TECHNICAL UNIVERSITY OF MOMBASA

School of Business

Department of Accounting & Finance

UNIVERSITY EXAMINATION FOR:

BACHELOR OF SCIENCE IN MATHS AND FINANCE

BAC 4150: FINANCIAL ACCOUNTING 1

SUPPLEMENTARY EXAMINATION

SERIES:JULY 2025

TIME:2HOURS

DATE: Pick DateJul2025

Instructions to Candidates
You should have the following for this examination
-Answer Booklet, examination pass and student ID
This paper consists of **FIVE** questions. Attemptquestion ONE (Compulsory) and any other TWO questions.
Do not write on the question paper.

Question ONE

The following trial balance was extracted from the books of Omari Fundi, a sole trader as at 31 October 2024:

	sh	sh
Capital		1,216,260
Drawings	128,880	
Sales		4,904,520
Purchases	3,726,060	
Debtors and Creditors	476,160	327,720
Rent and rates	52,800	
Electricity	14,760	
Salaries and wages	496,080	
Provision for doubtful debts (I November 2024)		19,560
Stock in trade (1 November 2024)	556,440	
Insurance	10,320	
General expenses	55,980	
Bank balance	90,000	

Cash in hand	4,920	
Motor vehicle at cost	580,000	
Provision for depreciation of motor vehicle (1 November 2024)		216,000
Proceeds from sale of motor vehicles		115,000
Motor vehicles expenses	51,660	
Premises at cost	600,000	
Rent received		45,000
	6,884,060	**6,884,060**

Additional information:

1. Stock in trade as at 31 October 2024 was valued at sh 593,040.
2. Rates and insurance were prepaid to the extent of sh 2,400 and sh 2,820 respectively, as at 31 October 2024.
3. Electricity due as at 31 October 17, 2024 amounted to sh 6,000.
4. The provision for doubtful debts is to be adjusted to 5% of the debtors remaining after taking into account 20,160 of the debtors were to be regarded as bad.
5. Rent receivable as at 31 October 2024 was sh 15,000.
6. Depreciation has been and is to be charged on motor vehicles at the rate of 20% per annum on the straight-line basis. No depreciation is to be charged on premises.
7. In November 2024, a motor vehicle which had been purchased for sh 160,000 on I November 2023, was sold for shs 115,000. The only record of this disposal is the entry in the proceeds from sale of motor vehicle account.

REQUIRED

a. The trading and profit and loss account for the year ending 30 April 2018 (20 MARKS)
b. Balance sheet as on 30 April 2018. (10 MARKS)

Question TWO

The chief accountant of Baridi limited for the year ended 31 March 2024 discovered that the cash book shows the company having an overdraft of sh.590 whereas the bank statement shows sh.1,100 in hand.
Your staff cannot understand this and ask for your assistance.

1. Your accounts clerk tells you that the receipt side of the cashbook has been overcast by sh.100 but is otherwise correct.
2. You find that the cheques drawn for the following accounts were unpresented as at 31 December

Ali – 10
Ben -07
Chaw – 150

Dave – 1,500

3. The bank had put through bank charges of sh. 51 and had received traders credit for sh. 95 neither of which had been entered in the cash book.
4. The bank had forgotten to charge a standing order for sh. 30 which was due on the 31 March and which had been entered in the cash book.

5. On finding that you were still sh. 49 out of balance; you decided to trace some more cheques to the bank statements and discover that the temporary book keeper in February had made several mistakes and you prepared a schedule as follows:

Cheque No	**Per cash Book**	**Per Bank Statement**
01479	49	94
01465	98	89
01459	85	58

6. Lastly, checked the payments into the bank for February and discovered that the same temporary book-keeper had not recorded in the cash book an amount of sh. 58 which had been on the 21 February

Required:
a. The updated cash book (10 MARKS)
b. Prepare a bank reconciliation statement as at 31 March 2024. (10 MARKS)

Question THREE

a) A motor vehicle was bought on 1 June 2022 at a cost of Kshs. 500,000. It is to have a useful life of 5 years and a scrap value of Kshs.50,000/=.

(i) Work out the depreciation of the motor vehicle per year. (5 MARKS)
(ii) What is the value of the motor vehicle at 31 December 2024. (5 MARKS)

b) ABC Company bought a machine on 1 January 2022 at a cost of Ksh. 180,000 and on 1 July 2022 it bought another machine at a cost of Kshs. 300,000. The company policy is to depreciate the machines using reducing balance method at a rate of 20% p.a of all assets in existence at the end of the year.

(i) Work out the amount of depreciation at 31 December 2022 and 2023 (5 MARKS)
(ii) What is the value of the machines at 31 December 2023. (5 MARKS)

Question FOUR

The following extracts have been taken from the subsidiary books of the business owned by Mashaka Ltd as had revealed a difference in the books.

2024		Kshs.
Jan 1	Purchases ledger balances	11,874
	Sales ledger balances	19,744
	Totals for the year 2024	
	Purchases journal	154,562
	Sales journal	199,662
	Returns outward journal	2,648
	Returns inwards journal	4,556
	Cheques paid to suppliers	146,100
	Petty cash paid to suppliers	78
	Cheques and cash received from customers	185,960
	Discount allowed	5,830
	Discount received	2,134
	Balances on the sales ledger set off against balances in the purchases ledger	1,036

Dec 31

The list of balances from the purchases ledger shows a total of Kshs. 14,530 and that from the sales ledger a total of Kshs. 22,024.

Required:

a) Prepare the Sales ledger Control account (10 MARKS)

b) Purchases ledger Control account showing where the error may have been made. (10 MARKS)

Question FIVE

a) Write short notes on the following accounting concepts.

i. Accruals (3 MARKS)
ii. Going concern (3 MARKS)
iii. Consistency (3 MARKS)
iv. Business entity (3 MARKS)
v. Dual aspect (3 MARKS)

b) Distinguish error of omission from error of commission. (5 MARKS)