G12 ECZ PRINCIPLES OF ACCOUNTS 2019 PAPER 2 SOLUTIONS

Grade 12 ECZ Principles of Accounts 2019 Paper 2 (7110/2)

Thursday 21 November 2019 | 2 hours | Section A (Q1–Q3 all) + Section B (Q4A or Q4B)

The full question paper appears first — worked answers follow.

Centre Number	Candidate Number

Candidate Name ______________________________

EXAMINATIONS COUNCIL OF ZAMBIA

Examination for School Certificate Ordinary Level

Principles of Accounts 7110/2

Paper 2

Thursday **21 NOVEMBER 2019**

Additional materials:
Answer Booklet

Time 2 hours

Instructions to Candidates

1 Write your name, centre number and candidate number in the spaces provided at the top of this page and on the Answer Booklet.

2 There are **two (2)** sections in this paper; Section **A** and **B.**

3 Answer **all** questions in Section **A** in the spaces provided.

4 Answer only **one** question in Section **B** (either **4A** or **4B**) on the separate Answer Booklet provided.

5 Both questions in Section **B** carry equal marks.

6 Read carefully the instructions for each question or part of question before you answer it.

Information for Candidates

The number of marks is given in brackets [ ] at the end of each question or part question.

Non Programmable Calculators may be used.

You are given five (5) minutes to read through the paper.

Cell phones are not allowed in the examination room.

MARKS GRID

	Question	Marks
Section A		
Section B		
TOTAL		

Section A

Write the answers in the spaces provided for each question or part of the question.

1 **(a)** For each of the following source documents, name the book of original entry.

(i) Duplicate Invoice

(ii) Original Credit Note.

(iii) Petty Cash Voucher

(iv) Receipt

(i) ....

(ii) ....

(iii) ....

(iv) ....

[4]

(b) Prepare Kinason's Cash Book for the last week of December 2016 from the following details:

2016

December 21 Balances brought forward:

Cash in hand K2 500.00 Bank overdraft K3 000.00

Debtor: Kabinda M K4 000.00, Creditor: Mumba G. K7 000.00

December 22 Kabinda M paid her account owing by cheque less 5% cash discount

24 Paid Mumba G the amount due to him by cheque less 5% cash discount

29 Cash sales for the week K3 000.00 (K2 500.00 banked directly)

[6]

(c) From the following details of Sambany and Company Ltd. **You are required** to prepare a Trial Balance as at 31 January 2017 after making the correction of the omission shown.

	K N
Capital	18 240.00
Bank overdraft	3 000.00
Fixtures and Fittings	14 100.00
Provision for Depreciation of Fixtures and Fittings	8 800.00
Inventory (01/01/17)	14 820.00
Accounts Receivable	12 000.00
Accounts Payable	9 160.00
Sales	110 000.00
Purchases	51 000.00
Sundry Expenses	55 000.00
Commission Paid	2 280.00

Rent of K5000 paid by cheque was not recorded anywhere.

(c)

[7 marks]

(d) For the business of Mutoba J. Wholesale chemist, classify the following as either "Capital" or "Revenue" Expenditure.

(i) Purchase of new Building.

(ii) Payment of Fire Insurance Premium.

(iii) Carriage cost on bricks for warehouse extension.

(iv) Payment to contractor for a new business office.

(v) Cost of rebuilding warehouse wall which had fallen down.

(i) ....

(ii) ....

(iii) ....

(iv) ....

(v) ....

[Total: 22 marks]

2 **(a)** Classify the following into: Real, Personal and Nominal Accounts.

(i) Drawings
(ii) C. Kambwili
(iii) Sales
(iv) Discount Received
(v) Rent
(vi) Interest paid
(vii) Furniture and Equipment
(viii) Shonga Steel Ltd

[4]

(i) ....

(ii) ....

(iii) ....

(iv) ....

(v) ....

(vi) ....

(vii) ....

(viii) ....

(b) R. Chikwama was a customer of B. M. Nachihulu. **You are required to** record the following transactions in B. M. Nchihulu's appropriate Ledger paying attention to details and dates.

2017		
Feb	5	Goods supplied to Chikwama K6 000.00 less 20% Trade discount
Feb	20	Paid balance owed by cheque less 5% cash discount
March	1	Chikwama cheque was returned unpaid due to lack of funds.
May	28	Chikwama sent a cheque for K3 000.00 and a letter explaining that she still had financial problems.
Sept	30	Nachihulu received a letter that Chikwama was insolvent and decided to write off the unpaid amount as a Bad Debt.

