



TECHNICAL UNIVERSITY OF MOMBASA

Faculty of Business & Social Studies

DEPARTMENT OF HOSPITALITY & TOURISM

DIPLOMA IN TOURISM MANAGEMENT
(DTM M12)

BAC 2104: PRINCIPLES OF ACCOUNTS

END OF SEMESTER EXAMINATIONS

SERIES: APRIL 2013

TIME: 2 HOURS

INSTRUCTIONS:

- This paper consists of Sections **A** and **B**.
- Section **A** is **Compulsory**. Answer any **TWO** questions in Section **B**.
- Mobile phones are not allowed into the examination room.
- Cheating leads to disqualification.

– **This paper consists of Four printed pages.**

SECTION A (Compulsory) 30 Marks

QUESTION 1

a) Enter the following in the ledger accounts, balance off the accounts and extract a trial balance 2011

June

- 1 John started business with cash 45,000
- 2 Purchased goods for cash sh. 15,000
- 3 Purchased furniture and paid cheque sh. 5,000
- 5 Sold goods to Walia on credit worth sh. 4,000
- 8 Goods purchased from Amrit on credit sh. 7,000
- 10 Goods returned to Amrit sh. 1,000
- 12 Sold goods for cash sh. 8,500
- 15 Goods returned by Walia sh. 200
- 18 Cash received from Walia sh. 3,760 and discount allowed to him was sh. 40
- 21 Withdrew from bank for private use sh. 1,000
- 21 Withdrew from the bank for use in the office sh. 5,000
- 25 Paid telephone sh. 400
- 28 Paid Amrit in full statement of his account sh. 5,940 by cash
- 30 Paid stationery of sh. 200 in cash, rent of sh. 1,000 in cash and salaries to staff sh. 2,500.

(20 marks)

b) The main purpose of keeping books of accounts is to help different users make sound decisions. Name any **FIVE** parties that would find the books of Tsavo National Park useful and how each uses the information.

(10 marks)

SECTION B (Answer any TWO questions) 40 Marks

QUESTION 2

a) From the trial balance , prepare a Trading, Profit and Loss account for the period ended 31st December 2003 and a Balance Sheet as at that date

Details	Dr.	Cr.
Sales		350,000
Purchases	160,000	
Cash at bank	290,000	
Return inwards	5,000	
Carriage inwards	20,000	
Salaries & Wages	10,000	
Carriage outwards	14,000	
Debtors	56,000	
Creditors		90,000
Stock	35,000	
Machinery	265,000	
Rent		25,000
Discount received		18,000
Light & heating	12,000	
Buildings	240,000	
Advertising	13,000	

Drawings	30,000	
Capital		<u>667,000</u>
	<u>1,150,000</u>	<u>1,150,000</u>

Stock on 31st August 2005 was valued at sh. 50,000. (14 marks)

b) Explain any **THREE** reasons as to why KenGen firm should keep final accounts. (6 marks)

QUESTION 3

Enter the following in the books, post to personal accounts and show transfers to the general ledger 1996

- July 1st Credit purchase from: Hill sh. 38,000, Norman sh. 5,000, Senior sh. 1,060
- 3 Credit sales to: Rigby sh. 5,100; Philips sh. 2,460; Thompson sh. 3,560
- 5 Credit Purchases: Morton sh. 2,000; Cook sh. 1,800; Edward sh. 4,100; Davies sh. 600
- 8 Credit sales: Green sh. 2,070; George sh. 2,500, Ferguson sh. 1,850
- 12 Return Outwards: Norman sh. 3,000; Senior sh. 160
- 14 Returns Inwards: Philips sh. 1,880; Power sh. 3,100; Lee sh. 4,200
- 24 Credit purchases: Ferguson sh. 5,500; Erick sh. 9,000
- 31 Returns inwards: Philips sh. 270; Rigby sh. 300
- 31 Returns outwards: Cook sh. 130; Davis sh. 110

(20 marks)

QUESTION 4

Abdalla has an imprest of sh. 10,000. On 1st May he had a balance of sh. 1,025. He received reimbursement cheques from the main cashier on that date. Referring the following business transactions in his petty cashbook record them in the following columns; Transport, wages, stationery, postages, telephones, sundries, tea and refreshments:

- May
- 1 Registered a parcel to Mututho, sh. 894
 - 3 Paid wages sh. 1,283
 - 5 Bought typewriter ribbon sh. 950
 - 7 Bought cleaning detergent for office sh. 275
 - 9 Paid for transport sh. 556
 - 11 Paid wages sh. 126
 - 13 Paid postage stamps sh. 500
 - 15 Bought carbon papers sh. 746
 - 17 Paid wages sh. 389
 - 19 Paid for Tea leaves sh. 333
 - 21 Paid for telephone scratch cards sh. 986
 - 23 Paid wages sh. 389
 - 25 Registered a letter sh. 142
 - 27 Bought paper sh. 445
 - 29 Paid transport sh. 330
 - 31 Bought postage stamps sh. 500

(20 marks)

QUESTION 5

a) The following information relate to Riziki Enterprises:

	Ksh.
Cash at bank as per column of cashbook (Dr.)	38,960
Bankings made but not yet entered in bank statement	6,060
Unpresented cheques – Chai	1,170
Bank charges on bank statement but not yet in cashbook	280
Standing order to ABC Ltd entered on bank statement but not in cash book	550
Credit transfer from Gaga entered on bank statement but not yet in cashbook	1,890

Required:

- i) Updated cashbook **(4 marks)**
 - ii) Bank reconciliation statement as on 31st March 2006. **(8 marks)**
- b) Explain the term “bank reconciliation”. State and explain **THREE** reasons for its preparation. **(8 marks)**