



MASENO UNIVERSITY

UNIVERSITY EXAMINATIONS 2012/2013

FIRST YEAR FIRST SEMESTER EXAMINATIONS FOR THE DIPLOMA IN BUSINESS ADMINISTRATION (CITY CAMPUS - DAY)

ADB 0102: PRINCIPLES OF ACCOUNTS

Date: 15th July, 2013

Time: 9.00 – 11.00 am.

INSTRUCTIONS

- Answer question ONE (COMPULSORY) (30 marks) and any other TWO questions (20 marks each).



COMPULSORY

Q1) a) Explain the five basic differences between Book-keeping and Accounting (5 marks)

b) Journalize the following transactions stating the type of accounts affected in each case (5 marks)

1-started business with cash khs 60,000

2- Purchased furniture and paid through the bank khs 2,000

3- Made purchases khs 24,000

4-made sales of khs 20,000 to Mr.Koeh

5-received a cheque of khs 19,800 from Koeh in full settlement

C) The following details were extracted from Conny's books as at 30th june 2013

Purchases	khs 67540
Return inwards	khs 860
Wages	khs 8084
Fuel and power	khs 7340
Carriage out	khs 3200
Carriage in	khs 4020
Opening stock	khs 6750
Salaries	khs 21000
General expenses	khs 6000
Insurance	khs 600
Sales	khs 198780
Rent	khs 19000
Discount	khs 1220 dr
Discount	khs 2460 cr

Additional Information

-closing stock was valued at khs 8600

-salaries due was khs 12000 and insurance prepaid is khs 270

-rent receivable was khs 1000

Required

Prepare the Trading, Profit and Loss account for the year ending 30th June (10 marks)

d) X is a Businessman. The following are particulars for his Accounting year 2009. Prepare Accounting Equation from them.

(i) He commenced business with Khs 90,000

(ii) He purchased Goods and Furniture Khs 40000 and Khs 20000 respectively

(iii) He sold Goods of KHS 25000 for Khs 26000 on credit

(iv) He spent Khs 2000 on advertisement and gave Khs 800 commission to his sales agent.

(v) He made a drawing of Khs 5000 for his personal use

(vi) He purchased Goods of Khs 30000 on credit (10 marks)

Q2) a) Define the fundamental Accounting concepts and their role in accounting theory (5marks)

b) Mr. Patel started business on the 1st of Jan 2011 with a capital of Khs 7000 with which he opened a bank account for his business. During the month the following transactions took place:

1st-bought shop furniture for Khs 2000 by cheque

2nd-purchased goods worth Khs 950 by cheque

4th-sold goods Khs 2700

11th-sold goods Khs 600 receiving a cheque less Khs 20

12th-sold goods for Khs 200 banking the proceeds immediately

13th-received Khs 600 cash from Debtors

18th-paid Khs 800 to Creditors after deducting 5% cash discount

20th-paid Creditors Khs 700 less 5% discount by cheque

21st-paid rent Khs 200

23rd-paid delivery expenses Khs 20

24th-received Khs 250 in cash from Debtors less 2% discount

25th-withdrew a cheque of Khs 200 for personal use and Khs 320 for use in business

30th-paid Khs 300 to Creditors less 3% discount.

Required: Prepare a three column cash book. (15 marks)

Q3) a) Explain the basic accounting rules underlying the double entry concept (6 marks)

b) The following transactions were derived from the books of Mithun Ltd for the month of Dec. 2008.

1st-started business with cash Khs 50,000

2nd-bought goods on credit from Johannes Khs 20000

3rd-sold goods worth Khs 15,000 to David

6th-purchased equipment Khs 5000

10th-purchased and paid through the bank a M/vehicle Khs 60000

15th-sold furniture Khs 2000 receiving a cheque

Required:

- (i) the ledger accounts to record the above transactions (5marks)
- (ii) Extract a trial balance (5marks)
- c) Explain any four objectives of accounting (4marks)
- Q4)a) Discuss the errors that cannot be disclosed by the trial balance (6 marks)
- b) Discuss any four principle users of financial information, relating the purpose for which each needs the financial information. (8marks)
- c)(i) What do you understand by the term 'journalizing' ? (1mark)
- (ii) What are the functions and advantages of a journal? (5marks)