



MERU UNIVERSITY COLLEGE OF SCIENCE & TECHNOLOGY

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University Examinations 2011/2012

YEAR ONE SEMESTER ONE EXAMINATION FOR DIPLOMA IN BUSINESS ADMINISTRATION

DBA 0105: PRINCIPLES OF ACCOUNTING

DATE: APRIL 2012

TIME: 1 ½ HOURS

INSTRUCTIONS: Answer *all* questions

QUESTION ONE (30 MARKS)

- a. Record the following transactions in a two column cashbook of Simon Karanja for the month of March 2011 and balance off at the end of the month.

March 1: Balance brought forward

Cash in Hand 1300

Cash in Bank 7900

2: Paid Njoroge by cheque sh.3100

4: Sold goods for cash sh. 2800

6: Paid wages in cash sh.200

8: Deposited cash with bank sh.1900

10: Paid rent by cheque sh.2200

12: Received a cheque from Lawrence sh.4000

16: Paid telephone bill in cash sh.1060

18: Received a cheque from sales sh.4200

20: Withdrew money from bank for office use sh.1000

23: Paid wages in cash sh.1600

25: Paid advertising by cheque sh.2700

27: Received cash from Wafula sh.2100

29: Bought stationery and paid in cash sh.900

31: Paid salaries by cheque sh.3500

(20 Marks)

- b. Distinguish between the following terms:

i. Carriage inwards and carriages outwards

(8 Marks)

ii. Discount allowed and discount received

- c. Define a balance sheet

(2 Marks)

QUESTION TWO (25 MARKS)

Skates drew up the following trial balance as at 30 September 2002. You are to prepare the trading and profit and loss account for the year to end 30th September 2002 and a balance sheet as at that date.

	DR	CR
Capital		3,095,500
Drawings	842,000	
Cash at bank	311,500	
Cash in hand	29,500	
Debtors	1,230,000	
Creditors		937,000
Stocks 30 th September 2001	2,391,000	
Motor van	410,000	
Office Equipment	625,000	
Sales		13,090,000
Purchases	9,210,000	
Returns inwards	55,000	
Carriage inwards	21,500	
Returns outwards		30,700
Carriage outwards	30,900	
Motor expenses	16,300	
Rent	297,000	
Telephone charges	40,500	
Wages and Salaries	1,281,000	
Insurance	49,200	
Office expenses	137,700	
Sundry expenses	28,400	
	<u>17,153,200</u>	<u>17,153,200</u>

NB Stock on 30/sep/2002 2,213,000

QUESTION THREE (15 MARKS)

- i. Define the following terms:
 - a. Assets (2 Marks)
 - b. Liabilities (2 Marks)
 - c. Trial balance (1 Mark)
 - d. Trading account (1 Mark)
 - e. Profit and loss account (1 Mark)
- ii. There are errors that do not affect the agreement of trial balance total. Name any such five errors (5 Marks)
- iii. Name any three users of financial statements (3 Marks)