[8]

2 (b)

[Turn over

(c) Define the term depreciation and state one of its causes

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....

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.... [3]

(d) Bulaya bought two machines on credit from Equipment World Ltd at K80 000.00 each on 1 January 2016. The machines are to be depreciated by Straight Line Method at the rate of 20% of cost. On 31 December 2017 one of the Machines was sold for cash K40 000.00 after the second year's depreciation.

You are required to prepare:

(i) Machinery Account for 2016 and 2017 [3]

(ii) Provision for Machinery Depreciation Account for the two years 2016 and 2017

[4]

[Total: 22 marks]

(d) (i)

(ii)

[Total: 22 marks]

3 **(a)** The following information relating to sales and Debtors was extracted from the books of a firm for the month of May 2016.

	K N
Total Debtors at 1 May 2016	21 000.00
Cash Sales during the month	35 500.00
Credit Sales	129 000.00
Total Receipts from credit customers	50 700.00
Discount Allowed from credit customers	5 400.00
Interest on overdue Accounts	400.00
Bad Debts written off	4 800.00
Delivery Charges on customers	600.00
Increase in the Provision for Bad Debts	5 800.00
Sales Returns	2 400.00
Purchases returns	3 000.00
Dishonored cheques from customers	1 000.00
Debit balance in the Sales Ledger set off against	
Balance in the Purchases Ledger	900 .00
Sales ledger credit balance at 31 may 2016,	1 100.00

Using the appropriate balances and information above **prepare** the Sales Ledger Control Account in the General Ledger for May 2016. [8]

3 (a)

(b) (i) Describe **two** ways in which the business of a sole trader can increase the Working Capital.

....

....

....

....

....

....

[4]

(ii) The following information relates to the business of Kalubemba for the year ended 31 December 2016.

	K	N
Sales	169 000	.00
Sales Returns	6 500	.00
Stock at 1 January 2016	9 500	.00

Gross Profit is at the rate of 40% on net sales. Net profit is at the rate of 25% on net sales. Rate of Stock Turnover is 10 times.

Required:

(i) The year's net Turnover [2]

(ii) The Gross Profit [2]

(iii) The Cost of goods sold. [2]

(iv) The Net Profit [2]

(v) The expenses of running the business charged to the Profit and Loss Account. [2]

3 (b) (ii)

[Total: 22 marks]

Section B

Answer only **one** question from this section on the Answer Booklet provided.
Answer either **4(a)** or **4(b) not** both.

Either

4 **(a)** The following list of balances was extracted from the books of Fyumbu at the close of business on 31 March 2017.

	K N
Purchases	90 000.00
Sales	191 200.00
Cash at Bank	23 000.00
Cash in hand	8 500.00
Capital Account 1 April 2016	134 700.00
Drawings	7 200.00
Office Furniture	70 000.00
Provision for Depreciation of Office Furniture	2 000.00
Rent	10 000.00
Wages and Salaries	14 000.00
Discount Received	4 000.00
Discount Allowed	10 000.00
Debtors	34 000.00
Creditors	16 000.00
Inventory 1 April 2016	21 000.00
Provision for Doubtful Debts	1 800.00
Motor Vehicle	50 000.00
Motor Expenses	9 400.00
Provision for Depreciation of Motor Vehicles	3 000.00
Bad Debts	5 600.00

Notes

(i) Stock at 31st March 2017 K15 500.00

(ii) Wages and Salaries accrued K6 000.00

(iii) Rent prepaid K2 000.00

(iv) Motor Expenses owing K1 600.00

(v) Adjust provision for Bad Debts to 4% of Debtors.

(vi) Provide for depreciation as follows: Office Furniture 6% of cost, Motor vehicle 7% of cost

(vii) Fyumbu withdrew cash from Bank K2 800.00 for own use but no record had been made in the books.

