



**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:**

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- 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 31<sup>st</sup> December 2013.

|                                    | <b>Shs.</b> |
|------------------------------------|-------------|
| Cash in hand                       | 10,800      |
| Cash at bank                       | 38,790      |
| Petty cash in hand                 | 1,350       |
| Stock 1 <sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> December 2013.

### Trial Balance as at 31<sup>st</sup> December 2013

|                                    | <b>Dr.</b>     | <b>Cr.</b>     |
|------------------------------------|----------------|----------------|
|                                    | <b>Shs.</b>    | <b>Shs.</b>    |
| Van at cost                        | 30,000         |                |
| Sales                              |                | 400,000        |
| Purchases                          | 350,000        |                |
| Sales returns                      | 5,000          |                |
| Purchases returns                  |                | 6,200          |
| Stock 1 <sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> December 2013.

**TRIAL BALANCE AS AT 31<sup>ST</sup> DECEMBER 2013**

|                                      | <b>Shs.</b> |
|--------------------------------------|-------------|
| 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 31<sup>st</sup> 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)