

Required: Prepare the appropriate accounts in the books of Mountain view college to record the above transactions. Accounts after the end of 1992 need to be prepared. Depreciation is to be charged on vehicles at 20% per annum, using straight line method. 15 mrks

b) Accounting information is produced in form of financial statement. These financial statements provide information about an entity financial position, performance and changes in financial position. Explain the main users of financial statements 15marks

Q2

a) Using the following information of Manga joint farmers, prepare a “Crop Account” to ascertain the profit made by the crops division of the farm:

	Sh
Opening stocks: Wheat	5,000
Seeds	1,000
Fertilisers	1,500
Purchases: Seeds	600
Purchases: Fertilisers	900
Wages: Paid in cash	6,800
Paid in kind by giving wheat	4,600
Sales: Wheat	35,400
Wheat consumed by proprietor	1,600
Depreciation of farm machinery	2,000
Closing stocks: Wheat	4,000
Seeds	700
Fertilisers	800

(12marks)

b) Discuss the characteristics of farm accounting (8marks)

Q3 Record the following transactions for the month of November for Masaba Suppliers, balance off all the accounts and extract a trial balance as at 30th November 2006;

Year 2006

November 1 Started Started business with Sh.175000 in cash
November 2 Put Put Sh140000 of the cash into the bank account
November 3 Bought goods for cash worth Sh.7500
November 4 Bought Bought stationery on credit Sh.17000 from Nzomo
November 5 Bought goods on credit from Isaac Sh 18000, Philips Sh.24500, Timothy Sh.5500 Mathew Sh17000
November 6 Paid rent by cheque Sh.2750
November 7 Sold goods on credit to Njeri Sh 4500, Onyango Sh7500 Muiru Sh 9500 Tinga Sh 8000
November 8 Bought Bought furniture from Irungu Suppliers on credit Sh 24000
November 12 Paid Paid salaries and wages Sh 6000 cash
November 14 Returned goods to Timothy Sh 3000, Philip Sh 2000
November 15 bought Bought an old motor van by cheque Sh 35000
November 16 received Received loan from Henry by cheque Sh 30000
November 17 Goods returned to us by Njeri Sh1000 Sh1000 Muiru Sh 2000
November 18 Cash sales Sh 450
November 21 Sold goods on credit to Pauline Sh5750, Onyango Sh 50100 Tinga Sh 4500
November 24 We paid the following by cheque Philips Sh 2250 Timothy Sh2500
November 25 Received a cheque from Pauline Sh 5750, onyango Sh 12500
November 28 Received a further loan from Henry Sh 10000 cash
November 30 Received Sh 25000 Received Sh 25000 from Tinga in cash.

20mrks)

Q4

- i) Accounting is based on the accounting theory which are the principles under which accounting operates. Explain SIX principles under which the discipline operates. (12mrks)
- ii) Discuss the functions of ICPAK as outlined by the Act. (8marks)

Q5

i) Dancan Moody has the following assets and liabilities as on 31 April 2014:

	£
Creditors	15,800
Equipment	46,000
Motor Vehicle	25,160

Stock	24,600
Debtors	23,080
Cash at bank	29,120
Cash in hand	160

During the first week of May 2014 Moody:

- a. Bought extra equipment on credit for £5,520.
- b. Bought extra stock by cheque £2,280.
- c. Paid creditors by cheque £3,160.
- d. Debtors paid £3,360 by cheque and £240 by cash.
- e. Moody put in extra £1,000 cash as capital.

Required:

- a) Determine the capital as at 1st May 2014. 7 marks
 - b) Draw up a balance sheet after the above transactions have been completed 9marks
- ii) Explain four qualities of a good accounting information. (4marks)

