



TECHNICAL UNIVERSITY OF MOMBASA

Faculty of Business & Social Studies

DEPARTMENT OF HOSPITALITY & TOURISM

UNIVERSITY EXAMINATIONS FOR DEGREE IN
BACHELOR OF TECHNOLOGY IN HOTEL AND HOSPITALITY MANAGEMENT

BAC 4240: INTRODUCTION TO PRINCIPLES OF ACCOUNTING

END OF SEMESTER EXAMINATIONS

SERIES: AUGUST 2013

TIME: 2 HOURS

INSTRUCTIONS:

- Answer question **ONE (Compulsory)** in Section **A** and any other **TWO** questions in Section B.

This paper consists of Two printed pages

SECTION A (Compulsory)

QUESTION 1

- a) Explain the following terms.
 - i) Returns outwards (2marks)
 - ii) Returns inwards (2marks)
 - iii) Carriage inwards (2marks)
 - iv) Discount allowed (2marks)
- b) M. Yusuf, a sole trader, extracted the following trial balance from his books at the close of business on 31st March 2013.

	Dr	Cr
Purchases	22,000	
Stock sales		41,970
Stock	5,160	
Capital		169,210

Bank		4,350
Cash	510	
Discounts	1,440	930
Returns inwards	800	
Return outwards		2160
Rent	1,740	
Fixtures & fittings	1,200	
Pro.for dept-fixtures fittings		200
Delivery van (cost sh.201,000)	168,000	
Debtors and creditors	11,900	6,720
Drawings	2,880	
Salaries & wages	8,950	
General office expenses	450	
Carriage inwards	860	
Bad debts.	<u>150</u>	
Provisions for bad debts.		<u>500</u>
	<u>226040</u>	<u>226040</u>

Additional information.

- i) Stock as at 31st March 2013 was valued at sh.3,000.
- ii) Salary amounting to Sh.550 had not been paid by the end of the trading period
- iii) M Yusuf has a policy of maintain a provision of bad debts at 5% of the debtors at the end of the trading period.
- iv) The rent payable is sh.100 per month.
- v) Depreciation is provided as follows.
 - a) Fixtures and fittings 10% on reducing balance.
 - b) Delivery van – 20% on straight line basis.

Required:

- a) Trading and profit and loss account for the year ended 31st March 2013.
- b) Balance sheet as at that date.

(20marks)

QUESTION 2

The following balances stood in the ledger of Mambo leo a sole trade as on 31st December 2012.
Shs.

Cash in hand	10,800
Cash at bank	38,790
Petty cash in hand	1,350
Stock 1 st January 2012	54,000
Motor vehicles	270,000
Debtors	147,000
Creditors	119,340
Purchases	351,900
Return outwards	14,400

Carriage inwards	15,750
Carriage outwards	6,750
Discount received	15,750
Discount allowed	12,600
Rent and rates	36,000
Wages and salaries	162,000
Printing expenses	33,300
Drawings	22,500
Telephone expenses	5,625
Office equipment	90,000
Electricity	6,525
Water	1,575
Motor expenses	25,200
General expenses	19,350
Sales	789,300
Furniture	67,500
Bank charges	540
Insurance	16,200

Required

Re-arrange the balance in a trial balance and calculate the capital.

(15marks)

Explain the uses of Trial balance.

(5marks)

QUESTION 3

The following trial balance of Juma Boy Juma stores owner at Kwale for year ended 31st December 2012.

Trial balance as at 31st December 2012.

	Dr Sh.	Cr Sh
Sales		400,000
Purchases	35,000	
Sales returns	5,000	
Purchases returns		6,200
Opening stock as at 1 st Jan 2012	100,000	
Provision for bad debts		800
Wages and salaries	30,000	
Rates	6,000	
Telephone	1,000	
Shop fittings at cost	40,000	
Van at cost	30,000	
Debtors and creditors	9,800	700
Bad debts	200	
Capital		179,000
Bank balance	3,000	

Drawings	<u>18,000</u>	
	<u>593,000</u>	<u>593,000</u>

Additional information.

- i) Closing stock as at 31st December 2012 sh.120,000.
- ii) Accrued wages sh.5,000
- iii) Rates prepaid sh.500
- iv) Provision for bad debts to be increased to 10% of debtors.
- v) Telephone outstanding sh.220
- vi) Depreciation shop fittings at 10% per annum and van at 20% per annum on cost.

Required .

- i) Trading and profit and loss account for the year ended 31st December 2012.
- ii) Balance sheet as at that date.
(20marks)

QUESTION 4

Webuye textile LTD wishes to arrange for overdraft facilities with its bankers during the period April-June 2013. The following data is provided:

Period	sales	purchases	wages
Feb	180,000	124,000	12,000
March	192,000	144,000	14,000
April	108,000	243,000	11,000
May	174,000	246,000	10,000
June	126,000	268,000	15,000

Additional information.

- i) 50% of the credit sales are realized in the month following the sales and the remaining 50% in the second month following.
- ii) Creditors are paid in the following month of purchase.
- iii) Wages for the month are paid on 1st of the following month.
- iv) Cash at bank on 1st April is sh.25,000.

Required

Prepare a cash budget for the above period.

QUESTION 5

Explain the following Accounting concepts.

- i) The going concern concept
- ii) The money measurement concept.
- iii) Consistency concept

- iv) The dual aspect concept.
 - v) The matching concept.
- (20marks)