**FOUNDATIONS OF ACCOUNTING – CAT**  
**Total Marks: 30**  
**Time: 60 minutes**

**Question 1 (5 Marks)**  
a) Define accounting. (2 marks)  
b) Differentiate between book-keeping and accounting. (3 marks)

**Question 2 (4 Marks)**  
Identify **four users of financial information**, and for each, briefly explain **one specific need** they have for that information.

**Question 3 (3 Marks)**  
Match each of the following accounting concepts with the correct description.  
Write the **letter of the correct description** next to each concept.

| **Concept** | **Description Letter** |
| --- | --- |
| i) Going concern |  |
| ii) Prudence |  |
| iii) Accruals (Matching) |  |

**Descriptions:**  
A. Revenue and expenses are recorded when earned or incurred, not when cash is received or paid.  
B. A business will continue to operate for the foreseeable future.  
C. Profits are only recognized when realized, and losses are recognized as soon as they are foreseeable.

**Question 4 (3 Marks)**  
State and briefly explain **three qualities of useful accounting information**. *(1 mark each)*

**Question 5 (15 Marks)**

The following transactions relate to Kazi Bora Traders for the month of March 2024. **Post them to the appropriate ledger accounts**. Close the ledger accounts at the end of the month.

* March 1: Started business with Sh.100,000 in cash.
* March 3: Deposited Sh.60,000 into the bank.
* March 5: Bought goods on credit from Simba Ltd. Sh.18,000 and Rafiki Wholesalers Sh.22,500.
* March 8: Sold goods on credit to Mambo Stores Sh.12,000 and Tamu Traders Sh.7,500.
* March 11: Paid Simba Ltd. Sh.18,000 by cheque and received a Sh.1,000 cash discount.
* March 14: Tamu Traders paid Sh.7,000 in cash, and we allowed them a discount of Sh.500.
* March 18: Withdrew Sh.5,000 from bank for office use.
* March 25: Paid wages in cash Sh.6,000.
* March 29: Mambo Stores returned goods worth Sh.2,000.
* March 31: Received Sh.10,000 from Mambo Stores by cheque.

**Required:**

1. Post the transactions in their respective ledger accounts:
2. Balance off the ledger accounts as at 31st March 2024.