



TECHNICAL UNIVERSITY OF MOMBASA

SCHOOL OF HUMANITIES AND SOCIAL SCIENCES

SOCIAL SCIENCES

UNIVERSITY EXAMINATION FOR:

DCD Y2S1

BAC 2130: PRINCIPLES OF ACCOUNTS

SERIES: APRIL Picky year

TIME: 2 HOURS

DATE: 10 May 2016

Instructions to Candidates

You should have the following for this examination

-Answer Booklet, examination pass and student ID

This paper consists of Choose No questions. Attempt Choose instruction.

Do not write on the question paper.

QUESTION ONE

a) The following information relates to Kenga's business:

2013

September 1: Commenced business with Ksh 152,000 cash.

September 3: Cash purchases Ksh 15,800.

September 5: Deposited Ksh 30,000 into the bank.

September 8: Paid rent by cash Ksh 10,000.

September 9: Bought goods on credit from Zack Ksh 30,400.

September 12: Cash sales Ksh 5,600.

September 15: Sold goods on credit to Ketty Sh. 10,100

September 20: Goods returned to Zack Sh. 1,200

September 23: Bought a machinery by cheque Sh. 12,600

September 25: Ketty returned some goods worth Sh. 1,650

September 28: Paid Zack by cash Sh. 10,100

Required:

Enter the above transactions in the ledgers and prepare a Trial Balance. (20 Marks)

- b) State and explain any FIVE external parties who can find accounting information useful.
(10 Marks)

QUESTION TWO

a) The following ledger has been extracted from Alvin's Ledger.

Trial Balance as at 31 December 2010

Details	DR (Sh.)	CR (Sh.)
Sales		400,000
Purchases	350,000	
Return Inwards	5,000	6,200
Return Outwards		
Opening stock	100,000	800
Provision for bad debts		
Salaries	30,000	
Rates	6,000	
Telephone	1,000	
Shop fittings at cost	40,000	
Equipments at cost	30,000	
Debtors and Creditors	9,800	7,000
Bad debts	200	
Capital		179,000
Bank balance	3000	
Drawings	18,000	
	593,000	593,000

- i) Closing stock at 31st December 2010 is Ksh. 120,000
- ii) Accrued salaries Ksh. 5,000
- iii) Rates prepaid Ksh. 500
- iv) Provision for bad debts to be increased to 10% of debtors
- v) Telephone account outstanding Ksh. 220
- vi) Depreciate shop fittings at 10% p.a. and equipments at 20% p.a on cost

Required:

Trading, Profit and Loss Account for the year ended 31st December 2010 and a Balance Sheet as at that date
(15 Marks)

- b) State FIVE limitations of accounting as practiced in organizations (5 Marks)

QUESTION THREE

- a. You are to enter the following in the daybooks, post to personal accounts and show transfers to general ledger:

2011;

August 1: credit purchases from Hill Ksh. 38, 000, Norman Ksh. 50,000

August 3: credit sales to Rigby Ksh. 51,000, Philip 24,600

August 6: credit purchase from Morton Ksh. 20,000, Davies Ksh. 66,000

August 8: credit sales to Green Ksh. 30,700, George Ksh. 25,000

August 13: returns outwards to Norman Ksh. 3,000, Hill Ksh. 1,600

August 14: returns inwards Philip Ksh. 1,800, Rigby Ksh. 2,200

August 19: credit sales to Philip Ksh. 18,000, Rigby Ksh. 42,000

August 21: credit purchase Hill Ksh. 55,100, Davies Ksh. 80,000

August 30: return inwards from Philip Ksh. 2,700, Rigby Ksh. 3,000

August31: return outwards Morton Ksh. 1,100, Davies Ksh. 1,300

(12 Marks)

- b. Write short notes on the following:

- Materiality Concept
- Duality Concept
- Consistency Concept
- Money Measurement Concepts

(8 Marks)

QUESTION FOUR

The following are extracts from the cash book and bank statement of Kaka.

- a) Write the Cash Book up-to-date and state new balance as at 31st December 2009 (6 Marks)
- b) Draw up a bank reconciliation statement as at 31st December 2009 (8 Marks)

Cash Book

DR	Details	£		CR	Details	£
2009				2009		
Dec 1	Bal b/d	1,740		Dec 8	Dailey	349
Dec 7	Master	88			Mason	33
Dec 22	Ellis	73			Small	115
Dec 31	Wood	249				
Dec 31	Barret	178			Bal c/d	1,831
		2,328				2,328

Bank Statement

2009	Details	DR	CR	Balance
Dec 1	Bal b/d			1,740
Dec 7	Cheque		88	1,828
Dec 11	Dailey	349		1,479
Dec 20	Mason	33		1,446
Dec 22	Cheques		73	1,519
Dec 31	Trade Credit		54	1,573
Dec 31	Bank Charges	22		1,551

- c) Write brief notes on the THREE types of Cash Books (6 Marks)

QUESTION FIVE

a) Wanyama had the following details for June 2013.

2013

June 1: Started business with cash Sh. 40,500, Bank Sh. 150,000

June 3: Cash purchases Sh. 50,000

June 5: Withdrew Sh. 50,000 for business use

June 7: Paid rent by cash Sh. 7,500

June 10: cash sales Sh. 10,200

June 12: Received cash from Oluoch Sh. 9,000 having allowed a discount of Sh. 1,000

June 15: Bought furniture by cash SDh. 18,500

June 18: Paid the following by cheque deducting 10% discount in each case; Femi Sh. 11,200, Shawn Sh. 15,600

June 24: Paid wages in cash Sh. 12,000 and Cheque Sh. 25,000

June 30: Deposited Sh. 2,500 into the bank.

Required:

Enter the above in a Three-Column Cash Book

(12 Marks)

a. State and explain FOUR reasons as to why traders keep incomplete records.

(8 Marks)