



TECHNICAL UNIVERSITY OF MOMBASA

SCHOOL OF BUSINESS

DEPARTMENT OF ACCOUNTING & FINANCE

UNIVERSITY EXAMINATION FOR:

BACHOLER OF SCIENCE IN ELECTRICAL AND ELECTRONIC

ENGINEERING

HRD 2115: ACCOUNTING & FINANCE

END OF SEMESTER EXAMINATION

SERIES: August 2019

TIME: 2HOURS

DATE: August 2019

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.

Question one (Compulsory)

On 1st July 2019, Rakai trading enterprises received account statements from the bank but realized that the balance indicated by the bank differed from that of the cash book.

- a) Explain the reasons for the difference between the cash book and the bank statement balances **(10 mrks)**
- b) On examining the bank statements, the following issues were identified
- i) Cash book had a Dr balance of 235,000.00 while the bank statement had a balance of 240,200.00
 - ii) A cheque of 500,000.00 issued to a creditor had not been presented for payment
 - iii) The bank had effected a standing order of 65,000.00 to HFCK ltd
 - iv) Banks charges for the month was 6,800.00
 - v) Rent of 100,000.00 had been paid direct to the bank by a tenant

- vi) A cheque of 172,000.00 had been dishonored by the bank
- vii) Dividends of 52,000.00 had credited to the account
- viii) Cheques totaling to 730,000.00 had not been credited by the bank
- ix) Subscription of 17,000.00 was paid by the bank

Required:

Prepare the updated cash boo and the bank reconciliation statement for Rakai trading enterprises as at 30th june 2019 **(15 mrks)**

- c) State the advanteges and disadvanteges of payback period method of project evaluation **(5 mrks)**

Question two

The cash book of Shah Traders had a Debit balance of shs. 1,250,000.00 as at 1st June 2019 and the following transaction took place during the month.

- i) 2nd purchased furniture worth 680,000.00
- ii) 3rd paid electricity bills for 89,000.00
- iii) 5th received 250,000.00 from a debtor
- iv) 9th paid 24,000.00 as rates
- v) 10th paid subscription fee of 15,050.00
- vi) 13th paid 195,000.00 to a creditor
- vii) 14th paid m/vehicle repairs of 65,000.00
- viii) 15th sold goods worth 420,000.00
- ix) 16th made drawings of 50,000.00
- x) 18th recovered a doubtful debt of 180,000.00
- xi) 20th paid legal fees of 25,000.00
- xii) 23rd purchased inventory for 350,000.00
- xiii) 25th deposited 100,000.00 to the bank
- xiv) 29th paid salaries for 400,000.00

Requierd:

- a) Post the above transactions in the cash book **(15mrks)**
- b) State the quality of good accounting information **(5 mrks)**

Question Three

The following are extract from Lucy Enterprises dealing with Electrical items

- i) she started business by contributing KSH 3,000,000 as capital cash
- ii) she bought goods for KSH 4,000,000 paying KSh 2,500,000 cash balance are yet to be paid
- iii) she sold goods worth 3,200,000 at 7,250,000 receiving KSH 6,000,000 cash balance is yet to be collected
- iv) rent was paid cash KSH 150,000 while KSH 50,000 was accrued
- v) motor Vehicle was bought by Bank loan KSH 2,000,000.00
- vi) insurance of KSH 120,000 was paid
- vii) Lucy earned a commission of KSH 500,000 from Mike, the money has not been received
- viii) Other expenses paid totaled to Ksh 800,000.00

Required

- a) Prepared the ledger accounts (12Mrks)
- b) Prepared the Trial Balance (2Mrks)
- c) Prepare the Income statement (6Mrks)

Question Four

- a. Juma has balance his accounts and Janet has not, one of the accountant is telling you that he believes there is possibility of having errors in both cases. Discuss any two of each (8Mrks)
- b. Give the different users of accounting information (6Mrks)
- c. State the advantage and disadvantages Net Present Value method of project appraisal (6Mrks)

Question five

Define the terms

- i) Statement of financial position (5 marks)
- ii) Income statement (5 marks)
- iii) Trial balance (5 marks)
- iv) Bank reconciliation statement (5marks)