1. Inutu and Ruth are in partnership and have the following balances as at 31st March, 2022.

* Cash in hand K5,000.00
* Cash at Bank K200,000.00
* Sundry debtor K30,000.00
* Sundry creditors K14,000.00
* Bill receivable K22,000.00
* Capital K100,000.00
* Bills payable K7,000.00
* Drawings K22,000.00
* Sales K300,000.00
* Purchases K80,000.00
* Carriage inwards K3,000.00
* Employee salary K25,000.00
* Marketing expenses K5,000.00
* Insurance paid K2,000.00
* Furniture and fixtures K7,000.00
* Stock K18,000.00
* Office rent K2,000.00

Required:

1. Prepare the trial balance for Inutu and Ruth as at 31st March 2022. 10 marks
2. What is the trial balance and state the importance of a trial balance. 2 marks
3. Does the trial balance always balance? Explain. 2 marks
4. What errors affect the trial balance? State and explain. 6 marks
5. What errors does not affect the balance trial. 6 marks
6. What balances do you post on the debit side of the trial balance? 4 marks
7. What balances do you post on the credit side of the trial balance? 4 marks
8. What is a suspense account? 2 marks
9. What are the Objectives of Trial Balance? 2 marks
10. State one advantage and disadvantage of a trial balance 2 marks

**Total marks - 40**

**QUESTION 2**

You are given the following data for the year ended 30 June 2022:

1 June started business with cash of K5 million and a car worth K4.5 million

1 June Purchased tables and chairs paying K900,000 cash

2 June Bought goods for K1 million on cash

3 June Purchased goods on credit from Elias K1.5 million

4 June Sold goods for K1.2 million cash

5 June Sold goods on credit to Taima for K900,000

8 June Paid wages K100,000 in cash

9 June Bought goods from Ebu for K850,000 on credit

10 June Sold goods to Twaambo K800,000 on credit

11 June Sold goods on credit to Taima for K1 million

12 June Paid Elias all that was owed to him by cash

15 June Taima paid in full, by cash

16 June Purchased K700,000 goods for cash

17 June Sold K500,000 goods for cash

18 June Twaambo paid K500,000 on account

19 June Paid wages K150,000

22 June Paid Ebu in full

24 June Loan received in cash from Gogo

25 June Purchased leasehold K4 million on cash

26 June paid wages K150,000 cash.

Task

i. you are required to post the transactions into the necessary ledger accounts, balance them off and extract the trial balance. **20 marks**

ii.For each transaction, indicate the two accounts as to whether they are assets, liabilities, income or expense; state also whether that account has increased or decreased. **10 marks**

**QUESTION 2**

1. Explain the uses of any four (4) main books of original entry. (8 marks)
2. Outline a business transaction and explain the four types of business transactions giving examples. (10 marks)
3. What is double-entry? 1 mark
4. Define book keeping and state its significance 2 marks
5. state the difference between accounting and book keeping 1 marks
6. Define a business document and explain any 4 types of business documents, stating their importance and giving examples. (10 marks)

QUESTION 3

The following information was obtained from a retail trader.

* Cash balance (debit balance) K29, 000.
* Capital introduced worth K10, 000,000 by chaque.
* A cheque worth K500, 000 was paid to H. Tabo.
* Cash sales K2, 000,000.
* Received a cheque worth K400, 000 from C. Lwiindi.
* K50, 000 cash was banked.

**Tasks**

1. Enter up the cash book and balance it up. (15 marks)
2. Post the items in the cash book to the purchases, sales and general ledger and balance up. (10 marks)
3. Define a cashbook and state its importance in the business. (2 marks)
4. Explain a “contra entry” and state the two accounts involved. (3 marks)

**QUESTION 4**

1. Twalumba is a sole trader. The following transactions took place in the month March 2023.
2. Cash amount of K150, 000,000 was introduced into the business by the owners.
3. Machinery worth K40, 000,000 was bought by cash.
4. Cash purchases amounted to K5, 000, 000.
5. The company sold goods worth K7, 000,000 by cash.
6. Cash purchases amounted to K8, 000,000.
7. The company incurred sundry expenses worth K100, 000.
8. Cash sales amounted to K15, 000, 000.
9. The owner of the business had taken out K600, 000 cash for personal use.
10. Credit sales amounted to 8, 000,000.
11. Credit purchases amounted to K7, 000,000
12. He paid suppliers K300, 000.
13. He received K300, 000 from customers.

