



**TECHNICAL UNIVERSITY OF MOMBASA
SCHOOL OF BUSINESS
DEPARTMENT OF ACCOUNTING & FINANCE**

**UNIVERSITY EXAMINATIONS FOR DEGREE IN
BACHELOR OF COMPUTING AND IT**

HPS 2103: FINANCIAL ACCOUNTING

**END OF SEMESTER EXAMINATIONS
SERIES: MAY 2016
TIME: 2 HOURS**

INSTRUCTIONS:

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

This paper consists of FOUR printed pages

QUESTION 1 (Compulsory)

The following balances stood in the ledger of Mambo Leo a sole trader on 31st December 2013.

	Shs.
Cash in hand	10,800
Cash at bank	38,790
Petty cash in hand	1,350
Stock 1 st January 2013	54,000
Motor vehicles	270,000
Debtors	147,000
Creditors	119,340
Purchases	351,900
Returns outwards	14,400
Carriage inwards	15,300
Carriage outwards	6,750
Discount received	15,750
Discount allowed	12,600
Rent and rates	36,000
Wages and salaries	162,000
Printing expenses	33,300
Drawings	22,500
Telephone expenses	5,625
Office equipment	90,000
Electricity	6,525
Water	1,575
Bank charges	540
Insurance	16,200
Motor vehicles	25,200
General expenses	19,350
Sales	789,300
Furniture	67,500

Required:

- a) Re-arrange the balances in a trial balance and calculate the capital **(10 marks)**

- b) Prepare a Trading, Profit and Loss account for the year ending 31st December 2013 and a Balance Sheet as at that date **(20 marks)**

QUESTION 2

Write explanatory notes on the following:

- a) Provision for bad and doubtful dates. (4 marks)
- b) Accrued expenses. (4 marks)
- c) Prepayments (4 marks)
- d) Bad debts (4 marks)
- e) Accrued income (4 marks)

QUESTION 3

The following Trial Balance Juma Boy Juma, stores owner at Kwale for the year ended 31st December 2013.

Trial Balance as at 31st December 2013

	Dr.	Cr.
	Shs.	Shs.
Van at cost	30,000	
Sales		400,000
Purchases	350,000	
Sales returns	5,000	
Purchases returns		6,200
Stock 1 st January 2013	100,000	
Provision for bad debts		800
Wages and salaries	30,000	
Rates	6,000	
Telephone	1,000	
Shop fittings at cost	40,000	
Debtors/creditors	9,800	7,000
Bad debts	200	
Capital		179,000
Bank balance	3,000	
Drawing	<u>18,000</u>	
	<u>593,000</u>	<u>593,000</u>

Additional information

- i) Closing stock at 31st December 2013 shs.120,000.
- ii) Accrued wages shs.5,000
- iii) Rates prepaid shs.500.
- iv) The provision for bad debts to be increased to 10% of debtors.
- v) Telephone account outstanding shs.220.
- vi) Depreciation shop fittings at 10% per annum, and van at 20% per annum on cost.

Required:

- a) Trading, Profit and Loss account for the year ended 31st December 2013. (10 marks)
- b) Balance sheet as at that date. (10 marks)

QUESTION 4

The following information is a summarized Trading Profit and Loss account for the period ending 31st December 2013.

TRIAL BALANCE AS AT 31ST DECEMBER 2013

	Shs.
Sales	1,406,250
Opening stock	320,000
Add purchase	651,250
	971,250
Less closing stock	465,000
	506,250
Gross profit	900,000
Less selling administrative expenses	618,750
Net profit	281,250

Additional information

On 31st December 2013, the net fixed assets were shs.937,500. Current assets were shs.600,000 and current liabilities shs.375,000.

Required:

- a) Gross profit margin (4 marks)
- b) Net profit margin (4 marks)
- c) Current ratio (4 marks)
- d) Return on capital employed (4 marks)
- e) Fixed assets turn over (4 marks)

QUESTION 5

State and explain any FIVE accounting concepts. (20 marks)