(viii) A purchase invoice of K5 000.00 was completely omitted from the books

You are required to prepare:

(i) Trading and Profit and Loss Account showing cost of goods sold for the year ended 31 March 2017 [16]

(ii) The Balance Sheet as at 31 March 2017 [18]

[Total: 34 marks]

OR

4 (b) J. Katwishi is a Manufacturer of children's Toys and the following balances were extracted from his books on 31st December 2017

	K N
Motor Vehicle Expenses	880.00
Electricity:	
Factory	3 610.00
Office	745.00
Royalties	6 050.00
Factory Wages	30 000.00
Sundry Expenses:	
Factory	4 050.00
Office	970.00
Advertising	5 844.00
Purchase of Raw material	28 605.00
Rent and Rates:	
Factory	3 050.00
Office	1 350.00
Plant and Machinery	14 300.00
Office equipment at cost	4 100.00
Office Salaries	8 870.00
Accounts Receivable	17 100.00
Accounts Payable	4 700.00
Cash at Bank	8 071.00
Sales	97 400.00
Motor Vehicles at cost	3 100.00
Inventory at 31st December 2016	
Finished goods	6 630.00
Raw Material	20 650.00
Drawings	12 100.00
Capital	77 975.00

Additional information

(a) Inventory at 31st December 2017:

Raw materials	7 255.00
Finished goods	22 245.00

(b) Depreciation is charged as follows:

Machinery K1 500.00, Office equipment K300.00 Motor Vehicles K600.00

(c) Royalties unpaid at 31 December 2017 K275.00 and office rent prepaid K70.

You are required to prepare:

(i) The Manufacturing Account for the year ending 31 December 2017. [10½]

(ii) The Trading and Profit and Loss Account for the year ending 31st December 2017. [10]

(iii) The Balance Sheet as at 31 December 2017. [13½]

[Total: 34 marks]

Question 1(a). For each source document, name the book of original entry.

Answer: (i) Duplicate Invoice → Sales Day Book (Sales Journal). The seller keeps the duplicate (copy) of the invoice they issued and records it in the Sales Day Book.

Answer: (ii) Original Credit Note → Returns Outwards Day Book (Purchases Returns Book). The buyer receives the original credit note from a supplier when goods are returned, and records it in the Returns Outwards Journal.

Answer: (iii) Petty Cash Voucher → Petty Cash Book. Each authorised petty-cash payment is supported by a voucher and entered in the Petty Cash Book.

Answer: (iv) Receipt → Cash Book. Receipts for money received are recorded in the Cash Book.

Question 1(b). Prepare Kinason's two-column Cash Book for the last week of December 2016.

Dec 21 opening balances: Cash in hand K2,500 (Dr); Bank overdraft K3,000 (Cr).

Dec 22: Kabinda M (debtor owing K4,000) paid by cheque less 5% cash discount. Discount Allowed = 5% × K4,000 = K200; cheque received = K3,800 → Dr Bank K3,800; Discount Allowed K200.

Dec 24: Paid Mumba G (creditor owed K7,000) by cheque less 5% cash discount. Discount Received = 5% × K7,000 = K350; cheque paid = K6,650 → Cr Bank K6,650; Discount Received K350.

Dec 29: Cash sales K3,000, of which K2,500 banked directly → Dr Bank K2,500; Dr Cash K500.

CASH BOOK (Cash | Bank):

Dr: Dec 21 Balance b/d Cash K2,500 | Dec 22 Kabinda Bank K3,800 | Dec 29 Sales Cash K500, Bank K2,500.

Cr: Dec 21 Balance b/d Bank (overdraft) K3,000 | Dec 24 Mumba Bank K6,650 | Balance c/d Cash K3,000, Bank K3,350.

Answer: Closing Cash balance = K2,500 + K500 = K3,000 Dr.

Answer: Closing Bank balance: Dr K3,800 + K2,500 = K6,300; Cr K3,000 + K6,650 = K9,650 → overdraft K3,350 Cr.

Answer: Discount Allowed total K200; Discount Received total K350 (posted to their respective accounts).

Question 1(c). Prepare Sambany and Company Ltd's Trial Balance as at 31 January 2017 after correcting the omission.

OMISSION: Rent of K5,000 paid by cheque was not recorded anywhere → Dr Rent K5,000; Cr Bank K5,000.

This increases the bank overdraft from K3,000 to K8,000 and adds a Rent expense of K5,000.

SAMBANY AND COMPANY LTD — TRIAL BALANCE AS AT 31 JANUARY 2017:

Dr: Fixtures and Fittings K14,100 | Inventory (01/01/17) K14,820 | Accounts Receivable K12,000 | Purchases K51,000 | Sundry Expenses K55,000 | Commission Paid K2,280 | Rent K5,000 = K154,200.

