



TECHNICAL UNIVERSITY OF MOMBASA
SCHOOL OF BUSINESS

DEPARTMENT OF ACCOUNTING AND FINANCE

UNIVERSITY EXAMINATION FOR
CERTIFICATE IN BUSINESS MANAGEMENT
CERTIFICATE IN LOGISTICS AND TRANSPORT MANAGEMENT
BAC 1101: BOOK KEEPING

END OF SEMESTER EXAMINATION

SERIES: DECEMBER 2024

TIME: 2 HOURS

DATE: Dec 2024

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 and any other TWO questions.

Do not write on the question paper.

Question ONE.

- a List **four** users of financial statements and their information needs. (4 marks)
- b Jane who is an inexperienced book keeper purchased a fixed asset for Kshs 20000 and debited the amount in Purchases account. Explain the implications this will have, on the financial statement at year end. The balance sheet is currently showing Fixed assets at Kshs 500000 and Net profit 25000. (10 marks)
- c Classify the following into Capital and Revenue expenditure: Wages and salaries, Purchase of a new computer, Purchase of an old computer, Extension of

computer block, Salaries paid on extension of computer block, Fuel for school bus, Purchase of goods for resale, Painting of administration block, Rent and rates, cleaning material for office, Insurance, Land and buildings. (6 marks)

- d The **balance at bank** appearing in the **bank statement** in most cases **does not agree** with the **cash book balance**. Explain. (6 marks)
- e Input in a computerised system uses source documents to capture data as input. Identify the source documents for the following transactions: Goods sold on credit, Cash deposited in a bank, Goods returned by a customer, petty expenses. (4 marks)

Question TWO

The following is the Income statement and a Balance Sheet prepared by an inexperienced book keeper.

Sales	24000	
add carriage outwards	1000	
add opening stock	3000	
less return inward	4000	
add closing stock	5000	
less Purchases	8000	
GROSS PROFIT		21000
add Discount allowed	1000	
add Bad debts	2000	
less discount received	6000	
less salary and wages	3000	
Less depreciation	2000	
NET PROFIT		13000

REQUIRED

- a Prepare a corrected Income Statement. (9 marks)

b Prepare a corrected financial position from the figures given below. Use the corrected Net profit obtained in your corrected Income Statement (11 marks)

Fixed assets	10000		
add depreciation	2000		12000
CURRENT ASSETS			
closing stock	5000		
cash at bank	6000		
creditors	4000		15000
Total Fixed plus Current Assets			27000
Financed by			
Capital		4000	
less Net profit		13000	17000
CURRENT LIABILITIES			
Suspense account ie difference			10000
TOTAL LONG TERM and CURRENT LIABILITIES			27000

Question THREE

I wonder Newunyiza Ltd. has the following entries in their cashbook:

BANK ACCOUNT

Oct 1	bal bf	14000	Oct 2	Jim	1000
4	Alif	7000	4	Fai	14000
8	BeI	6000	28	Qaf	3000
			31	Nun	5000
		_____		Bal cd	<u>4000</u>
		<u>27000</u>			<u>27000</u>

On 31st October he received the following bank statement

	DR	CR	BALANCE
Oct 1 Opening balance			14000
4 Alif		7000	21000
4 Jim	1000		20000
5 fai	14000		6000
8 Credit transfer		19000	25000
10 Standing order	5000		20000
28 Bank charges	1000		19000
31 Direct debit	20000		(1000)

Required

- Updated cashbook and bank reconciliation statement. (4 marks)
- List two uses of a trial balance and distinguish a trial balance and a balance sheet. (6 marks)

Question FOUR

- Distinguish between Bad debts, Bad debts recovered, and Provision for doubtful debts (8 marks)
- Errors** not affecting the agreement of a trial balance, giving examples of each (12 marks)

Question FIVE

You are given the following ledger balances. Capita is the balancing figure.

Gross profit 27000, Discount received 3000, Discount allowed 2000, Bad debts 1000, Bad debts recovered 4000, Provision for doubtful debts 6000, Debtors 70000, Carriage outwards 3000, 10% Loan from Kopa ni harusi lipa ni matanga bank 50000, Interest on harusi matanga bank loan 5000, Audit fees 1000, Creditors 7000, Rent 3000. Closing stock 10000, Land and buildings 80000 Provision for depreciation for buildings 20000, Bank overdraft 4000, Capita, ?

REQUIRED

- a Prepare a Trial balance (9 marks)
- b Income Statement. Note that Rent prepaid was 1000 and salaries unpaid 24000. (11 marks)