



TECHNICAL UNIVERSITY OF MOMBASA

---

SCHOOL OF BUSINESS  
DEPARTMENT OF ACCOUNTING & FINANCE  
**UNIVERSITY EXAMINATION FOR:**  
BACHELOR OF COMMERCE I  
BACHELOR OF IN BUSINESS ADMISTRATION I  
BACHELOR OF BUSINESS AND OFFICE MANAGEMENT I  
BACHELOR OF BUSINESS AND INFORMATION TECHNOLOGY I  
BAC 4101: INTRODUCTION TO ACCOUNTING I  
END OF SEMESTER EXAMINATION  
**SERIES: APRIL, 2022**  
**TIME: 2 HOURS**  
**DATE: APRIL, 2022**

**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**

- (a) Discuss any five desirable qualities of accounting information **(10 marks)**  
(b) Write the various accounts needed in the books of S. Onamu to record the following Transactions then extract a trial balance as at 31<sup>st</sup> March 2022.

2022

- March 1 Opened business with Sh. 20,000 in the bank.  
March 2 Bought premises for bank Sh. 8,000.  
March 5 Bought motor van on credit from J. Smith Sh. 2,000  
March 7 Bought goods from A. William for resale sh. 800  
March 12 Bought goods and paid by cheque sh. 500  
March 13 Sold goods for cash sh. 600  
March 15 Sold goods on credit to M. Roberts sh. 700  
March 16 Received a loan from bank sh. 12,000  
March 17 Paid by cheque to J. Smith.  
March 20 Paid wages and salaries sh. 1,000 by cheque  
March 21 Received a cheque from M. Roberts sh. 700  
March 30 Paid sundry expenses by cheque sh. 100.

**NOTE:** All cheques were deposited in the bank on the day they were received.

You are required to:

- i. Enter the above transactions into the ledger accounts (12 Marks)
- ii. Balance the accounts and extract a Trial Balance as at 31<sup>st</sup> March, 2022. (8 Marks)

## **QUESTION TWO**

a) A Trial Balance extracted from the books of Chanyae had the following totals:-  
Debit side total shs. 938,400  
Credit side total shs. 932,300

Chanyae opened a Suspense Account and placed the difference in trial balance there to. He discovered the following errors and omissions:

- (a) A credit note for shs. 2,300 received from Mhindi Wholesalers had not been recorded anywhere in the books.
- (b) A credit note for shs. 1,400 issued to Mokaya Retailers had been entered correctly in the appropriate subsidiary book but had not been posted to their personal account.
- (c) A cheque for shs. 7,400 received from Chacha Mwita was entered as shs. 4,700 in the Cash Book and posted to the ledger accordingly.
- (d) Discounts allowed shs. 2,350, were credited to Discounts Received Account in the ledger.
- (e) Rent received. Shs. 2,200, has been credited to Premises Account.
- (f) Sales book was undercast by shs. 9,400.

### **Required:-**

- i. Journal entries to rectify above errors and omissions.
  - ii. Suspense Account, duly balanced. (10 Marks)
- b) Discuss the steps that one would follow in recording financial information up to the point of analyzing the financial statements. (10 Marks)

### QUESTION THREE

The following information was extracted from the books of Tajiri Traders for the year ended 31 October 2021.

	Dr. Sh.'000'	Cr. sh.'000'
Purchases and sales	11,430	20,985
Inventory 1 Nov. 2020	2,580	
Capital 1 Nov. 2020		3,600
Bank		1,203
Cash in hand	45	
Discounts	720	465
Returns	405	285
Carriage outwards	108	
Rent and Insurance	870	
Provision for bad and doubtful debts		330
Fixtures and fittings	600	
Delivery van	1,050	
Accounts receivable and payable	5,955	3030
Drawings	1,440	
Wages and salaries	4,470	
General office expenses	<u>225</u>	<u>          </u>
	<u>29,898</u>	<u>29,898</u>

Additional information as at 31 October 2021.

- (i) Inventory sh.2,145,000
- (ii) Wages and salaries accrued sh.105,000
- (iii) General office expenses owing sh.10,000
- (iv) Rent prepaid sh.90,000
- (v) Increase the provision for bad and doubtful debts by sh.330,000 to sh.405,000
- (vi) Provide for depreciation as follows:
  - Fixture and fittings sh.60,000
  - Delivery van sh.150,000.

Prepare for the year ended 31 October 2021.

- (a) Income Statement (12 Marks)
- (b) Statement of Financial Position as at 31<sup>st</sup> October 2021. (8 Marks)

#### QUESTION FOUR

- (a) Discuss in details any Five error that don't affect the trial balance agreement (10 Marks)  
(b). The following were from the bank columns of cash book of Athembo:-

Dr.			Cr.		
2020		Sh	2020		Sh
April 1	Balance b/f	2,500	April 3	A. Smith	200
" 7	Sales	300	" 5	M. Robert	1,300
" 10	R. William	1,200	" 7	Sundry expenses	100
" 20	Sales	700	" 15	Wages	300
" 30	H. Malthus	600	" 18	Rent	250
			" 25	A. Smith	150
			" 30	Balance c/f	3,000
		<u>5,300</u>			<u>5,300</u>

On 30<sup>th</sup> April 2020 he received the following statement from his bank:-

2017	Dr	Cr	BALANCE
	Sh	Sh	Sh
April 1 Balance b/f (Cr)			2,500
5 A. Smith	200		2,300
7 Cash		300	2,600
8 M. Robert	1,300		1,300
8 Sundry expenses	100		1,200
10 R. William		1,200	2,400
13 S. David	700		1,700
15 A. Black		1,500	3,200
15 Wages	300		2,900
19 Rent	250		2,600
20 Cash deposit		700	3,350
30 Bank charges	100		3,250
30 Standing order	500		2,750

You are required to:-

- Bring the cash book up to date and state the new balance at 30<sup>th</sup> April 2020
- Prepare a bank reconciliation statement. (10 marks)

#### QUESTION FIVE

- (a) Why should an organization prepare accounting records? (10 Marks)  
(b) Who are the stakeholders in accounting information and what are their information need (10 Marks)