



TECHNICAL UNIVERSITY OF MOMBASA

SCHOOL OF BUSINESS

DEPARTMENT OF ACCOUNTING & FINANCE

UNIVERSITY EXAMINATION FOR:

CERTIFICATE IN BUSINESS MANAGEMENT

BAC 1101: BOOK KEEPING

END OF SEMESTER EXAMINATION

SERIES:AUGUST2019

TIME:2HOURS

DATE:Pick DateAug2019

Instructions to Candidates

You should have the following for this examination

-Answer Booklet, examination pass and student ID

This paper consists of **FIVE** questions. Attempt question ONE (Compulsory) and any other TWO questions.

Do not write on the question paper.

SECTION A

QUESTION ONE

- a) From the following trial balance of Tum draw up a trading and profit and loss account for the year ended 31 Dec 2015, and a balance sheet as at that date. (20 marks)

	Dr Ksh.	Cr Ksh.
Stock 1 Dec 2015	23,680	
Carriage outwards	2,000	
Carriage inwards	3,100	
Returns inwards	2,050	
Returns outwards		3,220
Purchases	118,740	
Sales		186,000
Salaries and wages	38,620	
Rent	3,040	
Insurance	780	
Motor expenses	6,640	
Office expenses	2,160	
Lighting and heating expenses	1,660	
General expenses	3,140	
Premises	50,000	
Motor vehicles	18,000	
Fixtures and fittings	3,500	
Debtors	38,960	
Creditors		17,310
Cash at bank	4,820	
Drawings	12,000	
Capital		<u>126,360</u>
	<u>332,890</u>	<u>332,890</u>

Closing stock – Ksh. 29,460.

- b) Financial Accounting is concerned with giving financial information to different users. Explain 5 such users. (10 marks)

SECTION B

QUESTION TWO

- a) Explain fundamental accounting concepts. (15 marks)
b) Explain the term 'materiality' as it is used in the accounting. (5 marks)

QUESTION THREE

You are to enter the following items in the books, post to personal accounts, and show transfers to the general ledger.

2016

- July 1 Credit purchases from: K Hill £3800; M Norman £500; N Senior £106.
- „ 3 Credit sales to: E Rigby £510; E Phillips £246; F Thompson £356.
- „ 5 Credit purchases from: R Morton £200; J Cook £180; D Edwards £410; C Davies £66.
- „ 8 Credit sales to: A Green £307; H George £250; J Ferguson £185.
- „ 12 Returns outwards to: M Norman £30; N Senior £16.
- „ 14 Returns inwards from: E Phillips £18; F Thompson £22.
- „ 20 Credit sales to: E Phillips £188; F Powell £310; E Lee £420.
- „ 24 Credit purchases from: Ferguson £550; K Ennevor £900.
- „ 31 Returns inwards from: E Phillips £27; E. Rigby £30.
- „ 31 Returns outwards to: J Cook £13; C Davies £11.

QUESTION FOUR

The following are extracts from the cashbook and the bank statement of J Richards. You are required to:

- a) Write the cashbook up to date, and state the new balance as on 31 December 2002, and
- b) Draw up a bank reconciliation statement as on 31 December 2002.

Cashbook

2002	Dr	ksh.	2002	Cr	Ksh.
Dec 1	Balance b/d	1,740	Dec 8	A Dailey	349
Dec 7	J Map	88	Dec 15	R Mason	33
Dec 22	J Cream	73	Dec 28	G Small	115
Dec 31	K Wood	249	Dec 31	Balance c/d	1,831
Dec 31	M Barrett	<u>178</u>			<u> </u>
		<u>2,328</u>			<u>2,328</u>
		<u> </u>			<u> </u>

Bank Statement

2002	Dr	Cr	Balance
	Ksh.	Ksh	Ksh.
Dec 1	Balance b/d		1,740
Dec 7	Cheque	88	1,828
Dec 11	A Dailey	349	1,479

Dec 20 R Mason	33		1,446
Dec 22 Cheque		73	1,519
Dec 31 Credit transfer: J Walters		54	1,573
Dec 31 Bank charges	22		1,551

QUESTION FIVE

A three –column cash book for a wine wholesaler is to be written up from the following details balance off, and the relevant discounts in the general ledger shown. (20 marks)

2008

- March 1 Balances brought forward : cash sh. 230; bank sh.4,756
- „ 2 the following paid their accounts by cheque, in each case deducting 5% cash discounts : R Burton sh. 140; E Taylor sh. 220; R Harris sh. 300 (all amounts are pre discount)
- „ 4 paid rent by cheque sh. 120
- „ 6 J Cotton lent us sh. 1,000 paying by cheque
- „ 8 we paid the following accounts by cheque in each case deducting 2.5% cash discount : n Black sh. 360; P Towers sh. 480; C Rowse sh. 800 (all amounts are pre-discount)
- „ 10 paid motor expenses in cash sh. 44
- „ 12 H Hankins pays his account of sh. 77, by cheque sh. 74 deducting sh 3 cash discount
- „ 15 paid wages in cash sh. 160
- „ 18 The following paid their accounts by cheque in neach case deducting 5% cash discount: C Winston sh. 260; R Wilson & son sh. 340; H Winter sh. 460. (all amounts are pre- discount)
- „ 21 cash withdrawn from the bank sh. 350 for business use.
- „ 24 cash withdrawn sh. 120
- „ 25 paid T Briers his account of sh. 140 by cash sh. 133, having deducted sh. 7 cash discount.
- „ 29 bought fixtures paying by cheque sh. 650
- „ 31 received commission by cheque sh. 88