

**TECHNICAL UNIVERSITY OF MOMBASA**

*School of Business*

**DEPARTMENT OF BUSINESS ADMINISTRATION**

**DIPLOMA IN ACCOUNTANCY**

**DIPLOMA IN BUSINESS ADMINISTRATION**

**DIPLOMA IN BUSINESS MANAGEMENT**

**DIPLOMA IN PROCUREMENT AND MATERIAL MANAGEMENT**

**DIPLOMA IN SALES AND MARKETING**

**DIPLOMA IN HUMAN RESOURCE MANAGEMENT**

**DIPLOMA IN FRONT OFFICE OPERATION**

**BAC 2104: FINANCIAL ACCOUNTING**

**Question one**

- a) Clearly show any three differences between the Trading Profit and loss Account and the Balance Sheet (8mks)
- b) ABC Ltd provides the following extract from its Trial Balance as at 31<sup>st</sup> December 2014

**Trial balance as 31<sup>st</sup> December 2014**

	Dr.	Cr
Plant and Machinery	500,000	
Motor Vehicles	100,000	
Stocks at Jan 1 2014		
Raw Materials	85,000	
Work in progress	39,440	
Finished goods	128,620	
Purchase of raw Materials	119,700	
Raw materials returned		1,300

Sales		748,500
Carriage of Raw Materials	2,860	
Carriage on sales	9,420	
Factory Supervisor / wages	60,400	
Factory repairs	42,000	
Insurance	4,000	
Factory power	9,500	
Heat and Light	2,000	
Office wages	62,300	
Salesmen salaries	76,000	
Royalties	10,000	
Sundry factory expenses	<u>3,860</u>	
	749,800	749,800

**Further information:**

- 1) Depreciation is charged at 10% per annum on cost for Plant and Machinery and 20% per annum on cost for Motor Vehicles.
- 2) Stocks at 31 December 2014
 

Raw Materials shs	21,000
Work in Progress shs	32,600
Finished Goods shs	180,000.
- 3) At 31 December 2014 there is shs 1,800 outstanding for direct labour.
- 4) Insurance And Heating and Lighting are split factory and office 3:1.
- 5) Factory Power is treated as part of Prime Cost.

You are required to prepare:

- (i) A Manufacturing Account for the year ended 31 December 2014 showing clearly the Prime Cost and the Production Cost. (14 mks)
- (ii) A Trading and Profit and Loss Account showing clearly the Gross and Net Profit. (8mks)

**Question 2**

Q2 A,B and C were partners . Their capitals were as follows: A. sh 600,000, B shs 200,000 and C, shs. 400,000. They were sharing profits in the ratio , 2:1:2 respectively. They agreed to give each other 10% interest on capital accounts. Salaries for B and C shs. 100,000 and shs.300,000 per annum.

Drawings were to be charged at 5% . The following drawings were made.

- A. Withdrew On 1<sup>st</sup> April shs. 100.00
- B. .Withdrew on 1<sup>st</sup> September shs. 60,000
- C. Withdraw on 1<sup>st</sup> August shs. 60,000

The profit of the partnership before taking into account the above was shs.2,520,000.

Round your answer to the nearest whole number

Required.

- (a) The partners profit and loss appropriation account (14mks)
- (b) Clearly state the section of the partnership Act that is applied in case there no agreement between the partners and what it recommends. (6mks)

### Question Three

- a) Define a Trial balance (2mks)
- b) The following balances were extracted from the books of Jackson who keeps his books under the Double entry book keeping method. Figures as at 31-12-2015 were as follows:-

	<i>shs</i>	<i>shs</i>	<i>shs.</i>
Sales	154,000	fixtures and fittings	20,000
Purchase	116,000	Debtors	27,200
Creditors	36,400	Bank	60,400
Rent	9600	cash	800
Lighting expenses	6,000	drawings	28,000
General expenses	2,400	capital	80,000

### Required

- (i) Prepare a trail balance from the above figures (12mks)
- (ii) Prepare an income statement (6mks)

### Question Four

Q4 Marion a sole trader, extracted the following trial balance as at 31<sup>st</sup> December 2015

**DR**

**CR**

Stock 1st Jan 2015	197,000	
Debtors and creditors	235,000	168,000
Wages and salaries	152,000	
Rent and rates	28,000	
Bad debts	11,000	
Discounts	13,000	9,000
Fixtures and fittings	40,000	
Purchases and sales	593,000	962,000
Bank overdraft		26,000
Cash in hand	3,000	
Capital account 1 <sup>st</sup> Jan 2015		270,000
Drawings	144,000	
Office expenses	1,900	
	1,435,000	1,435,000

### Additional /information

- a) Rent prepaid as at 31<sup>st</sup> Dec 2015 shs,4,000
- b) Stock on 31<sup>st</sup> Dec 2015 shs.178,000
- c) Depreciation on fixtures and fittings shs. 10,000

### Required.

- (i) Prepare the income statement for the year ended 31<sup>st</sup> Dec 2015 (14mrks)
- (ii) The balance sheet as at 31<sup>st</sup> Dec 2015 (6mrks)

### Question Five

(a) Define the following terms

- (i) Purchase journal (2mrks)
- (ii) Return inwards journal (2mks)
- (iii) Bank reconciliation (2marks)
- (iv) Accruals (2mks)

(b) Accounting is guided by many concepts. Highlight and explain any four of these

concepts.

(12mks)