**FINANCIAL STATEMENTS**

1. Margin = G.P = Sales – Cost \*

Sales Sales

20 S = S – (160,000 + 1800,000- 200,000)

100 S- 1q,1760,000

80 S = 1,1760,000

100

S = 17600X 100

***80***

***2. The following balances were r extracted from the books of Masai retailers on 14th July 2000***

***Prepare the trading account for the period ended 14th July 2000***

***Masai net trading account for the year ended 14th July 2000***

|  |  |  |
| --- | --- | --- |
| Opening stock | 30 000 | Sales 1 000 000 |
| Purchases 800 000 |  | (Less) return inwards 20 000 |
| (less) return 15 000 | 785 000 | Net sales 980 000 |
| G.A.S | 815 000 |  |
| Closing stock | 80 000 |  |
| C.O.S | 735 000 |  |
| Gross profit | 245 000 |  |
|  | 980 000 | 980 000 |

Mark up=GP/COS X100=20

1/5-1= ¼ x25=GP/980 000

=25X980 000/100

=Sh.245 000

***3. Margin;***

G.P X 100

Net sales

90,000 x 100=33 1/3

270,000

R.O.S.T. = Cost of goods sold

Average stock

= 180000

115,000

=1.6 times

***4. Average stock 120,000***

ROSTO = 3times

(a) From ROSTO = cost of sales = COS

Average stock 120,000

3 = COS

120,000

\COS = 120,000 x 3 = 360,000

(b) From margin, Mark up = 1 = 1

4 – 1 3

1 = GP

3 COS

1 = GP = 3GP = 360,000

3 360,000

GP = 120,000

\Gross Profit = Shs. 120,000

(c) From margin = ¼ = GP

sales

Sales = 4 x 120,000

Sales = 480,000

5. Bondo traders

Trading account

For the year ended 31 Dec 2004

|  |  |
| --- | --- |
| Opening 2 000  Purchases 46 000  48 500  Less closing stock 1 500  49 000  G P c/d 9 400  56 400 | Sales 56 400  56 400 |

6. -External borrowing e.g. from IMF and World Bank

* + Solicit for foreign grants/donations/aids from donor countries
  + Reduce government expenditure through cost-cutting measures
  + Sale and lease back of public assets
  + Introducing new taxation of selected goods

7.

Half Bilha Traders

Profit and loss Account

For the month ended 30th Sep, 2009

|  |  |
| --- | --- |
| Cost of sales 150000  Gross profit c/d 50000  300000  Expenses  Carriage outwards 12000  Bad debts 30000  Wages 25000  Rent 15000  Net profit 74000  156,000 | Net sales 300000    300000  Gross profit b/d 150000  Discount received 6000  156000  Net profit 74000 |

8. (a) Gross profit

Mark up = G.P = 2

cost of sales 3

Margin = 2/2+ 3 = 2/5

h.p = 2/5 x 5,400,000 = 2,160,000

(b) Cost of sale = sales – G.P

5,400,000 – 2,160,000 = 3,240,000

P

(c) Net profit = G.P – Expenses

= 2,160,000 – 800,000 = 1,360,000

9. ***The following information relates to Mandu enterprises limited***

***Stock (1.1.2009) 40000***

***Stock (31.1.2009) 60000***

***Purchases 500000***

***Margin 20%***

***Prepare Mandu Enterprises Limited Trading account for the year ended 31st December, 2009***

MANDU ENTERPRISES LIMITED TRADING AND ACCOUNT

For the period ended 31st Dec, 2009

|  |  |
| --- | --- |
| Dr  Shs  Opening stock 40000  Add purchases 500000  COGAS 540000  Less closing stock 60000  COGS 480000  Gross profit 20000  600000 | Cr  Shs.  Sales 600000  600000 |

***Margin to mark up***

20% or 1/5 = 1/5-1 = ¼

\ Gross profit = ¼ x 480000 = 120,000

***10.*** a) Working capital

= current assets – current liabilities

= 320000 – 99000 = 221000

b) Return on capital

= NP x 100

Capital invested

= 95000/525000 x 100 = 18.09%

***11.*** Mark- up = G.P x100

Cos

10%=G.P X100

96,000

GP=9,600

Sales=Cost +G.P = 96,000+9600=105,600

Atis

Trading and loss account

For the month ending 30-6-2008

Opening stock 22,000 Sales 105,600

Add purchases 100,000

Co GAS 122,000

Less c.s 26,000

Cos 96,000

G.P c/d 9,600

105,600 105,600

BAL b/d 9,600

***12.*** SHAH TRADERS

Trading account for the period trading 30th June 2010

|  |  |
| --- | --- |
| Opening stock 65000 | Sales 280000 |
| Add purchases 190000 | Less sales returns (4200) |
| Less purchases returns (10000) 180000 | 275800 |
| Goods available for sale 245000 |  |
| Less closing stock 70000 |  |
| Cost of sales 175000 |  |
| Gross profit c/d 100800 |  |
| 275800 | 275800 |
|  | Gross profit b/d 100800 |

13.