Answer: Cr: Capital K18,240 | Bank Overdraft K8,000 | Provision for Depreciation of Fixtures & Fittings K8,800 | Accounts Payable K9,160 | Sales K110,000 = K154,200. ✓

Question 1(d). For Mutoba J. Wholesale chemist, classify each item as Capital or Revenue Expenditure.

Answer: (i) Purchase of new Building → Capital Expenditure (acquiring a fixed asset).

Answer: (ii) Payment of Fire Insurance Premium → Revenue Expenditure (recurring running cost).

Answer: (iii) Carriage cost on bricks for warehouse extension → Capital Expenditure (carriage on materials for a capital improvement is added to the asset's cost).

Answer: (iv) Payment to contractor for a new business office → Capital Expenditure (constructing a new fixed asset).

Answer: (v) Cost of rebuilding warehouse wall which had fallen down → Revenue Expenditure (restoring an asset to its original condition — a repair, not an improvement).

Question 2(a). Classify each into Real, Personal, or Nominal Account.

Answer: (i) Drawings → Personal Account (relates to the owner).

Answer: (ii) C. Kambwili → Personal Account (an individual person).

Answer: (iii) Sales → Nominal Account (income).

Answer: (iv) Discount Received → Nominal Account (income).

Answer: (v) Rent → Nominal Account (expense).

Answer: (vi) Interest paid → Nominal Account (expense).

Answer: (vii) Furniture and Equipment → Real Account (tangible fixed asset).

Answer: (viii) Shonga Steel Ltd → Personal Account (a company/legal entity).

Question 2(b). Record the transactions in R. Chikwama's account in B.M. Nachihulu's ledger. (Chikwama is a customer → debtor → Sales Ledger.)

Feb 5: Goods K6,000 less 20% Trade Discount = K6,000 × 80% = K4,800 → Dr Chikwama K4,800; Cr Sales K4,800.

Feb 20: Paid balance owing K4,800 by cheque less 5% cash discount. Discount Allowed = 5% × K4,800 = K240; cheque = K4,560 → Cr Bank K4,560; Cr Discount Allowed K240. (Account now nil.)

Mar 1: Cheque returned unpaid (dishonoured). Reverse payment AND cancel the discount → Dr Chikwama: Bank K4,560 + Discount Allowed K240 (restores K4,800 owing).

May 28: Chikwama sent a cheque K3,000 → Cr Chikwama K3,000. Balance owing = K4,800 – K3,000 = K1,800.

Sept 30: Chikwama insolvent — write off K1,800 as Bad Debt → Cr Chikwama K1,800.

R. CHIKWAMA ACCOUNT:

Dr: Feb 5 Sales K4,800 | Mar 1 Bank (dishonoured) K4,560 | Mar 1 Discount Allowed (cancelled) K240 = K9,600.

Answer: Cr: Feb 20 Bank K4,560 | Feb 20 Discount Allowed K240 | May 28 Bank K3,000 | Sept 30 Bad Debts K1,800 = K9,600. ✓

Answer: Account closes to nil; bad debt written off K1,800.

Question 2(c). Define depreciation and state one of its causes.

Answer: DEFINITION: Depreciation is the part of the cost of a fixed asset that is consumed during its period of use — the systematic allocation of an asset's cost (less residual value) over its estimated useful life.

Answer: CAUSE (any one): Wear and tear through use; the passage of time; obsolescence (new and better technology making the asset out of date); depletion/using up; or economic factors such as changes in demand.

Question 2(d). Bulaya bought two machines on credit from Equipment World Ltd at K80,000 each on 1 Jan 2016. Depreciate 20% of cost (Straight Line). On 31 Dec 2017 one machine was sold for cash K40,000 after the second year's depreciation. Prepare: (i) Machinery Account; (ii) Provision for Machinery Depreciation Account — both for 2016 and 2017.

Total cost = 2 × K80,000 = K160,000. Annual depreciation = 20% × K160,000 = K32,000 (K16,000 per machine).

(i) MACHINERY ACCOUNT:

2016: Dr Jan 1 Equipment World Ltd K160,000 | Cr Dec 31 Balance c/d K160,000.

