

MAKUENI BOYS HIGH SCHOOL
HOLIDAY ASSIGNMENT
TERM 2 2021
BUSINESS STUDIES
FORM THREE

1. Explain five steps followed when opening ledger a/c.
2. On 1st January 2005, Kimutai started a mitumba business with capital of 12,000 for his personal use. He also brought in to the business a private computer worth 20,000. At the end of the period he had made profit worth 35,000. Determine Kimutai's capital at the end of the period.
3. The following information relates to Jua-kali traders as at 1st December 2018.

	Ksh
Premises	190,000
Debtors	25,000
Cash at bank	15,000
Capital	230,000
Creditors	30,000
Stock	30,000

The following transactions took place in the month of December 2018.

December 5th bought goods by cheque 5,000

December 8th received from debtors 10,000cas.

December 15th paid creditors 8,000 cash.

December 31st brought into the business 20,000 cash from personal savings.

Required:

Prepare a balance sheet as at 31/12/2019

4. Kamau started a business on 1st July 2010 with 150,000 in cash. During the month the following transactions took place July 2010

He opened a bank account and deposited 50,000.

He bought stock for 80,000 paid in cash.

He purchased stock from Jane 15,000 on credit.

Paid wafes by cheques 10,000

Sold goods for 5,000paid for by cheque.

Goods worth 1,000 was returned to Jane.

He sold goods on credit to Juma worth 2,000

Juma returned goods worth 200

He donated stock worth 3,000 to children's home.

Record the transaction in the relevant ledger account, balance them off and extract a trial balance.

5. Explain five limitations of a trial balance.