

UNIT TITLE: PRINCIPLES OF ACCOUNTING I

UNIT CODE: ACCT 112

INSTRUCTIONS

Answer any THREE questions.

Question One

- Discuss five limitations of a trial balance resulting to a trial balance (10
balancing though there are some errors. Marks)

- The following relate to Muiga enterprises as at 31st March 20.6. (10
Draw his Trial balance as at the date. Marks)

Cash in hand	3,295
Cash at bank	23,015
Stock	46,780
Debtor Njoroge	30,010
Debtor Omolo	12,050
KNTC Loan	56,410
CFC Loan	50,000
Furniture Alc	29,000
Capital	75,000
Purchase alc	50,520
Sales Alc	74,800

Carriage expense Alc	2,540
Return outward Alc	3,640
Return outward Alc	3,950
Vehicle Alc	50,000
Rent expense Alc	3,200
Drawing Alc	2,500
Wages Alc	3,610

Question Two

Record the following transactions in a three column cash book of Tom Kanyoro

Sep 16 balance B/f cash in hand Shs.652 cash at bank sh.9847

17 paid transport in cash shs.222

18 issued a cheque to KNTC settling an invoice for shs. 7,500

deducting 2% cash discount.

19 sold goods for cash, shs. 2,000 less 1½ % cash discount

20 deposited cash with bank shs.1, 500

21 received a cheque from J . Nderi shs.2, 940 after deduction of

2% cash discount

22 paid wages in cash shs.175.

23 paid telephone bill in cash shs. 594

24 withdrew cash from bank to be kept for office use Shs.750

25 issued a cheque for shs.5, 000 to ICDC as part repayment of

a loan

26 received a cheque for shs.4, 950 (after deduction of 1% cash discount from P. Ndisi.

27 paid by cheque to KNTC shs.2, 600 less 2% cash discount

28 issued a cheque for salaries shs.6, 114

29 sold goods for cash shs.900 less 2% cash discount

30 paid wages in cash shs. 488

Question Three

- Identify and describe five types of sources of documents where information for making entries in books of accounts is obtained. (10 marks)
- What is the meaning of a journal as used in accounting. (2 Marks)
- Describe four books of original entry stating clearly what is recorded in each of these books. (8 Marks)

Question Four

- Identify and describe five types of source documents where information for making entries in books of accounts is obtained. (10 Marks)

- What is the meaning of a journal as used in accounting? (2 Marks)
- Describe four books of original entry stating clearly what is recorded in each of these books. (8 Marks)

Question Five

- The following information relates to David Lugira a trader on 31st Dec 2009. Draw up his balance sheet as at the date. (10 marks)

Capital on 1 January 2009	500,000
Net profit for 2009	121,300
Drawing during year 2009	72,000
ICDC loan (payable 2015)	150,000
CFC loan (payable 2012)	100,000
Trade creditors	78,400
Bank overdraft	22,300
Premises	300,00
	0
Debtors	139,00
	0
Machinery	280,00
	0
Stock	115,40
	0

Motor vehicle	48,000
Cash in hand	1,000
Furniture	16,500

- i) What is meant by direct expenses? Give examples. (2 Marks)

ii) What is the difference between gross profit and net profit? (2 Marks)

iii) How is stock account brought to books? (2 Marks)

iv) What is the purpose of drawing up? (4 Marks)

- Trading account

b) Profit and loss account.

Question Six

The following items relate to J Masoke on 31st Dec 2009

	Shs.
Capital	250,00
Drawings	32,500

Opening Stock	46,100
Purchases	284,400
Sales	415,300
Return inwards	3,600
Return outwards	6,700
Carriage inwards	27,900
Carriage outwards	10,000
Wages and salaries	47,200
Furniture	25,000
Motorvehicle	60,000
Debtors	48,500
Creditors	52,800
Cash at Bank	29,100
Cash at Hand	600
Discount allowed.	3,400
Discount received	1,900
General expenses	31,700
Premises	100,000
Rent income	23,300
Closing stock	55,300

- Draw up J. Masoke trading account for the year ended 31st Dec 2009. (7 Marks)
- Draw up his profit and loss Account. (5 Marks)
- Extract his balance sheet as at 31st Dec. 2009. (8 Marks)