TECHNICAL UNIVERSITY OF MOMBASA

School of Business

Department of Accounting & Finance

UNIVERSITY EXAMINATION FOR:

DIPLOMA IN ACCOUNTANCY

BAC 2104: FINANCIAL ACCOUNTING

END OF SEMESTER EXAMAMINATION

SERIES: APRIL 2025

TIME: 2 HOURS

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) Explain the use of these books

	Sales/Receivable ledger	(2 marks)
i)	Purchase/payable ledger	(2 marks)
ii)	General/Nominal ledger	(2 marks)

b) Hassan started the business called Hasali Ltd on1 July 2008 with entire savings of shs.250, 000 which fully deposited into the business bank account. The following transactions took place during the month.

1 July Rented the business premises and paid shs 10000 by cheque

2 July Purchased goods for shs 15000 by cheque

3 July Bought office furniture for shs.8000 by cheque

5 July Purchased goods on credit for shs 35000

6 July Paid salaries to sales assistant for shs.3000 by cheque

8 July Sold goods on credit for shs.20000

10 July Bought motor vehicle for shs.80000 on credit

13 July Sold goods for shs.10000 in cash

15 July Withdrew from the bank shs.12000 for own use

25 July Paid suppliers shs.18000 owing to them by cheque

27 July Paid motor vehicle repairs shs 6000 by cheque

31 July Paid insurance of shs.4000 by cheque

Require:

a) Prepare journal entries from the transactions (8 marks)
b) Record the transactions in the ledger accounts and balance off the accounts (8 marks)
c) Prepare trial balance as at 31 July 2008 (8 marks)

Question Two

Flour Ltd shows the following balances in its books as at 31 December 2004.

	DR SHS	CR SHS
Purchases	145,000	
Salaries	700,000	
machinery	200,000	
motor vehicle at cost	100,000	
inventory as at 1 January 2004	100,000	
office expenses	138,000	
carriage inwards	4,000	
insurance	94,000	
trade receivables	80,000	
retained earnings		60,000
bad debts	16,000	
bank	2,000	
allowance for receivables		4,500
carriage outwards	72,000	
sales		1,300,000
7 % loan(debenture)		100,000
Loan note interest (finance cost) paid	3500	
Ordinary share capital		150,000
Trade payables		40,000
TOTALS	1,654,500	1,654,500

Additional information

1. The value of inventory as at 31 December 2004 was shs. 80,000
2. Insurance of shs.4,000 has been prepaid
3. Accrued audit fees were shs.10,000
4. Depreciation to be calculated at 10 % on machinery andn20% on motor vehicle
5. Allowance for receivables to be 5% on trade receivables
6. Income tax estimated for the year was shs.1000

Required
a) Statement of profit or loss for the year ended 31.12.2004 (10 marks)
b) Statement of financial position as at 31.12.2004 (10 marks)

Question Three

Credit balances on 1 APRIL 2000:	Sales ledger	154,000
	: purchases ledger	757,000
Debit balances on 1April 2000	: Sales ledger	956,000
	: purchases ledger	196,000
Credit balances on 30 April 2000:	Sales ledger	218,000
Credit balances on 30 April 2000:	purchases ledger	189,000
Credit purchases		2,450,000
Credit sale		4,563,000
Cheques received from credit customers		3,140,000
Cash received from credit customers		1367,000
Cheque payment to credit suppliers		1994,000
Cash payment to credit suppliers		352,000
Bad debts written off		68,000
Discount received		104,000
Discount allowed		169,000
Contra entry between receivables and payables		234,000
Refunds to credit customers		62,000
Returns outwards		138,000
Returns inwards		231,000

Required:

a) Sales ledger control account for the month ended 30 April 2000 **10 marks)**
b) Purchases ledger control account for the month ended 30 April 2000 **(10 marks)**

Question Four

a) Explain the following terms in the context of partnership accounts.

i) Partnership agreement **(2Marks)**

ii)Partners capital accounts **(2Marks)**

iii)Appropriation account **(2marks)**

iv) Partners current account **(2Marks)**

b) Ravi, Sumit and Thomas are in a partnership with a financial year-end of 31 July. On 1st August 20X5, the credit balances on the current accounts for each partner were shs 3,000, shs 5,000 and shs10,000, respectively.
The partnership has made a profit of shs 80,000, and the Statement of Appropriation of Profit shows that the profit share is shs 27,000 to Ravi, shs 23,000 to Sumit and shs 30,000 to Thomas. The drawings for the year of each partner are as follows, Ravi shs 25,000, Sumit shs 20,000 and Thomas shs 50,000.

Required:
Prepare partners current account **(12 Marks)**

Question Five

a) Explain each of the following accounting concepts
i) Going concern concept **(2Marks)**
ii) Accruals concept/Matching concept **(2Marks)**
iii) Duality concept **(2Marks)**
iv) Prudence concept **(2Marks)**
v) Consistency concept **(2 marks)**

b) In a business environment, entities are supposed to prepare financial statements at each year to provide information to various users within the organization or outside the organization. List FIVE users of entity's financial information and explain how they benefit from such financial information. **(10 marks)**