2017: Dr Jan 1 Balance b/d K160,000 | Cr Dec 31 Disposal K80,000 + Balance c/d K80,000 = K160,000.

Answer: Closing Machinery balance (one machine remaining) = K80,000.

(ii) PROVISION FOR DEPRECIATION OF MACHINERY ACCOUNT:

2016: Cr Dec 31 P&L; (Dep'n) K32,000 | Dr Dec 31 Balance c/d K32,000.

2017: Cr Jan 1 Balance b/d K32,000 + Dec 31 P&L; (Dep'n) K32,000 = K64,000 | Dr Dec 31 Disposal K32,000 (accum. dep'n of sold machine: 2 × K16,000) + Balance c/d K32,000 = K64,000.

Answer: Closing provision = K32,000 (relating to the remaining machine).

Disposal note: Sold machine cost K80,000, accumulated dep'n K32,000 → NBV K48,000; sold for K40,000 → Loss on disposal K8,000 (to P&L;).

Question 3(a). Prepare the Sales Ledger Control Account in the General Ledger for May 2016.

INCLUDE only items affecting debtor balances. EXCLUDE: Cash Sales K35,500 (no debtor created); Increase in Provision for Bad Debts K5,800 (internal provision); Purchases Returns K3,000 (Purchases Ledger).

SALES LEDGER CONTROL ACCOUNT — MAY 2016:

Dr: Balance b/d (debtors) K21,000 | Credit Sales K129,000 | Interest on overdue accounts K400 | Delivery (carriage) charges to customers K600 | Dishonoured cheques K1,000 | Balance c/d (credit balances) K1,100 = K153,100.

Cr: Receipts from credit customers K50,700 | Discount Allowed K5,400 | Bad Debts written off K4,800 | Sales Returns K2,400 | Set-off/contra to Purchases Ledger K900 | Balance c/d (debtors) K88,900 = K153,100.

Answer: Closing balances b/d for June: Debtors K88,900 Dr; Credit balances K1,100 Cr.

Question 3(b)(i). Describe two ways a sole trader can increase the Working Capital.

Answer: 1. Introduce additional capital: the owner injects more personal funds (cash) into the business, increasing current assets without increasing current liabilities.

Answer: 2. Obtain a long-term loan: borrowing on a long-term basis brings in cash (a current asset) while the matching liability is long-term (not current), so working capital rises.

Answer: (Other valid answers: sell surplus fixed assets for cash; retain profits by reducing drawings.)

Question 3(b)(ii). Kalubemba, year ended 31 December 2016. Sales K169,000; Sales Returns K6,500; Stock 1 Jan K9,500. GP = 40% of net sales; NP = 25% of net sales; Rate of Stock Turnover = 10 times. Calculate (i)–(v).

Answer: (i) Net Turnover = Sales – Sales Returns = K169,000 – K6,500 = K162,500.

Answer: (ii) Gross Profit = 40% × K162,500 = K65,000.

Answer: (iii) Cost of Goods Sold = Net Sales – Gross Profit = K162,500 – K65,000 = K97,500.

Answer: (iv) Net Profit = 25% × K162,500 = K40,625.

Answer: (v) Expenses charged to P&L; = Gross Profit – Net Profit = K65,000 – K40,625 = K24,375.

Question 4A(a). [SECTION B — Q4A] Fyumbu, year ended 31 March 2017. Prepare the Trading and Profit and Loss Account.

ADJUSTMENTS:

(vii) Cash drawn from Bank K2,800 (no record) → Drawings; Bank K23,000 – K2,800 = K20,200; Drawings K7,200 + K2,800 = K10,000.

(viii) Omitted purchase invoice K5,000 → Purchases K90,000 + K5,000 = K95,000; Creditors K16,000 + K5,000 = K21,000.

(v) PDD to 4% of Debtors: 4% × K34,000 = K1,360. Current K1,800 → decrease K440 (income).

(vi) Depreciation: Office Furniture 6% × K70,000 = K4,200; Motor Vehicle 7% × K50,000 = K3,500.

TRADING ACCOUNT:

Sales K191,200. COGS: Opening Stock K21,000 + Purchases K95,000 – Closing Stock K15,500 = K100,500.

Answer: Gross Profit = K191,200 – K100,500 = K90,700.

PROFIT AND LOSS:

Add income: GP K90,700 + Discount Received K4,000 + PDD decrease K440 = K95,140.

