

NETWORTH OF A BUSINESS

MARKING SCHEME

1. 1996 P1

$$\begin{aligned}\text{Capital} &= \text{Total assets} - \text{Total liabilities} \\ &= 250,000 + 12,680 + 62,500 + 15,000 + 46,520 \\ &= 295,160\end{aligned}$$

3. 1998 P1

$$\begin{aligned}- \text{Assets} &= \text{Capital} - \text{liabilities} \\ \text{(a) Capital} &= 620,000 - 230,000 \\ &= 390,900\end{aligned}$$

$$\begin{aligned}\text{(b) Assets} &= 400,000 + 120,000 \\ &= 520,000\end{aligned}$$

$$\begin{aligned}\text{(c) Liabilities} &= 800,000 - 500,000 \\ &= 300,000\end{aligned}$$

4. 1998 P1

	Asset	Liability	Capital
a) Bought furniture	+	+	
b) Paid creditors on cash	-	-	
c) Withdraw cash for personal use	-	-	-
d) Converted a personal car for personal use	+		+

5. 1999 P1

- M - Kshs 18,000
- N - Kshs 29,000
- P - Kshs 12,000

6. 2000 P1

Type of account	To increase	To Decrease
a) Asset A/C	Debit	Credit
b) Liability A/C	Credit	Debt
c) Capital A/C	Credit	Debt

9. 2003 P1

- X = Kshs 30,000
- Y = Kshs 1,900,00
- Z = Kshs 500,000

10. 2004 P1

- X = Kshs. 200,000
- Y = Kshs. 2,000,000
- Z = Kshs. 180,000
- T = Kshs 200,000

12. 2008 Q20 P1

(a) ***Assets***

- Resource owned and controlled by the business.
- Must have been acquired in the past.
- An item of value that can be measured reliably in monetary terms.
- Future benefits associated with the net expected to be received by business entity.
- They are fixed or current. **(Any 2x1=2 marks)**

(b) ***Liability***

- A present obligation for a business to settle as a result of past commitments.
- Settlement would reduce business assets.
- Amount involved can be measured reliably in monetary terms.
- Owed to outsiders.
- They are long term or current/short term. **(Any 2x1=2 marks)**

13. 2009 Q5 P1

Determination of net worth of Saku traders

Net worth = Total assets - Total liabilities

$$X = -(300,000 + 123,700) - (125,000 + 84,500)$$

$$X = 423,700 - 209,500$$

$$\text{Net worth} = 214,200$$

8x¹/₂marks