**Task;**

Enter the transactions above in different ledger accounts and balance them up and then prepare a trial balance. 20 marks

**QUESTION 5**

On 1st March, 2009 a petty cash float of K1, 000,000 is introduced. During the month of March the following payments are made out of petty.

* 2nd March 2009 Biscuits K100, 000.
* 8th March 2009 Stationery K200, 000.
* 11th March 2009 Taxi fare K30, 000.
* 16th March 2009 Bus fare K50, 000.
* 25th March 2009 Stationery K400, 000.
* On 31st March 2009 the cash was reimbursed.

**Task**

1. Draw up the petty cash book for the month of March, 2009 **10 Marks**
2. Define a petty cash book and outline the importance. 4 marks
3. State the difference between a cash book and a petty cashbook. 2 marks
4. State advantage of a petty cash book 2 marks
5. Define a source document and give atleast 3 examples of a source document. (4 marks)
6. Explain the uses of any four (4) main books of original entry. (8 marks)

**Total 30 marks**

**QUESTION 6**

Mpacela a sole trader has the following balances for the year ended 31st March, 2023.

|  |  |  |
| --- | --- | --- |
| 1 | Cash | 12,000 |
| 2 | Account receivables | 35,000 |
| 3 | Inventory | 120,000 |
| 4 | Prepaid rent | 8,000 |
| 5 | Land | 126,000 |
| 6 | Building and Improvement | 300,000 |
| 7 | Furniture and fixtures | 50,000 |
| 8 | General equipment | 125,000 |
| 9 | Account payable | 60,000 |
| 10 | Taxes payable | 25,000 |
| 11 | Interest payable | 25,000 |
| 12 | Salaries and wages | 30,000 |
| 13 | Loan | 322,000 |
| 14 | Capital | 64,000 |
| 15 | Profit | 250,000 |

Required: prepare a balance sheet as at 31st March, 2023.. **20 marks**

2. Your manager wants find out the reason behind preparation of a balance sheet. Advice your Manager. **2 marks**

3. What is the difference between a trial balance and balance sheet? **4 marks**

4. Give advantages and disadvantages of balance sheet **6 marks**

5. Define assets and liabilities, stating the different types and give examples. **8 marks**

**Total -40 marks**

**QUESTION 7**

i.Mukuka had the following goods sold on credit in the month of November 2009.

Date Customer name Invoice No. Sales, exclusive of VAT VAT @ 16%

03.11.09 A. Banda 561 K1, 008,000 K192, 000 11.11.09 K. Mubanga 562 K840, 000 K160, 000 18.11.09 N. Siwale 563 K672, 000 K128, 000 28.11.09 S. Mwinga 564 K1,260, 000 K240, 000

**Task**

1. Enter up the sales day book
2. Post the items to the personal accounts in the sales ledger
3. Transfer the total to the sales account in the general ledger

**ii.**Mukuka made the following credit purchases during the month of December, 2009.

Date Name of Supplier Purchases, exclusive of VAT VAT@ 16%

02.12.09 F. Mwangala K504, 000 K96, 000 05.12.09 D. Lubasi K630, 000 K120, 000

16.12.09 M. Shambana K756, 000 K144, 000 23.12.09 H. Kabwe K546, 000 K104, 000

**Tasks**

1. Enter up the purchases day book
2. Post the items to the personal accounts in the purchases ledger
3. Transfer the total to the purchases account in the general ledger