



**TECHNICAL UNIVERSITY OF MOMBASA**  
***Faculty of Engineering & Technology***

DEPARTMENT OF ELECTRICAL & ELECTRONIC ENGINEERING

UNIVERSITY EXAMINATIONS FOR DEGREE IN  
BACHELOR OF TECHNOLOGY IN INFORMATION TECHNOLOGY

**HBC 2103: INTRODUCTION TO ACCOUNTING**

SPECIAL/SUPPLEMENTARY EXAMINATIONS

**SERIES: JUNE/JULY 2015**

**TIME: 2 HOURS**

**INSTRUCTIONS:**

- Answer Question **ONE (Compulsory)** and any other **TWO** questions.
- Do not write on the question paper

***This paper consists of Five printed pages***

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**QUESTION 1 (Compulsory)**

The following trial balance was extracted from the books of Kazi moto Ltd as at 31<sup>st</sup> January 2015. The trial balance did not agree and the bookkeeper added the figure under suspense account.

**Kazi Moto Ltd**  
**Trial Balance as at 31-01-2015**

	<b>Dr.</b>	<b>Cr.</b>
	<b>Sh.</b>	<b>Sh.</b>
Bank charges	50	
Bank overdraft		2,500
Bank loan		5,000
Capital		10,000
Cash	200	
Drawings	1,000	
Fixtures & fittings	2,500	
Heat & light	378	
Motor vehicles	8,000	
Purchases	6,107	
Creditors		3,330
Purchases returns		900
Rent	1,201	
Sales		
Debtors	12,680	9,894
Sales returns	1,810	
Telephone	850	
VAT		
Motor vehicle expenses	1,316	1,701
Suspense (Difference in books)		
	<u>          </u>	<u>2,717</u>
	<b><u>36,042</u></b>	<b><u>36,142</u></b>

An investigation into the reasons for the difference between the debit balances and credit balances revealed the followings:

1. A table purchased for use in his business at sh. 594 was completely omitted.
2. The balance in the purchase returns was understated by sh. 104.
3. A cheque received for sh. 1,584 in respect of cash sales was debited to bank and sales account.
4. Cash drawings of sh. 596 were correctly credited to the cash account but debited to the drawings A/C at sh. 569.

**Required**

- a) Journal entries to correct at above mistakes. **(8 marks)**
- b) Assume that the item of suspense was interest revenue, prepare:
- i) Trading, Profit & loss A/c. **(12 marks)**
  - ii) Balance sheet **(10 marks)**

## QUESTION 2

The following ledger balances were extracted from Mula Enterprises as at 31-01-2015

	<b>Sh.</b>
Bank A/c	15,000
Capital	35,150
Carriage inwards	3,788
Drawings	3,005
Gas & electricity	562
Miscellaneous expenses	1,950
Petty cash	150
Postage & stationery	401
Purchases account	8,029
Creditors	5,699
Purchases returns	670
Rent	2,000
Sales	27,765
Debtors	15,900
Sales returns	980
Stock	7,580
Telephone	293
VAT (credit balance)	4,080
Motor vehicle)	7,098
Wages & salaries	2,980

### Required

- a) A Trial balance **(10 marks)**
- b) Total expenses **(5 marks)**
- c) Total assets **(5 marks)**

### QUESTION 3

- a) Briefly explain why organizations use petty cash book. **(5 marks)**
- b) TUM's cash office runs a petty cash office where petty expenses are settled. During the month of July, the following took place:

July	1 <sup>st</sup>	The main cashier gave sh. 2,000 to the petty cashier payments were as follows:	
	2 <sup>nd</sup>	Postage stamps purchased	100
	3 <sup>rd</sup>	Bought pencils	30
	4 <sup>th</sup>	Transport	30
	5 <sup>th</sup>	clearing charges	150
	6 <sup>th</sup>	wages for shifting furniture	150
	9 <sup>th</sup>	Paid for taxi services	100
	10 <sup>th</sup>	Bought refreshment	170
	14 <sup>th</sup>	Telegram charges	70
	15 <sup>th</sup>	Bought stationery	90
	17 <sup>th</sup>	Repair of chairs	120
	18 <sup>th</sup>	Bought battery	60
	21 <sup>st</sup>	Stamps bought	80
	23 <sup>rd</sup>	Made spare keys	50
	24 <sup>th</sup>	Bus fare (transport)	20
	26 <sup>th</sup>	Casual labour	90
	27 <sup>th</sup>	Carbon paper	50
	29 <sup>th</sup>	Newspaper	30
	30 <sup>th</sup>	Bus fare	30

#### Required

Write up the petty cashbook and the necessary ledger. **(15 marks)**

### QUESTION 4

- a) Briefly explain the usage of the following books of accounts:
- i) Cashbook
  - ii) Sales book
  - iii) Purchases ledger account
  - iv) Sales return book
  - v) Sales ledger account
- (10 marks)**
- b) Briefly explain any **FIVE** errors detected via trial balance. **(10 marks)**

## QUESTION 5

The following transactions relate to Mr Max's Retail Shop.

December 1 <sup>st</sup>	started business with	1,000,000
5 <sup>th</sup>	Purchased furniture	20,000
7 <sup>th</sup>	Purchased goods	15,000
10 <sup>th</sup>	Purchased goods from ABC & Co. worth sh. 30,000 On credit	
12 <sup>th</sup>	Opened a bank A/c by depositing	25,000
14 <sup>th</sup>	Sold goods for cash	15,000
15 <sup>th</sup>	Purchased stationery for sh. 1,000 from Sayyed Stationery on credit	
18 <sup>th</sup>	Sold goods to Yusuf on credit	5,000
20 <sup>th</sup>	Goods returned by Yusuf	400
21 <sup>st</sup>	Paid ABC & Co. by cheque	5,000
22 <sup>nd</sup>	Credit purchase for Ramsha	20,000
23 <sup>rd</sup>	Returned goods to Ramsha worth	2,000
23 <sup>rd</sup>	Paid electricity bill by cash	400
29 <sup>th</sup>	Cash sales	5,000
30 <sup>th</sup>	Cash withdrawn	2,000

### Required

- a) Journal entries to effect these transactions. **(10 marks)**
- b) Ledger Accounts for the above transactions. **(10 marks)**