



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 page*

Q1.

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

b) Explain with examples the following:

i. Working capital **(5 marks)**

ii. Balance sheet **(5 marks)**

c) The following list of balances which were extracted from the books of Juma as at 31st December 2018.

Sales	670,000
Purchases	380,000
Opening stock	60,000
Closing stock	40,000
Return inwards	70,000
Carriage on purchases	10,000
Commission received	15,000
Rent paid	18,000
Salaries and wages	33,000
Discounts received	7,000
Travelling	12,000
Repairs and maintenance	4,000

Required:

Prepare Juma's Trading Profit and Loss account **(10marks)**

Q2. The following information was extracted from the books of Jembe traders for the month of January 2018.

Jan 1st Started business with Sh 80,000 in cash and Sh 200,000 at bank

” 2nd Bought furniture by cheque Sh 20,000

- ” 5th Bought goods by cash Sh 70,000
- ” 8th Received cash from Chemai Sh 19,000 having allowed a cash discount of Sh 1,000
- ” 9th Paid the following accounts by cheque, Muthoni Sh 30,000, Salim Sh 15000 and Kiptoo Sh 26,000 having deducted 10% discount in each case
- ” 12th Cash sales Sh 14,000, pad for postage by cash Sh 2,000
- ” 16th Received a cheque of Sh 27,500 from Ngondi in full settlement of his amount of Sh 30,000
- ” 20th Received a cheque of the following amounts from: Adija Sh 18,000, Adongo Sh 28,000 and Maranga Sh12, 600. They were allowed 10% discount
- ” 25th Took cash to the bank Sh 32,000
- ” 28th Paid salaries Sh 10,000 by cash and Sh 37,000 by cheque
- ” 31st Withdrew cash from bank for office use Sh 50,000

Required:

Prepare a three column cash book for Jembe Traders for the month of January 2018 **(20 marks)**

Q3. During the month of June 2018, the general cashier of Jamlink Traders gave the petty cashier a cash float (imp rest) of Sh10,000. The following payments were made as indicated:

2018

Aug 1: Staff tea Sh 800

” 2: Office expenses Sh 300

” 5: Travelling expenses Sh 600

” 10: Postage Sh 50, sundry expenses Sh 500

” 15: Stationary Sh 200

” 18: Office expenses Sh 700

” 20: Staff tea Sh 500, sundry expenses Sh 100

” 22: Travelling expenses Sh 1000

” 25: Postage Sh 100, stationary Sh 200, travelling Sh 500

” 30: K.Khama, a creditor Sh 2000

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 Jamlink Traders for the month of August 2018 showing the amount of reimbursement **(20 marks)**

Q4.

Kipevu Traders

Trial balance as at 31st October 2018

	Dr	Cr
	Sh	Sh
Gross profit		89,500
Premises	188,000	
Stock 31/10/2018	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	
Tatal	599,160	599,160

Required: Prepare

- a) A profit and loss account as at 31st October 2018 **(10 marks)**
- b) Balance sheet as at 31st October 2018 **(10 marks)**

Q5.

- a) Explain the following terms:
 - Assets **(2 marks)**
 - Capital **(2 marks)**
 - Trial balance **(2 marks)**
 - Liabilities **(2 marks)**
 - Ledger **(2marks)**
- b) Differentiate between a Trial balance and a Balance sheet **(10marks)**