

## SECTION A (32 marks)

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

1. Highlight **two** uses of the petty cash book. (2 marks)

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2. The following table shows the liabilities, assets and capital of three businesses.

Business	Liabilities (Ksh)	Assets (Ksh)	Capital (Ksh)
X	60,000	?	120,000
Y	?	640,000	380,000
Z	170,000	390,000	?

Determine the value of the missing items. (3 marks)

3. Explain each of the following accounting concepts:

- (i) Going concern;  
 (ii) Accruals.

(4 marks)

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4. Classify each of the following expenses as either **revenue** expenditure or **capital** expenditure:

- (i) purchase of stock \_\_\_\_\_  
 (ii) purchase of office furniture \_\_\_\_\_  
 (iii) repainting of an old building \_\_\_\_\_  
 (iv) partitioning of an office block \_\_\_\_\_

(4 marks)





9. The following errors were discovered in the books of Jambo Traders.

- (i) Ksh 5,000 spent on furniture repairs was recorded in the furniture account \_\_\_\_\_
- (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 year ended 31 December:

	Ksh
2010	120,000
2011	145,000

Included in the amount received in 2010 was Ksh 15,000 relating to 2009 and Ksh 35,000 relating to 2011.

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)

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(b) On 31 May, 2012, the totals of the trial balance extracted from the books of Mapato Enterprises failed to agree. The difference of Ksh 1,000 was entered on the credit side of the suspense account.

The following errors were later discovered:

- (i) The debit side of the general expenses account was undercast by Ksh.1,200;
- (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 received account;
- (iv) Equipment purchased for Ksh 45,000 was debited in error as Ksh 54,000.

Prepare:

- (i) journal entries to correct the above errors;
- (ii) the suspense account, duly balanced.

(7 marks)











(b) The following balances were obtained from the books of Super Traders as at 1 June 2012.

	Ksh
Sales ledger:	354,000 DR
	12,400 CR
Purchases ledger:	279,500 CR
Transactions during the month:	
Credit purchases	799,800
Credit sales	1,074,900
Discounts received	38,800
Customers' cheques dishonoured	14,500
Receipts from debtors	648,100
Payments to creditors	497,200
Contra settlements	56,800
Discounts allowed	27,100
Balances as at 30 June 2012:	
Sales ledger	1,600 CR
Purchases ledger	19,200 DR

**Prepare:**

- (i) sales ledger control account;
- (ii) purchases ledger control account.

**(9 marks)**

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