TECHNICAL UNIVERSITY OF MOMBASA
TECHNICAL UNIVERSITY OF MOMBASA

SCHOOL OF HUMANITIES & SOCIAL SCIENCES

DEPARTMENT OF HOSPITALITY & TOURISM MANAGEMENT

BACHELOR OF TECHNOLOGY IN HOSPITALITY MANAGEMENT& BACHELOR OF SCIENCE IN TOURISM MANAGEMENT (BTHMS23 &BSTMS24)

UNIVERSITY EXAMINATION FOR:

BAC 4140/4240 : INTRODUCTION TO PRINCIPLES OF ACCOUNTING/ FINANCIAL ACCOUNTING END OF SEMESTER EXAMINATION

SERIES: JULY 2025

TIME: 2HOURS

DATE: JULY 2025

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 1 (COMPULSORY)

Mr. Makau opened a small hotel in Kisauni on 1 October 2023. His transactions for the month of October 2023 were as follows:

2023:

1 October:	Opened a bank account and deposited Sh. 150,000 and retained Sh. 50,000 in cash.
2 October:	Paid rent in cash Sh. 30,000.
3 October:	Purchased goods for Sh. 160,000 from Mambo Mengi and Company on credit.
4 October:	Sold goods for Sh. 260,000 in cash.
6 October:	Banked Sh. 230,000.
9 October:	Purchased office furniture for Sh. 150,000 and paid by cheque.
11 October:	Purchased goods for Sh. 130,000 from Siasa Drapers and paid half the amount by cheque.
12 October:	Sold goods worth Sh. 126,000 on credit to Mzuri Exporters.
	Hired transport for delivery of the goods Sh. 10,000 and paid in cash.
13 October:	Mzuri Exporters returned goods worth Sh. 16,000 and were given a credit note for the same.
16 October:	Received cheque of Sh. 60,000 from Mzuri Exporters.
20 October:	Purchased goods for Sh. 19,000 on credit from B. Onyango.
23 October:	Paid Mambo Mengi and Company Sh. 144,000 in full settlement of the amount owed to them by cheque.
24 October:	Withdrew Sh. 16,000 from the cash till for personal use.

25 October:	Bought goods for Sh. 18,000 and paid by cheque.
28 October:	Paid by cheque Siasa Draper's debt less 10% discount.
31 October:	Paid salaries for Sh. 15,000 and water bill for Sh. 1,700 both by cheque.

Required:

(a) A three column cash book. (7 Marks)
(b) Post the transactions to the ledger (16 Marks)
(c) Trial balance as at 31 October 2023. (7 Marks)

QUESTION TWO

The following information was extracted from the books of Manono Traders for the year ended 31October 2023.

	Dr.	Cr.
	Sh.'000'	sh.'000'
Purchases and sales	11,430	20,985
Inventory 1 Nov. 2022	2,580	
Capital 1 Nov. 2022		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	225	
	29,898	29,898

Additional information as at 31 October 2023.

(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 bysh.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 year ended 31 October 2023.

(a) Trading Profit and Loss Statement (12 Marks)
(b) A balance sheet as at that date. (8 Marks)

QUESTION THREE

(a) Discuss any FIVE users of accounting information and the information needs they may have (10 marks)

(b) The trial balance of Mwaruwa, a sole trader, did not balance on 30 April 2023. The difference was put in the suspense account. The final accounts which were then prepared showed a net profit of Sh. 64,000. During audit, the following errors were noted:

1. A loan from ABD Bank of Sh 10,000 was entered correctly in cash book but was not posted to the ledger.
2. A cheque of Sh. 4,000 for rent was not entered in the books.
3. Closing stock was overvalued by Sh 1,500.
4. Discount allowed of Sh 500 was entered in the discount-received account.
5. The opening stock was understated by Sh 3,200.
6. Prepaid insurance of Sh 220 had been included in the profit and loss account.
7. Goods destroyed by fire amounting to Sh 12,000 were written off in the profit and loss account. However, the insurance company has agreed to compensate the full amount.

Required:

i. Journal entries to correct the errors. (6 marks)

ii. Statement of corrected profit. (2 marks)

iii. Suspense account. (2 marks)

QUESTION FOUR

a) The following information was extracted from the records of Waraka Traders for the month of September 2023.

	Sh.
Trade debtor: 1 September 2023	239,280
Trade creditors: 1 September 2023	134,408
Credit sales	193,000
Cash sales	84,000
Provision for doubtful debts	12,000
Cash purchases	76,400
Contra settlements	19,680
Bad debts written off	7,240
Credit purchases	132,480
Payments to trade creditors	149,000
Receipts from trade debtors	220,000
Discounts received	8,500
Returns inwards	8,010
Discounts allowed	7,600
Bills payable	25,200
Returns outwards	20,000
Bills receivable	36,000
Interest charged on customers overdue accounts	920

Required

For the month of September 2023, prepare:

i. Sales ledger control account (6 Marks)

ii. Purchase ledger account. (6 Marks)

b) Discuss in details any Four Accounting Principles (8 Marks)

QUESTION FIVE

(a) The following is the summary of the cashbook of Zayuni Ltd. For the year ended 30 April, 2022:

Cash Book

	Sh.		Sh.
Balance brought down	91,200	Payments	17,563,800
Receipts	17,661,400	Balance carried down	188,800
	17,752,600		17,752,600

After analysis, the following matters were discovered:

1. The following standing orders appearing on the bank statement had not yet been entered in the cash book:
   - Interest for the half year to 31 October, 2023 on a loan of Sh. 3,000,000 at 8% per annum interest.
   - Hire purchase repayments on the managing director's car amounting to Sh. 73,200.
     Dividends received on a trade investment amounting o Sh. 124,800.
2. The company owed Sh. 78,900 for electricity consumed up to 30 April, 2022.
3. A cheque for Sh. 11,200 had been debited by the bank to the company's account by mistake.
4. An error of transposition had occurred in that the opening balance of the cash book should have been brought down as Sh. 92,100.
5. As at 30 April, 2022, cheques paid to suppliers totaling Sh. 83,000 had not yet been presented to the bank and deposits made into the bank totaling Sh. 78,000 had not yet been credited to the company's bank account.
6. A cheque received from a customer of Sh. 16,700 had been returned by the bank marked "refer to drawer" but it had not yet been written back into the cash book.
7. A cheque drawn for Sh. 6,900 had been entered in the cash book as Sh. 9,600 and another drawn for Sh. 34,100 had been entered as a receipt.
8. Bank charges of Sh. 21,300 shown on the bank statement had not yet been entered in the cash book.
9. A page of the receipts side of the cash book had been undercast by Sh. 40,000.
10. As at 30 April, 2022, the company's bank statement showed a credit balance of Sh. 51,600.

Required:

(i) Adjusted cash book as at 30 April 2022. (11 marks)

(ii) Bank reconciliation statement as at 30 April 2022 (5 marks)

(b) Discuss four errors that affect the trial balance (4 marks)