Less expenses: Rent (K10,000 – K2,000 prepaid) K8,000 | Wages & Salaries (K14,000 + K6,000 accrued) K20,000 | Discount Allowed K10,000 | Motor Expenses (K9,400 + K1,600 owing) K11,000 | Bad Debts K5,600 | Dep'n Office Furniture K4,200 | Dep'n Motor Vehicle K3,500 = K62,300.

Answer: Net Profit = K95,140 – K62,300 = K32,840.

Question 4A(b). Prepare Fyumbu's Balance Sheet as at 31 March 2017.

FIXED ASSETS:

Office Furniture: Cost K70,000 – Accum Dep'n (K2,000 + K4,200) K6,200 = K63,800.

Motor Vehicle: Cost K50,000 – Accum Dep'n (K3,000 + K3,500) K6,500 = K43,500.

Answer: Total Fixed Assets = K107,300.

CURRENT ASSETS: Inventory K15,500 | Debtors K34,000 – PDD K1,360 = K32,640 | Rent prepaid K2,000 | Bank K20,200 | Cash in hand K8,500 = K78,840.

CURRENT LIABILITIES: Creditors K21,000 | Wages accrued K6,000 | Motor Expenses owing K1,600 = K28,600.

Answer: Net Current Assets = K78,840 – K28,600 = K50,240.

Answer: NET ASSETS = K107,300 + K50,240 = K157,540.

FINANCED BY:

Answer: Capital K134,700 + Net Profit K32,840 – Drawings K10,000 = K157,540. ✓

Question 4B(a). [SECTION B — Q4B ALTERNATIVE] J. Katwishi, toy manufacturer, year ending 31 December 2017. Prepare the Manufacturing Account.

ADJUSTMENTS: Royalties accrued K275 → Royalties K6,050 + K275 = K6,325. Closing Raw Materials K7,255; Closing Finished Goods K22,245. Dep'n: Machinery K1,500.

PRIME COST:

Cost of Raw Materials Consumed = Opening RM K20,650 + Purchases RM K28,605 – Closing RM K7,255 = K42,000.

+ Factory Wages (direct) K30,000 + Royalties K6,325.

Answer: PRIME COST = K42,000 + K30,000 + K6,325 = K78,325.

FACTORY OVERHEADS: Factory Electricity K3,610 + Factory Sundry Expenses K4,050 + Factory Rent & Rates K3,050 + Dep'n Plant & Machinery K1,500 = K12,210.

Answer: COST OF PRODUCTION (transferred to Trading) = K78,325 + K12,210 = K90,535.

Question 4B(b). Prepare the Trading and Profit and Loss Account for the year ending 31 December 2017.

TRADING ACCOUNT:

Sales K97,400. COGS: Opening Finished Goods K6,630 + Cost of Production K90,535 – Closing Finished Goods K22,245 = K74,920.

Answer: Gross Profit = K97,400 – K74,920 = K22,480.

PROFIT AND LOSS (office/selling costs):

Office Electricity K745 | Office Sundry Expenses K970 | Advertising K5,844 | Office Rent & Rates (K1,350 – K70 prepaid) K1,280 | Office Salaries K8,870 | Motor Vehicle Expenses K880 | Dep'n Office Equipment K300 | Dep'n Motor Vehicles K600 = K19,489.

Answer: Net Profit = K22,480 – K19,489 = K2,991.

Question 4B(c). Prepare the Balance Sheet as at 31 December 2017.

FIXED ASSETS:

Plant and Machinery: K14,300 – K1,500 = K12,800.

Office Equipment: K4,100 – K300 = K3,800.

Motor Vehicles: K3,100 – K600 = K2,500.

Answer: Total Fixed Assets = K19,100.

CURRENT ASSETS: Inventory (RM K7,255 + FG K22,245) K29,500 | Accounts Receivable K17,100 | Office Rent prepaid K70 | Cash at Bank K8,071 = K54,741.

CURRENT LIABILITIES: Accounts Payable K4,700 | Royalties accrued K275 = K4,975.

Answer: Net Current Assets = K54,741 – K4,975 = K49,766.

Answer: NET ASSETS = K19,100 + K49,766 = K68,866.

FINANCED BY:

Answer: Capital K77,975 + Net Profit K2,991 – Drawings K12,100 = K68,866. ✓

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