



**EAST AFRICAN SCHOOL OF AVIATION
FINAL EXAMINATION**

SECTION:ABM

SUBJECT: PRINCIPLES OF ACCOUNTING

Stream: DAO 3

Duration: 2Hrs

DATE:

TIME:

Instructions to Candidate:

INSTRUCTIONS:

ANSWER QUESTION ONE AND THREE OTHER QUESTIONS

Que 1

The following were transactions in the ledger of A Baker.

May 1 Started in business with Kshs1,500 in the bank and Kshs500 cash

May 2

Purchased goods to the value of Kshs1,750 from CDunn, agreeing credit terms of 60 days

May

3 Bought fixtures and fittings for the bakery for Kshs150, paying by cheque

May 6 Bought goods on credit from E Farnham for Ksh. 115

May 10 Paid rent of Kshs. 300 paying cash

May 12 Bought stationery – cash book and invoices for kshs. 75 paying by cash

May 14 Sold goods on credit, value Kshs. 125, to G Harlem

May 20 Bought an old van for deliveries for Kshs2,000 on credit from I Jumpstart

May 30 Paid wages of Kshs450 net for the month by cheque, Inland Revenue deductions of Kshs75 to be paid in the following month

May 31 Summarised cash sales for the month and found them to be Kshs2,500. Took a cheque for Kshs500 as own wages for the month. Banked Kshs2,000 out of the cash sales over the month

May 31 Closing stock was Kshs500

Required: Prepare;

- | | |
|--|-------------|
| a) Trial Balance Marks) | (10) |
| b) Statement of comprehensive income (Trading Profit & Loss) Marks) | (7) |
| c) Statement of financial position (Balance sheet) Marks) | (8) |

Que 2:

Write up a two-column cash book for a pine furniture shop from the following details, and balance it off as at the end of the month:

2018

| | | |
|------------|-----------|--|
| May | 1 | Started in business with capital in cash Kshs1,000. |
| == | 2 | Paid rent by cash Kshs230. |
| == | 3 | G Broad lent us Kshs2,000, paid by cheque. |
| == | 4 | We paid J Fine by cheque Kshs860. |
| == | 5 | Cash sales Kshs190. |
| == | 7 | F Love paid us by cheque Kshs34. |
| == | 9 | We paid A Moore in cash Kshs92. |
| == | 11 | Cash sales paid direct into the bank Kshs151. |
| == | 15 | P Hood paid us in cash Kshs96. |
| == | 16 | We took Kshs100 out of the cash till and paid it into the bank account. |
| == | 19 | We repaid R Onions Kshs500 by cheque. |
| == | 22 | Cash sales paid direct into the bank Kshs122. |
| == | 26 | Paid motor expenses by cheque Kshs75. |
| == | 30 | Withdrew Kshs200 cash from the bank for business use. |
| == | 31 | Paid wages in cash Kshs320. |

(15 marks)

Que 3:

From the following draw up a bank reconciliation statement from details as on 31 December 2016:

| | |
|---|-------|
| Cash at bank as per bank column of the cash book | 2,910 |
| Unpresented cheques | 730 |
| Cheques received and paid into the bank, but not yet entered on the bank statement | 560 |
| Credit transfers entered as banked on the bank statement but not entered in the cash book | 340 |
| Cash at bank as per bank statement | 4,540 |

(15
marks)

Que 4:

The following is a summary of the petty cash transactions of Jockfield Ltd for May 2018.

| May | | Kshs |
|-----|--|-------|
| | 1 Received from Cashier Kshs300000 as petty cash float | |
| == | 2 Postage | 18000 |
| == | 3 Travelling | 12000 |
| == | 4 Cleaning | 15000 |
| == | 7 Petrol for delivery van | 22000 |
| == | 8 Travelling | 25000 |
| == | 9 Stationery | 17000 |
| == | 11 Cleaning | 18000 |
| == | 14 Postage | 5000 |
| == | 15 Travelling | 8000 |
| == | 18 Stationery | 9000 |
| == | 18 Cleaning | 23000 |
| == | 20 Postage | 13000 |
| == | 24 Delivery van 5,000 mile service | 43000 |
| == | 26 Petrol | 18000 |
| == | 27 Cleaning | 21000 |
| == | 29 Postage | 5000 |
| == | 30 Petrol | 14000 |

You are required to:

- (a) **Rule up a suitable petty cash book with analysis columns for expenditure on cleaning, motor expenses, postage, stationery, travelling.** (3 Marks)
- (b) **Enter the month's transactions.** (10 Marks)
- (c) **How much should the petty cashier ask for reimbursement** (2 Marks)

Que 5:

Write brief notes on the following accounting concepts and their applications

- a) **Historical Costs** (3 Marks)
- b) **Duality** (3 Marks)
- c) **Monetary Principle** (3 Marks)
- d) **Business Entity Concept** (3 Marks)
- e) **Going Concern** (3 Marks)

Que 6:

Briefly explain the 5 qualities of a good accounting information

(15

Marks)