



**TECHNICAL UNIVERSITY OF MOMBASA**  
***Faculty of Business & Social Studies***

DEPARTMENT OF BUSINESS STUDIES

DIPLOMA IN INFORMATION AND COMMUNICATION TECHNOLOGY

**BAC 2150: INTRODUCTION TO FINANCIAL ACCOUNTING**

END OF SEMESTER EXAMINATIONS

**SERIES:** APRIL 2015

**TIME:** 2 HOURS

**INSTRUCTIONS:**

- This paper consists of **FIVE** questions.
- 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)

a) The following record appears in the books of Jahannam Ltd for last year:

	£
Gross Profit	50,000
Stock	10,000
Discount allowed	4,000
Discount received	8,000
Carriage outwards	6,000
Debtors	20,000
Creditors	7,000
Loan to an employee	30,000
10% debentures	10,000
Share capital	?

### Required:

- Prepare a Trial balance. Fill the missing figure for share capital. **(6 marks)**
- b) Draw a specimen of an invoice and show the relevant features that are usually captured as input in a computerized accounting system. **(6 marks)**
- c) List any **SIX** source documents which are used to capture data in a computerized accounting system. **(6 marks)**
- d) Explain the errors that do not affect Trial Balance agreement. **(6 marks)**
- e) List **THREE** items which may appear in the cashbook but are missing in the bank statement.
- f) List **THREE** items which appear in the bank statement but which have not been recorded in the cashbook. **(3 marks)**

## QUESTION 2

Miss Sungura provides the following details for March 2015:

March 1 <sup>st</sup>	Started business with £300,000 at bank
2 <sup>nd</sup>	Cashed cheque for office cash £50,000
3 <sup>rd</sup>	Bought furniture by cheque £320,000
4 <sup>th</sup>	Received cash, from Asma £19,000 having allowed her a cash discount of £1,000.
5 <sup>th</sup>	Paid the following accounts by cheque in each case deducting 10% discount, Alif £60,000 and Bei £30,000
6 <sup>th</sup>	Cash sales paid into Bank £70,000
6 <sup>th</sup>	Received a cheque of £39,000 from Fatma in full settlement of her account £ 42,000

7<sup>th</sup> Paid salaries and wages £7,000 in cash

**Required:**

A three-column cashbook.

**(20 marks)**

**QUESTION 3**

The following Trial balance was extracted from the books of a trader as a 31<sup>st</sup> December 2014

	<b>Dr.</b>	<b>Cr.</b>
	<b>£</b>	<b>£</b>
Premises	1,500,000	
Debtors/Creditors	20,000	30,000
Bank	90,000	
Purchases/Sales	150,000	320,000
Opening stock	45,000	
Discounts	6,000	2,000
Salaries & Wages	50,000	
Commissions		8,000
Power and Lighting	12,000	
Returns	15,000	19,000
Carriage inwards	5,400	
Carriage outwards	2,300	
Capital		1,543,700
Furniture	<u>27,000</u>	
	<b><u>1,922,700</u></b>	<b><u>1,922,700</u></b>

Note: Closing stock £ 22,000

**Required:**

Profit and loss account for the year ended 31<sup>st</sup> December 2014.

**(20 marks)**

**QUESTION 4**

Briefly explain the following:

- a) Books of original (prime) entry. **(5 marks)**
- b) Bad debts, Bad debts recovered and provision for doubtful debts. **(5 marks)**
- c) Accounting equation. **(5 marks)**
- d) Imprest system of petty cash. **(5 marks)**

## QUESTION 5

- Ahmed and Baker share profit in a partnership in proportion to their fixed capital contributions.
- Ahmed is also to receive an annual salary of £6,000.
- Interest on drawings is 20%.
- Interest on capital is 10%
- The net profit for the year to 31<sup>st</sup> December 2014 was £80,000
- Extracts from their trail balance reveal the following:

	<b>Dr.</b> <b>£</b>	<b>Cr.</b> <b>£</b>
Capital – Ahmed		50,000
Capital – Baker		100,000
Drawings – Ahmed	300,000	
Baker	20,000	
Current a/c 1 <sup>st</sup> Jan 2014		
- Ahmed		4,000
- Baker		6,000

### Required:

- a) Profit and loss appropriation account. **(8 marks)**
- b) Partner's current account in columnar form. **(12 marks)**