

b) Penta enterprises has a business that has been trading for some time. You are given the following information as at 31.12.2015

	kshs.
Buildings	11,000
Furniture & Fittings	5,500
Motor Vehicles	5,800
Stocks	8,500
Debtor	5,600
Cash a bank	1,500
Cash in hand	400
Creditors	2,500
Capital	30,800
Loan	5,000

You are required to prepare a Balance Sheet as at 31 December 2015 10 marks

(c) Discuss four functions of ICPAK as outlined by the Act. 8marks

QUESTION TWO

(a) Accounting information is produced in form of financial statement which reflects how the business has performed, whether it has made profits or losses and it determines whether the resources have increased or reduced. Required state and explain the various users of accounting information (20 marks)

QUESTION THREE

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
- i) Identify and explain on two principles of accounting. 4marks

QUESTION FOUR

Write up the following transactions in the relevant ledger accounts from the books of S Pink in the month of march 2013. Then extract a trial balance. 20 marks

March	1	Started business with cash £1,000.
“	2	Bought goods on credit from A Clinks £296.
“	3	Paid rent by cash £28.
“	4	Paid £1,000 of the cash of the firm into a bank account.
“	5	Sold goods on credit to J Simpson £54.
“	7	Bought stationery £15 paying by cheque.
“	11	Cash sales £49.
“	14	Goods returned by us to A Clinks £17.
“	17	Sold goods on credit to P Lutz £29.
“	20	Paid for repairs to the building by cash £18.
“	22	J Simpson returned goods to us £14.
“	27	Paid A Clinks by cheque £279.
“	28	Cash purchases £125.
“	29	Bought a motor vehicle paying by cheque £395.
“	30	Paid motor expenses in cash £15.
“	31	Bought fixtures £120 on credit from R west.

QUESTION FIVE

- a) Explain the nature of accounting and the accounting equation (8 marks)
- b) Calculate the profit for the year ended 31 December 2001 from the following information

(12 marks)

Non Current Assets	01.01.2001	31.12.2001
	£	£
Property	20,000.00	20,000.00
Machinery	<u>6,000.00</u>	<u>9,000.00</u>
	<u>26,000.00</u>	<u>29,000.00</u>
Current Assets:		
Debtors		8,000.00
	4,000.00	
Cash	<u>1,000.00</u>	<u>1,500.00</u>
	<u>5,000.00</u>	<u>9,500.00</u>
Current Liabilities:		
Creditors	5,000.00	3,000.00
Overdraft	6,000.00	9,000.00
	<u>11,000.00</u>	<u>12,000.00</u>
Net Current Liabilities	<u>(6,000.00)</u>	<u>(2,500.00)</u>
Net Assets	<u>20,000.00</u>	<u>26,500.00</u>

Drawings during the year amounted to £4,500.00

Additional capital introduced by the owner £5,000.00