



**TECHNICAL UNIVERSITY OF MOMBASA**  
*School of Business*  
DEPARTMENT OF MANAGEMENT SCIENCE

DIPLOMA IN COMMUNITY DEVELOPMENT

**BAC 2130: PRINCIPLES OF ACCOUNTING**

END OF SEMESTER EXAMINATIONS

**SERIES: MAY - AUG SERIES 2019**

**TIME: 2 HOURS**

**INSTRUCTIONS TO CANDIDATES:**

- This paper consists of **FIVE** Questions.
- Answer Question **ONE (Compulsory)** and any other **TWO** questions.
- Do **NOT** Write on the question paper.
- You are only allowed to have writing materials, an Answer booklet and a scientific non programmable calculator in the examination room.
- Mobile phones are not allowed in the examination room.
- Cheating leads to disqualification.
- This paper consists of six printed pages*

Q1. The following transactions were extracted from the books of Mwanza Limited for the month of February 2018.

Feb 2: Started business with Sh 200,000 in cash and Sh 500,000 in the bank.

- ” 2: Cash purchases Sh 43,000 receipt No. 045
- ” 3: Cash sales Sh 30,000
- ” 3: Credit sales to Rose Sh 50,000
- ” 4: Paid Rama a creditor by cash Sh 11,000, after deducting cash discount of Sh 1,000 receipt No. 0112
- ” 5: Credit purchases from Rama Sh 12,000 receipt No 23
- ” 6: Credit purchase from Odanga Sh 21,000 and from Choma Sh 65,000
- ” 8: Cash purchases Sh 101,500 receipt No. 0241
- ” 10: Paid the following creditors by cheque after deducting 10% cash discount in each case.
  - Odanga Sh 20,000 cheque No. 119
  - Saisi Sh 33,500 cheque No. 121
- ” 11: Rose returned goods worth Sh 5,000 note no 30
- ” 12: Goods worth Sh 3000 were returned to Rama
- ” 14: Received a cheque of Sh 50,000 from Rose No 122
- ” 15: Bought furniture in cash Sh 10,000 receipt No. 0341
- ” 16: Received cash Sh 25,000 from a debtor Muema receipt No 14
- ” 18: Credit purchase from Mwamba Sh 30,000 receipt No 40
- ” 20: Paid Chona, a creditor Sh 64,500 by cheque No. 122
- ” 25: Bought stationary in cash Sh 30,000 receipt No. 241
- ” 27: Cash purchases Sh 62,000 receipt No. 3411
- ” 28: Issued a cheque No. 123 of Sh 27,000 to Mwamba in full settlement of his account of Sh 31,000

Required:

- a)
  - i. Prepare a two column cash book **(9marks)**
  - ii. Purchase journals **(5marks)**
  - iii. Sales journals **(4 marks)**
  - iv. Return inwards and outwards journals **(4 marks)**
  
- b) Explain the following terms:
  - i. Assets **(2 marks)**
  - ii. Capital **(2 marks)**
  - iii. Trial balance **(2 marks)**
  - iv. Liabilities **(2 marks)**

Q2. During the month of August 2018, the general cashier of Wakulima Stores gave the petty cashier a cash float (imprest) of Sh. 5,000. The following payments were made as indicated:

2018

Aug 1: Staff tea Sh. 80

” 2: Office expenses Sh 300

” 5: Travelling expenses Sh. 600

” 10: Postage Sh 50, sundry expenses Sh 50

” 15: Stationary Sh 200

” 18: Office expenses Sh 70

” 20: Staff tea Sh 50, sundry expenses Sh 100

” 22: Travelling expenses Sh 100

” 25: Postage Sh 100, stationary Sh 200, travelling Sh 50

” 30: K.Khama, a creditor Sh 200.

The following analysis columns were used:

- a) Staff tea
- b) Office expenses
- c) Travelling

- d) Postage
- e) Stationary
- f) Sundry expenses
- g) Ledger accounts

Required:

Prepare a petty cash book for Wakulima Stores for the month of August 2018 showing the amount of reimbursement **(20 marks)**

Q3.

**John Kamau**

Trial balance as at 30<sup>th</sup> September 2018

	Dr	Cr
	Sh	Sh
Gross profit		89,500
Premises	188,000	
Stock 30/9/2018	40,000	
Lighting and heating	5,400	
Discounts	6,100	7,300
Salaries	12,000	
Debtors/creditors	79,700	93,400
Stationery	3,110	
Rent		15,000
Motor vehicle	175,000	
Commission		8,100
Advertising	37,250	
Drawings	19,000	
Rates	1,600	
Capital		385,860

Bank	29,000	
Carriage outwards	3,000	
	<u>599,160</u>	<u>599,160</u>

Required: Prepare

- a) A profit and loss account as at 30<sup>th</sup> September 2018 **(10 marks)**  
b) Balance sheet as at 30<sup>th</sup> September 2018 **(10 marks)**

Q4.

### MUTILE

#### Cash Book for the month of February 2018

Date	Details	Amount Sh	Date	Details	Amount Sh
Feb 2018 1	Balance b/c	3500	Feb 2018 3	Salim	540
” 4	Cash	250	” 5	Akinyi	2,100
” 6	Opundo	485	” 7	Muthoni	3,100
” 8	Nyachae	222	” 9	Njino	1,300
” 10	Amunga	1,100	” 11	Makinya	1,112
” 15	Kamunge	3,300	” 28	Balance b/d	805

#### Bank statement for the month of February 2018

Date	Details	Dr	Cr	Balance
		Sh	Sh	Sh
2018				
Feb 1	Balance c/d			3,500Cr
” 3	Cheque No. 0123	540		3,060Cr
” 4	Cash		250	3,310Cr

” 5	Bank charges	230		3,080Cr
” 6	Cheque deposit		485	3,565Cr
” 7	Cheque No.0124	2,100		1,465Cr
” 8	Cheque deposit		222	1,687Cr
” 9	Cash deposit (Moraa)		4,260	5,947Cr
” 10	Dishonored cheque	485		5,462Cr
” 11	Standing order (Akinyi)	256		5,206Cr
” 12	Cheque No. 0125	3,100		2,106Cr

Required:

- a) Prepare adjusted cash book **(10marks).**  
b) Bank reconciliation statement **(10 marks).**

Q5 a) State the courses of the differences between cash book and bank statement **(10 marks)**

b) Explain with examples the following:

- i. Working capital **(5marks)**  
ii. Balance sheet equation **(5marks)**