

Tutorial 1 Solution
Section A

1	D	6	D	11	C	16	C
2	B	7	B	12	C	17	B
3	C	8	D	13	C	18	C
4	A	9	D	14	D	19	C
5	A	10	C	15	D	20	C

SECTION B

Question 1

	Account to be debited	Account to be credited
1.	Ordinary goods Purchased	Cash
2.	Tom	Revenue
3.	Carriage inwards	Cash
4.	Sam	Return outwards
5.	Drawings	Ordinary goods purchased
6.	Drawings	Cash

Question 2

Jane account

Date 2019	Details	Amount	Date 2019	Details	Amount
Jan. 31	Balance cld	2100	Jan. 01	Balance b/d	100
		2100	Jan. 02	Ordinary goods purchased	2000
			Feb. 01	Balance bld	2100

Cash Account

Jan. 01	Balance bld	3000	Jan. 31	Balance cld	4000
Jan. 04	Revenue	1000			4000
		4000			
Feb. 01	Balance bld	4000			

Ronny account

Jan. 01	Balance bld	400	Jan. 16	Return inwards	100
Jan. 05	Revenue	1500	Jan. 31	Balance cld	1800
		1900			1900
Feb. 01	Balance bld	1800			

Bank account

Jan. 01	Balance bld	5000	Jan. 10	Ordinary goods purchased	700
		5000	Jan. 31	Balance cld	4300
					5000
Feb. 01	Balance bld	4300			

Question 3

- a. **Accounting** is the using of financial information to explain the financial position of a business whereas **bookkeeping** is the recording of transaction in a systematic way using the double entry system.
- b. **Prudence concept**
Prudence or conservatism concept states that businesses should not anticipate profits but can provide for possible losses to ensure assets and profits are not over or under stated.

Matching concept

It states that businesses should match in the income statement a financial year income earned with their related expenses occurring in the same financial year.

Going concern concept

This concept states that businesses should prepare financial statement on the basis that it will continue to operate in the foreseeable future of minimum one year unless otherwise.

Money measurement concept

This concept states that only transactions and events that are capable of being measured in monetary terms are recognized in the financial statements.

Question 4

(a) Trial Balance

Note:

step 1: include all debit entries amount to find total of debit side

step 2: find total amount of credit side

step 3: find difference which equal to capital

Trial Balance as at 31 December 2019

	Dr (\$)	Cr(\$)
Computer	10000	
Provision for doubtful debts		800
Water	300	
Revenue		25000
Electricity	700	
Commission received		1200
Drawings	3000	
Trade payables		2000
Trade receivables	5000	
Bank	1200	
Cash	20000	
Purchase returns		2200
Opening Inventory	7000	
Capital ??		16000
	47200	47200

(b) Advantages:

- To check the arithmetical accuracy of the double entries in the ledger
- It helps in the preparation of financial statements