



THE TECHNICAL UNIVERISTY OF MOMBASA

Faculty of Engineering & Technology

DEPARTMENT OF COMPUTER SCIENCE & INFORMATION TECHNOLOGY
DIPLOMA IN INFORMATION COMMUNICATION TECHNOLOGY
(DICT 12S)

BBA 2120: FINANCIAL ACCOUNTING

SPECIAL/SUPPLEMENTARY EXAMINATION

SERIES: OCTOBER 2013

TIME: 2 HOURS

Instructions to Candidates:

You should have the following for this examination

- *Answer Booklet*

This paper consists of **FIVE** questions. Attempt question **ONE** and any other **TWO** questions

Maximum marks for each part of a question are as shown
 This paper consists of **FOUR** printed pages

Question One (Compulsory)

a) The following Trial balance was extracted from the books of Matambo Hudi a sole proprietor as at 31st December 2010.

Particulars	Dr (kshs)	Cr (Kshs)
Drawings	900,000	
Cash in Hand	169,000	
Petty Cash Balance	25,000	
Stock 1st January 2010	1,250,000	
Salaries & Wages	1,300,000	
Sundry Debtors	1,250,000	
Bank	525,000	
Capital		850,000
Rent	225,000	
Electricity Expenses	150,000	
Motor Vehicle	256,000	
Advertising Expenses	225,000	
Sundry Creditors		875,000
Purchases	10,000,000	
Postages & Telephone	75,000	
Sales		15,000,000
Discounts Allowed	285,000	
General Expenses	10,000	
Petty Cash Expenses	240,000	
Discount Received		250,000
	<u>16,975,000</u>	<u>16,975,000</u>
	<u>0</u>	<u>0</u>

Additional Information:

- (i) Advertising Expenses prepaid as at 31st December 2010 amounted to shs 150,000
- (ii) Telephone Bills amounting to shs 25,000 had not yet been paid at December 2010
- (iii) Stock as at 31st December 2010 was valued at kshs 1,875,000

Required:

- (a) Income statement for year ended 31st December 2010
- (b) Statement for financial position as at 31st December 2010 **(30 marks)**

Question Two

- a) Define Bank Reconciliation Statement and discuss its main advantages **(6 marks)**
- b) Describe the causes of differences in balance as per cash book and bank statement **(6 marks)**
- c) The following information was provided by Ali Nasimiyu regarding his cashbook and bank statements.

Ali Nasimiyu's Cash Book (Bank Columns) Before Balancing on 1st July 2011					
Date	Particular	Kshs	Date	Particular	Kshs
4th June 2011	Balance B/f	3,200	14th June 2011	J. Kyalo	2,300
14th June 2011	J. Waweru	1,600	19th June 2011	S. Nyaga	700
25th June 2011	Omosa	2,600	20th June 2011	H. Hassan	500
29th June 2011	Chacha	1,640			

Ali Nasimiyu's Bank Statement

Date	Particulars	Withdrawal (Kshs)	Deposits (Ksh)	Balance (Kshs)
4th June 2011	Balance B/f	2,300		3200
13th June 2011	Cheque No. 17620			900
15th June 2011	Deposit		1,600	2500
18th June 2011	Cheque No. 17621	700		1800
25th June 2011	Deposit		2,600	4400
27th June 2011	KCB - J. Owino		480	4880
29th June 2011	Bank Charges	800		4080

- d) (i) Required to prepare Nasimiyu's Adjusted Cash Book. **(4 marks)**
- (ii) To draw up and bank reconciliation statement **(4 marks)**

Question Three

Define the following terms in relation to financial accounting:

- a) Prepayment and Accruals **(4 marks)**
- b) Separate business entity **(3 marks)**
- c) Dual aspect concept **(3 marks)**
- d) Going concept **(3 marks)**
- e) Depreciation **(3 marks)**
- f) Consistency concepts **(3 marks)**

Question Four

- a) Distinguish between trade and cash discounts. (2 marks)
- b) Mr. Onyango Juma has given you the following information concerning his cash transactions for the month of March 2012.

March 1st Cash balance ksh 5,400 debit. Bank balance shs 15,000 credit
March 2nd Received cheque from Joseph Mutisya shs 18,200 after deducting cash discount of shs 100.
March 3rd Withdraw shs 650 from Bank for personal use
March 9th Paid Jackson Kamau by cheque shs. 520 after deducting shs. 52 cash discount
March 12th Received shs 1260 cash and shs 1,150 cheque from Kericho Tea Grower Association on account.
March 15th Deposited shs 4,000 to bank
March 17th Wrote to Joseph Mutisya advising that shs 100 which he had deducted as cash discount has still to be paid.
March 19th Bought Typewriter shs. 6,000 and paid half the amount by cheque on account.
March 22nd Paid for Stationery shs 1,480 cash
March 24th Sold some furniture and received cash shs 750
March 28th Paid ICDC loan shs 1,500 by cheque
March 29th Withdrew shs 1,600 from bank for office use
March 31st Paid salaries shs 1,200 cash and shs 3,500 in cheque
Prepare a three column cash book for Mr. Onyango Juma.

Question Five

- a) Define Partnership and outline FOUR main features of a partnership deed (5 marks)
- b) P. Bakari and A. Waziri are in Partnership sharing profits and losses in ratio of 3:2 respectively. During the year ended 31st December 2011, the net trading profit was shs 15,500 and the partners drawings were:-

P Bakari	shs 3,000
A. Waziri	shs 2,500

Interest is charged on Partner's capital at the rate of 5% p.a. no interest is charged on drawings.

A. Waziri is entitled to salary of sh 1,500 p.a.. The balance on the partners accounts.

(All credit balances) at 1st January 2011 were:-

	Capital A/C	Current A/C
P. Bakari	shs 20,000	shs 1,570
A. Waziri	shs 15,000	shs 890

Required:

Prepare the Partnership profit and loss appropriation account and the partner's current accounts for the year ended 31st December 2011. (15 marks)