Chombo wholesalers

Trading A/C for the year

Ending 31st Dec, 2009

|  |  |
| --- | --- |
| Opening stock 80000  Add purchases 320000  Goods available for sale 400000  Less closing stock 40000  Cost of sales 360000  Gross profit c/d 140000  500000 | Sales 500000  500000  Gross profit b/d 140000 |

a) Margin = G.P X 100

sales

= 140000 X 100

500000

=28%

b) Current ratio = Current assets : current liabilities

Current asset = 40000 + 140000 = 180000

Current liabilities = 90000

180000 : 90000

2:1

c) Rate of stock turnover = cost of sale Average stock = 80000 + 40000

Average stock 2

= 360000 = 60000

60000

= 6 times

14. i) Sales for the year

Mark up = GP X 100

COGS

1. = 100,000 x 100

COGS

COGS = 100,000 X 100

25

COGS = kshs. 400,000

But sales = COGS + GP

= 400,000 + 100,000 = kshs. 500,000

ii) Rate of stock turn over

Rates of stock turn over COGS

Av

Average stock = opening stock + closing stock

2

Closing stock = purchases + opening stock -COGS

= 400,000 + 40,000 – 400,000

= Kshs. 40,000

**FINANCIAL STATEMENTS**

***1. Mark up = GP***

***Cost of sales***

¼ = GP

60,000

4GP = 60,000

GP = 15,000.

1. ***Net sales = Cost of sales + gross profit***

60,000 +15,000 =75,000

1. ***Average stock : stock turn = cost of sales***

***Av. stock***

5/1 + 60,000

AV

5AV + 60,000

AV = 12,000

1. ***Opening stock .***

AV = op.st + cl.stock

2

24,000 = 8000 + op stock

Op.stock = 16,000

***iv) Cost of sales***

op.st + p – cls

60,000 = 16,000 + p – 8000

Purchases = 42,000

***2.*** Vumilia Traders

Trading, profit and loss account

For the year ending 31st December 2006.

Opening Stock 25,000 Sales 120,000

Add. Purchases 45,000

70,000

Add. Carriage on purchases 1,200

Cost of good sold 71,200

Less. Closing stock 25,000

Cost of sales 46,200

Gross profit c/d 73,800

120,000 120,000

Expenses

Carriage on sales 2,000 Gross profit b/d 73,800

Discount allowed/ 3,400 Add: Dis received 1,950

Insurance paid 5,900

Less Prepaid 900

5,000

Salaries 12,450

ADD Outstanding salaries 450

12,900

Machinery 12,800

Total Expenses 36,100

Net profit c/d 39,630

75,730 75,730

Vumilia Traders

Balance sheet

AS AT 31st December 2006

Machinery 128,000 Capital 125,000

LESS Deprec 12,800 Add. Net Profit 39,630

115,200 164,630

Stock 25,000

Insurance prepaid 900

Debtors 25,000 creditors 15,500

Bank 14,500 outstanding salaries 450

180,600 180,600

***3.*** Mapato Traders Balance sheet

As at 31st dec 2009

Fixed assets

Land and building 300 000 capital 422 930

Furniture and fittings 51 500 +net profit 220 500

Machinery 140 000 643 430

Motor vehicle 190 000 -drawings 175 000

681 500 468 430

Current assets long term liabilities

Stock 124 500 mortgage loan 30 000

Debtors 103 650 bank loan 400 000

Cash at bank 54 850 430 000

Cash at hand 3650 current liabilities

286 650 creditors 99 730

968 150 968 150

***i) Working capital***

Working capital=current assets-current liabilities

CA=stock+ debtors+ cash in hand+ cash at bank

=124500 +103650 +54850 +3650 =sh 286650

CL=creditors=99720

∴W.C=286650-99720 = sh 186,920

***ii) Return on capital***

Return on capital=net profit x 100

Capital invested

=220500 x 100

422930

=52%

iii) Current ratio

iv) Capital employed

Capital employed=capital owned +long liability

=468430+400000 = 868430

Or

=fixed assets + working capital

=481500+186930 =868,430

***v) Borrowed capital***

Borrowed capital=long term liabilities

=mortgage loans +bank loan

=300000+100000 =sh 400000

Chunga Traders

Profit & Loss A/C

For the Period Ending 31/12/2000

Kshs Kshs

Salary 20,000 Gross profit 80,000

Rent 12,000 Discount received 4,000

Electricity 3,000 Commission received 6,000

Net Profit 55,000

90,000 90,000

Chunga Traders

Balance Sheet

As At 31/12/2000

Kshs. Kshs.

