



**DO NOT WRITE ANYTHING HERE**

**Q. 2 Fill in the blanks.**

**[5]**

- (1) A cheque issued but not yet presented for payment is added to the cash book balance when preparing the \_\_\_\_\_.
- (2) If a credit purchase of \$500 was wrongly recorded as a cash purchase, it is an error of \_\_\_\_\_.
- (3) The balance of the control account must match the total of individual balances in the \_\_\_\_\_ ledger.
- (4) An entry for interest received was omitted from both the cash book and bank statement. This is \_\_\_\_\_ in the bank reconciliation.
- (5) The total of the purchases ledger control account should agree with the list of balances from the \_\_\_\_\_ ledger.

**SECTION-B (Marks 15)**

**Note: Attempt all questions. Each question carries five marks.**

**Q. 2** The following balances relate to Naira Traders on 30 April 2025 (after closing inventory):

	Dr \$	Cr \$
Capital		48 000
Revenue		62 500
Purchases	34 700	
Returns outwards		1 150
Carriage inwards	600	
Inventory 1 May 2024	5 200	
Trade receivables	9 600	
Cash	1900	
Trade payables		7 350
Discount received		420
Wages	11 800	
Rent	4600	
Drawings	6 500	

**Additional information**

- Closing inventory on 30 April 2025 was valued at \$6 000.
- Wages accrued \$800.
- Rent prepaid \$400.

**Required**

- (a) Prepare the income statement (statement of profit or loss) for the year ended 30

- April 2025. [4]
- (b) State the effect of the rent adjustment on the statement of financial position. [2]
- (c) Explain two limitations of financial statements when historical cost convention is applied during periods of inflation. [3]
- (b) Define the following: (06 marks)
- (i) Depletion:
  - (ii) Obsolescence:
  - (iii) Amortization: