TECHNICAL UNIVERSITY OF MOMBASA

SCHOOL OF HUMANITIES AND SOCIAL SCIENCES

DEPARTMENT OF SOCIAL SCIENCES

DIPLOMA IN SOCIAL WORK AND COMMMUNITY DEVELOPMENT - DSCD
YEAR 2 SEMESTER 2

DSCD 2302: INTRODUCTION TO FINANACIAL ACCOUNTING

END OF SEMESTER EXAMINATIONS

SERIES: JAN - APRIL 2025

TIME: 2 HOURS

INSTRUCTION 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 Four printed pages

QUESTION ONE

a) What do you understand by the following terms:
   i) Assets **(2marks)**
   ii) Liabilities **(2marks)**
   iii) Capital **(2marks)**
   iv) Debtors **(2marks)**
   v) Balance sheet **(2marks)**

b)B Kelly has a business that has been trading for some time. You are given the following information as at 31.12.2022

	£	
Buildings	11,000	
Furniture & Fittings	5,500	
Motor Vehicles		5,800
Stocks	8,500	
Debtor		5,600
Cash a bank	1,500	
Cash in hand		400
Creditors	2,500	
Capital		30,800
Loan	5,000	

You are required to prepare a Balance Sheet as at 31 December 2022
10marks

1C
A three-column cashbook is to be written up from the following details, balanced off, and the relevant discount accounts in the general ledger shown.

19x8
Mar 1 Balances brought forward: Cash £230; Bank £4,756.
" 2 The following paid their accounts by cheque, in each case deducting 5 percent
discounts: R Burton £140; E Taylor £220; R Harris £800.

"	4	Paid rent by cheque £120.
"	6	J Cotton lent us £1,000 paying by cheque.
"	8	We paid the following accounts by cheque in each case deducting a 2 ½ per cent cash discount: N Black £360; P Towers £480; C Rowse £300.
"	10	Paid motor expenses in cash £44.
"	12	H Hankins pays his account of £77, by cheque £74, deducting £3 cash discount.
"	15	Paid wages in cash £160.
"	18	The following paid their accounts by cheque, in each case deducting 5 per cent cash discount: C Winston £260; R Wilson & Son £340; H Winter £460.
"	21	Cash withdrawn from the bank £350 for business use.
"	24	Cash Drawings £120.
"	25	Paid T Briers his account of £140, by cash £133, having deducted £7 cash discount.
"	29	Bought fixtures paying by cheque £650.
"	31	Received commission by cheque £88.

QUESTION TWO

,The following transactions relates to the business of above business fir the month of July 2014;

July 2014

1 commence business with Sh 700,000

2 Opened a bank account deposited sh 500,000

3 Purchase goods from Peace sh 100,000

8 Sold goods to Wise sh 52,000

10 cashed cheque for office use sh 50,000

12 Purchase goods from Justice sh 148,000

14 Sold goods to Fatuma sh 74,000

16 Paid Peace by cheque the amount due to him less 3% cash discount

20 Received from Wise a cheque of amount due less 6%cash discount

22 Paid Justice by cheque his account after deducting 5% discount

25 Paid salary and wages in cash sh 50,000

27Receive cash from Fatuma in payment of his account in full settlement sh 73,000

28 Withdrew for business use sh 10,000

30 Banked all the cash in keeping a balance of cash in hand sh 18,000

Required ;

Prepare ledger accounts and

Extract a trial balance 20 marks

QUESTION THREE

1. Kwelix traders had the following balance as at 1 March 2018;

	ksh
Sales ledger balances	364,000(DR)
	27,000(CR)

Transactions during the month of march were as follows;

	Ksh
Credit sales	791,000
Cash received from debtors	103,700
Cheques received from debtors	397,200
Refund to debtors	36,800
Returns inwards	21,600
Dishonored cheques from debtors	8,000
Discounts allowed	15,900
Interest on overdue debts	5400
Bad debts written off	14,500
Credit sales offset against credit purchases	77,000

On 31 March 2018, sales ledger credit balances were ksh 19,000.

Prepare a sales ledger control account for the month of March 2018. (20marks)

QUESTION FOUR

2. (a) Explain four types of errors that do not affect agreement of trial balance. (8marks)

(b) The following is the trial balance of Supaab traders as at 31 December 2017.

	DR	Cr
	Ksh	ksh
Net profit		672,800
Land and buildings	2,300,000	
Equipment	960,000	
Furniture	312,000	
Inventory	189,000	
Accounts receivable	426,000	
Accounts payable		354,100
Outstanding salaries		72,400
Accumulated depreciation:		
Equipment		270,000
Furniture		61,000
Prepaid insurance	14,000	
Drawings	131,000	

Capital
2,853,000

Rent owing
36,000

Commission earned due 22,000

Bank overdraft
97,500

Cash 62,800

4,4416,800

4,4416,800

Prepare a statement of financial position as at 31 December 2017. (12marks)

QUESTION FIVE

4 (a) Explain the meaning of each of the following terms used in the accounting:

I. Non -current assets
II. Current liabilities
III. Capital
IV. Drawings (8 marks)

(b) On 1 January 2018, the petty cashier of Tresha Enterprises had a cash balance of ksh 4,000 . on the same date ,the petty cashier was given ksh 31,000 by the cashier in order to reimburse the amount spent.

The petty cashier made the following payments during the first week of January ;

2018	ksh
January 1 milk	500
1 Stamps	380

1 sisal ropes	700
2 Electricals cables	5,200
2 Cakes	2,200
3 Mobile phone airtime	1,500
3 Cement	2,800
4 Tea leaves	400
4 Cartons	350
5 Water taps	3,700
5 Sugar	2,700
6 Cellotape	1,300
6 Paint	8,000
Registered mail	1,800

Prepare a petty cash book with the following analysis columns :

I. Packing
II. Staff tea
III. Communication
IV. Building repairs