Capital - 395,000

Fixed Assts 350,000 + Net Profit 55,000

- Drawings 50,000

Cash 60,000 Closing Stock 400,000

Debtors 20,000 Bank overdraft 10,000

Stock 30,000 Creditors 50,000

460,000 460,000

***(i) Working Capital = CA - CL***

= 110,000 – 60,000 = 50,000  ***(ii) C. Employed = FA + WC***

= 350,000 + 94,000 = 444,000

***5.***

|  |  |
| --- | --- |
| Nyamaiya Traders  Profit & Loss Account for the year ended 31st May 2009 | |
| Depreciation: Equipment 180,000  Furniture 43,500  Power & lightning 24,000  General expenses 240,000  Increase in provision for bad debts 500  Discounts allowed 29,000  Net profit c/f 83,000 | Gross profit 400,000  Commission received 170,000  Less: Advance 10,000 160,000  Discounts received 40,000 |
| 600,000 | 600,000 |

|  |  |
| --- | --- |
| Nyamaiya Traders  Balance sheet as at 31st May 2009 | |
| Fixed assets  Equipment 900,000  LESS: Depreciation 180,000 720,000  Furniture 500,000  LESS: Depreciation 108,500 391,500  Current Assets  Stock 35,000  Debtors 350,000  LESS: Provision 3,500 346,500  Cash in hand 150,000 | Capital 1,000,000  ADD: net profit 83,000 1,083,000  Current liabilities  Advance commission received 10,000  Creditors 550,000 |
| 1,643,000 | 1,643,000 |

***6.***  Margin = G II GH2 = if margin = 40 2

100 5

Them mark up = 2 = 2

5-2 3

(i) 40 = GII

100 270,000

GP = 40 X 270,000

100

= 108,000

(ii) Net Profit = GP – Expenses

= 108,000 – 40,000

= 68,000  ***(iii) Average Stock***

R.O.S.T = Cost of Sales

Average Stock.

6 = 162,000 Average Stock. = 162,000 = 27,000

Average Stock. 6

Mark = GP

Cost of sales

= 108,000 X 100 = 66.6 % 162,000

***7. Omollo’s traders for the year 2006***

(i) Gross profit

Margin = Gross profit

Net sales

40% = G. p

270,000

Margin= 2 = G. p

5 270,000

5GP 2 x 270,000

5 5

GP = Shs.108,000

***(ii) Cost of goods sold= sales – cost of goods sold***

Cost of sales = 270,000 – 108,000

Cost of sales = shs.162,000

***(iii) Net profit= Gross profit – Expenses***

*Cost of sales = 108,000 – 40,000*

*N.P = Shs.68,000*

***(iv) Average stock***

***Rate of stock turnover = cost of sales***

***Average stock***

6 = 162,000

A.S

A.S = 162,000

6

A.S= shs.27,000

***8. a) (i) Cost of sales***

R.O.S.T.O = G.O.S/A.S

Firm x

6.4 = COS/AV  \_\_\_\_\_\_\_\_ 6.4 = COS/8000

COS = 8000 x 6.4 = Shs.51, 200

Firm y

6.5 = COS/7000

COS = 7000 x 6.5 = 45,500

***ii) Gross profit***

***Mark up = Gross profit***

***Cost of sales***

***Firm X***

20/100 = G.P/51,200

G.P = 20 x 51200

100

G.P = 10,240

***Firm Y***

20/100 = G.P/45500

G.P = 20 x 45500

100

= 9100

***iii) Rate of return on capital = Net profit x 100***

***Capital***

Firm X = 4608/30720 x 100 = 15%

Firm Y = 4914/24570 x 100 = 20%

***9.***

|  |  |
| --- | --- |
| LADOPHARMA CHEMIST  TRADING RPOFIT AND LOSS A/C  For the year ended 30th June 2008 | |
| Shs.  Opening stock 23,910  Purchase 92,100  Returns outwards 307 91,973  Carriage inwards 215  115,918  Slowing stock 27,475  Cost of sales 88,443  Gross profit c/d 41,907  130,350  Carriage outwards 309  Moor expenses 1,630  Rent 2,970  Telephone charge 405  Wages 12,810  Insurance 492  Office expenses 1,377  Sundry expenses 284  Net profit c/d 21,630  41,907 | Shs.  Sales 130,900  Return inwards 550  130,350  Gross profit b/d 41,907  41,907 |

|  |  |
| --- | --- |
| LODAPHARMA CHEMIST  BALANCE SHEET  As at 30th June 2008 | |
| Capital 30,955  Net profit 21,630 52,630  Drawings 8,420  44,165  Current liabilities  Creditors 9,370    53,535 | Fixed assets  Equipment 6,250  Motor vehicle 4,100 10,350  Current assets  Stock 27,475  Debtors 12,300  Bank 3,115  Cash 295  43,185  53,535 |

