



TECHNICAL UNIVERSITY OF MOMBASA
School of Humanities & Social Sciences

DEPARTMENT OF HOSPITALITY & TOURISM

DIPLOMA IN TOURISM MANAGEMENT
(DTM M12)

BAC 2104: FINANCIAL ACCOUNTING

SPECIAL/SUPPLEMENTARY EXAMINATIONS

SERIES: JUNE/JULY 2015

TIME: 2 HOURS

INSTRUCTIONS:

- This paper consists of Sections **A** and **B**.
- Section **A** is **Compulsory**. Answer any **TWO** questions in Section **B**.
- Mobile phones are not allowed into the examination room.
- Cheating leads to disqualification.
- *This paper consists of Five printed pages.*

SECTION A (Compulsory) 30 Marks

QUESTION 1

- a) Write up the following transactions in the books of Neema and prepare a Trial Balance as at 31st March 2011:
- 2011
- March 1st Started business with cash £15,000
- 2nd Bought goods on credit from Harry £2,960
- 3rd Paid rent by cash £280
- 4th Paid £10,000 of the cash into a bank account
- 5th Sold goods on credit to Clinton £540
- 7th Bought stationery £150 paying by cheque
- 11th Cash sales £490
- 14th Goods returned by us to Harry £170
- 17th Sold goods on credit to Morgar £290
- 20th Paid for repairs by cash £180
- 22nd Clinton returned goods to us £140
- 27th Paid Harry by cheque £2,790
- 28th Cash purchases £1,250
- 29th Bought a van paying by cheque £3,950
- 30th Paid motor expenses in cash £150
- 31st Bought fixtures £1,200 on credit from Wema (20 marks)
- b) Elephant Sanctuary Reserve keeps proper books of accounts; discuss **SIX** stakeholders who may find their accounts useful and the relevance of this information to the stakeholders. (10 marks)

SECTION B (Answer any TWO questions) 40 Marks

QUESTION 2

- a) From the following Trial Balance of Gerald, prepare a trading and profit and loss account for the year ended 30th September 2009 and a balance sheet as at that date:

| | Dr. (sh.) | Cr. (Sh.) |
|--------------------------------------|-----------|-----------|
| Stock (1 st October 2008) | 236,800 | |
| Carriage outwards | 20,000 | |
| Carriage inwards | 31,000 | |
| Returns inwards | 20,500 | |
| Returns outwards | | 32,200 |
| Purchases | 1,187,400 | |
| Sales | | 1,860,000 |
| Salaries and Wages | 386,200 | |
| Rent | 30,400 | |
| Insurance | 7,800 | |

| | | |
|-------------------------------|-------------------------|-------------------------|
| Motor expenses | 66,400 | |
| Office expenses | 21,600 | |
| Lighting and heating expenses | 16,600 | |
| General expenses | 31,400 | |
| Premises | 500,000 | |
| Motor vehicles | 180,000 | |
| Fixtures and fittings | 35,000 | |
| Debtors | 389,600 | |
| Creditors | | 173,100 |
| Cash at bank | 48,200 | |
| Drawings | 120,000 | |
| Capital | | <u>1,263,600</u> |
| | <u>3,328,900</u> | <u>3,328,900</u> |

Stock at 30th September 2009 was sh. 294,600

b) Discuss **SIX** roles of accounting to business organizations. **(6 marks)**

QUESTION 3

a) Enter the following information in a three column cashbook and balance it off at the end of the month;

2013

| | | |
|------|------------------|--|
| June | 1 st | Balances brought forward: cash sh. 9,700; Bank sh. 218,600 |
| | 2 nd | The following paid us by cheque less 5% discount: Harry sh. 100,000; Peter Sh. 18,000 |
| | 3 rd | Cash sales paid direct into bank sh. 134,000 |
| | 5 th | Paid rent by cash sh. 8,800 |
| | 6 th | We paid the following accounts by cheque less 2 ½ % discount: Charlton sh. 40,000 Sobers sh. 64,000 |
| | 8 th | Withdrew cash from bank for business use sh. 25,000 |
| | 16 th | Paid wages by cash sh. 25,000 |
| | 20 th | Bought fixtures by cheque sh. 800,000 |
| | 29 th | Received sh. 16,900 from Steve |
| | 30 th | Cash sales sh. 11,600 |
| | 30 th | Bought stationery paying by cash sh. 6,000 |

(12 marks)

b) Write short notes on the following:

- i) Matching concept
- ii) Accrual concept
- iii) Going concern
- iv) Money measurement concept

(8 marks)

QUESTION 4

a)

| Cashbook | | | | | | | |
|-----------------|----|----------|----------------------|-------------|----|-------------|----------------------|
| Dr. | | £ | | Cr. | | £ | |
| 2009 | | | | 2009 | | | |
| June | 1 | Bal. b/d | 23,790 | June | 5 | Blaise | 1,500 |
| | 7 | Griffin | 1,580 | | 12 | Grey | 4,330 |
| | 16 | Silver | 930 | | 16 | Stephen | 880 |
| | 28 | Brown | 3,070 | | 29 | Impala club | 570 |
| | 30 | Black | <u>6,240</u> | | 30 | Bal. c/d | <u>28,330</u> |
| | | | <u>35,610</u> | | | | <u>35,610</u> |

| BANK STATEMENT | | | | |
|-----------------------|----|----------------------|------------|----------------|
| | | Dr | Cr. | Balance |
| 2009 | | | | |
| June | 1 | Bal. b/d | | 23,790 |
| | 7 | Cheque | 1,580 | 25,370 |
| | 8 | Blaise | 1,500 | 23,870 |
| | 16 | Cheque | 930 | 24,800 |
| | 17 | Greg | 4,330 | 20,470 |
| | 18 | Stephen | 880 | 19,590 |
| | 28 | Cheque | 3,070 | 22,660 |
| | 29 | Standing order | 440 | 22,220 |
| | 30 | John: Traders Credit | 900 | 23,120 |
| | 30 | Bank charges | 700 | 23,420 |

- i) Write the cashbook up to date. **(6 marks)**
- ii) Draw up a bank reconciliation statement as on 30th June 2009. **(8 marks)**
- b) Explain the causes of differences between bank balance as per cashbook and bank balance as per bank statement. **(6 marks)**

QUESTION 5

- a) Enter the following in the journals, post to personal accounts and show transfers to the general ledger

2010

| | | |
|------|------------------|---|
| July | 1 st | Credit purchases from Hope Sh. 38,000; Norman sh. 50,000 |
| | 3 rd | Credit sales to; Reagan sh. 51,000; Philip sh. 24,600 |
| | 5 th | Credit purchases from: Morton sh. 20,000; David sh. 18,000 |
| | 8 th | Credit sales to:Greg sh. 30,700; Ferguson sh. 18,500 |
| | 12 th | Returns outwards to: Norman sh. 3,000; Hope sh. 1,600 |
| | 14 th | Returns inwards from: Philip sh. 1,800; Reagan sh. 2,200 |
| | 20 th | Credit sales to:Philip sh. 18,800; Power sh. 31,000 |
| | 24 th | Credit purchases from:Ferguson sh. 55,000; David sh. 90,000 |
| | 31 st | Returns inwards from: Philip sh. 2,700; Reagan sh. 1,100 |
| | 31 st | Returns outwards: Morton sh. 1,300; David sh. 1,100 |

(15 marks)

- b) List any **FIVE** source documents applied in organizations.

(5 marks)