock as at 31st Dec.2004 is ksh 102,150

Required;

- (a) Re-arrange the balances in a trial balance on 31st December 2012 (5Marks)
- (b) Prepare a trading and profit and loss for the year ending 31st December 2012 (6 Marks)
- (c) Prepare a balance sheet as at 31st December 2012 (6 Marks)

(Total; 30 Marks)

Answer **ANY TWO** Questions

QUESTION TWO

Victor and Victoria are partners, sharing the profits and losses in the ratio 3: 2. The following is a trial balance as

in their partnership books at 31 December 2010.

Capital Account at January 1, 2010

	Sh	Sh
Victor		65,400
Victoria		52,800
Drawings		
Victor	14,400	
Victoria	9,600	
Provision for doubtful debt		1,920
Purchases	406,560	
Sales		527,440
Fixed assets at cost	46,400	
Fittings at cost	9,600	
Provision for depreciation		
-Fixed Assets		23,680
-Fittings		4,560
Stock (January 1,2010)	69,440	

Cash	5,160	
Office expenses	20,600	
Machinery (Jan 1, 2010)	15,840	
Machinery expenses	6,400	
Debtors and Creditors	42,200	16,800
Bank		2,160
Salaries	29,440	
Insurance	8,880	
Discount Allowed	<u>10,240</u>	
	<u>694,760</u>	<u>694,760</u>

The following additional information is available

- Stock at 31 December, 2010 was valued at sh 105,520.
- Depreciation is to be provided at 10% per annum, on the written down value of the fittings and are 20% per annum of the initial costs of the fixed assets and machinery. Victor is to bear personally sh 1,600 of the machinery expenses. The balance of these expenses is to be divided in current and capital expenditure in ratio 2:3.
- No rent has been paid on the business premises during the year because of the dispute with the Land lord. The rental agreement provides for a rent for sh 1,600 per month.
- Bad debts of sh 800 are written off and provisions for doubtful debts to be adjusted to 2.5% of the remaining debtors.
- Insurance of sh 280 has been paid in advance as at 31 December 2010.
- The partners are entitled to an interest of 10% per annum on capital

Required;

Prepare the

- Trading, profit and Loss Account for the year ended 31 December 2010 (10 Marks)
 - A Balance Sheet as at that date (10 Marks)
- (Total 20 Marks)**

QUESTION THREE

Broadways Ltd has an authorized share. Capital of 50,000 ordinary shares of sh 10 each. The company's trial balance as at 31st October 2011 was as follows.

	Dr	Cr
Ordinary shares		300,000
Share premium account		80,000
Freehold premises	350,000	
Motor Lorries	150,000	
Plant and machinery	230,000	
Debtors and Creditors	85,000	67,000
10% Debentures		100,000
Purchases and sales	285,000	428,000
General expenses	15,500	
Bad debts	4,300	

Stock as at 1.11.2010	32,600	
Debenture interest (Half year)	5,000	
Discount received		4,200
Bank	47,800	
Salaries	45,000	
Directors salaries	20,000	
Insurance	4,000	
Provision for depreciation		
Plant and machinery		175,000
Motor Lorries		80,000
Profit and loss Account (1.11.2010)		<u>40,000</u>
	1,274,200	1,274,200

The following addition information was given;

- Insurance sh 600 was prepaid
 - Closing stock 31.10.2011 was valued at sh 34,300
 - A corporate tax provision of sh 15,000 is to be made
 - The directors propose to pay a dividend of 10% to the ordinary share holders.
2. Depreciation is to be calculated on fixed assets at 20% on the reducing balance basis.
3. The debenture interest for the second half of the year is to be accrued.

Required

- Trading, Profit and Loss account for the year ended 31st October, 2011 (10 Marks)
 - A balance sheet as at that date (10 Marks)
- (Total 20 Marks)**

QUESTION FOUR

G. Ngotho had the following assets and liability on the dates shown
(An 'X' indicates that the amount has to be calculated)

	1.4.2009	31.3.2010
	Sh	sh
Premises	350,000	350,000
Furniture	60,000	53,000
Motor Car	318,000	X
Stock in Trade	62,800	74,300
Trade Debtors	39,500	40,700
Trade Creditors	79,600	93,000
Bank Loan	120,000	X
Wages & Salaries due	9,200	7,500
Prepaid rates	2,500	3,600
Rent received in advance	4,000	6,800
Capital	63,800	X

He did not maintain records on double entry system. He however, kept a cash book with discount columns and a

File of invoices issued and received the summary of his cash transactions during the year ended 31st March 2010 is given below.

<u>Cash Summary</u>			
Bal b/f	103,800	Trade creditors	502,600
Trade debtors	613,100	Cash purchases	8,400
Cash sales	213,600	Wages and salaries	83,200
Rent	62,600	Rates and Insurance	16,400
Capital, Ngotho	476,400	Transport	28,200
		Bank Charges	1,500
		General expenses	72,700
		Loan Interest	6,000
		Loan repayment	100,000
		New car	590,000
		Drawings	36,000
		Balance c/d	24,500
	<u>1,469,500</u>		<u>1,469,500</u>

The following additional information is available;

- (a) Discount allowed during the year amounted to sh 12,300 and discount received amounted to sh 13,600
- (b) During the year Ngotho took goods from the business costing sh 5,000 for his personal use, without paying for them.
- (c) Motor cars are subject to an annual depreciation of 20% on book value. The new motor car was bought on January 1, 2010.

Required ;

Show G. Ngotho's

- i) Trading, Profit and Loss Account for the year end 31st March 2010 (10 Mark)
- ii) Balance sheet as at 31st December 2010 (10 Marks)

(Total: 20 marks)

QUESTION FIVE

On January 1,2012,S. Kanja had the following assets and liabilities;

Cash at bank	1,400,000
Stock	4,000,000
Debtors; W.Kamau	1,500,000
R.Nundu	960,000
Creditors;J.Polo	1,300,000

S.Matoke	850,000
Office equipment	420,000
Motor Van	3,200,000

His transactions during the month of January were as follows;

January 2 withdrew sh.200,000 from bank for office use

- “ 2 Purchased goods from J.Polo shs 250,000 on credit
- “ 4 Bought office stationery sh 36,000 in cash
- “ 7 Received cheque shs 940,000 from R.Nundu in full settlement less sh 20,000 cash discount.
- “ 12 Sold goods to W.Kamau shs 1,400,000 on credit
- “ 14 Paid salaries shs 80,000 in cash
- “ 15 Paid S. Matoke sh 600,000 by cheque on account
- “ 16 Returned goods worth sh 30,000 to J. Polo and received a credit note
- “ 20 Bought office equipment sh 145,000 on credit from Patel brothers
- “ 23 Sold all goods on hand receiving sh 1,250,000 cash and sh 5,000,000 by cheque
- “ 27 Paid Patel Brothers shs 130,000 in cash
- “ 28 Withdrew shs 370,000 from the Bank for personal use.
- “ 29 Paid rent sh 160,000 in cash and salaries shs 180,000 by cheque.

Required:

- (i) S.Kanja's capital as at January 2012 (5 marks)
- (ii) Open ledger accounts and record the opening balances (5 marks)
- (iii) Record the transaction for the month of February and close the accounts (5marks)
- (iii) Prepare a closing trial balance. (5 marks)

(Total 20 marks)