***10.***

JAO TRADERS

TRADING AND PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDING 31/12/2008

|  |  |
| --- | --- |
| DR | CR |
| Opening stock 60000  Add purchases 161000  Add carriage 11000  172000  Less returns out (25000) 147000  G.A.F.S 207000  LESS closing stock (72000)  Cost of sales 135000  Gross profit c/d 46000  181000  Expenses  Discount allowed 2000  Salaries 20000  Tel charges 5000  Less prepaid 1000 4000  Water bills 2100  Add accrued 1300 3300  Electricity expenses 2000  Carriage out 10000  Insurance paid 1000  Dep on equil (10/100 x 125000) 12500  54800  Net loss b/d 800 | Sales 208000  Less returns in 27000  181,000  181000  Gross profit 46000  Discount rec 8000  Net loss c/d 800  54800 |

***11. The following trial balance relates to JOKOBURA STORES***

DR CR

JAKOBURA TRADERS

PROFIT AND LOSS A/C FOR THE YEAR ENDED 31/12/006

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | SHS | SHS |  | SHS | SHS |
| Opening stock |  | 48 000 | sales |  | 425 000 |
| purchases |  | 344 500 |  |  |  |
| Cost of goods available for sales |  | 392 500 |  |  |  |
| Less closing stock |  | 52 500 |  |  |  |
| Costs of goods sold |  | 340 000 |  |  |  |
| Gross profit c/d |  | 85 000 |  |  |  |
|  |  | 425 000 |  |  | 425 000 |
| salaries | 45200 |  | Gross profit b/d | 85 000 |  |
| Add general expanses accrued | 1200 | 46 400 | commission | 42 800 |  |
| electricity | 15240 |  |  |  |  |
| Less drawing | 340 | 15 080 |  |  |  |
| depreciation |  |  |  |  |  |
| Motor vehicles 150000x25/100 |  | 37 500 |  |  |  |
| Furniture 30000x7/100 |  | 2 100 |  |  |  |
| Equipment(55200-48576) |  | 6624 |  |  |  |
| Net profit c/d |  | 20096 |  |  |  |
|  |  | 127 800 |  | 127800 |  |

***12. The following information relates to Odongo Traders for the year ended 31.Dec 2008.***

***i) A balance sheet as at 31st Dec. 2008***

Odongo traders

Balance sheet as at 31st Dec 2008

|  |  |
| --- | --- |
| F.A  Land 50,000  Machinery 20,000  M/vehicles 30,000 100000  Current assets  Stock 10,000  Debtors 6,000  Cash at bank 10,000  Cash at hand 2,000 28,000    128,000 | Capital 94,000  Less drawings 4000  90,000  Long term liabilities  10yrs loan 20,000  5yrs AFC loan 10,000  30,000  Short term loan  Creditors 6000  Expense occurred 2,000√ 8,000    128,000 |

***ii) calculate-Borrowed capital = long term liabilities***

= 20,000+10,000

= 30,000-current ratio

***Current assets : current liabilities***

28,000:8000

28:8

7:2  *-capital owned*

***C =A-L***

= 128,000-38,000 = 90,000

***Or***

***Capital-drawings***

94,000-4000=90,000

***13.*** BOSONGO WHOLESALERS Trading, profit and loss Account

For the year ended 30th June 2008

SHS SHS SHS SHS Opening stock 400 Sales 7000

Add purchases 3500 Less sales returns 150 6850

Less purchases returns 200 3300

3700

Less closing stock 500

Cost of sales 3200

Gross profit c/f 3650

6850 6850

Discount allowed 90 Gross profit b/f 3650

Insurance 210 Discount received 80

Net profit c/f 3530 Rent received 100

3830 3830

***BOSONGO WHOLESALERS***

Balance sheet As at 30th June 2008

Fixed assets SHS SHS SHS SHS Furniture fitting 2000 Capital 13870

Motor vehicles 15000 17000 Add N.P 3530

17400

Current assets Less drawings 600 16800

Stock 500

Debtors 800 1300 Current liabilities

Creditors 1200

Bank overdraft 300 1500

18300 18300