



MUEO

# **MOI UNIVERSITY**

**OFFICE OF THE CHIEF ACADEMIC OFFICER**

## **UNIVERSITY EXAMINATIONS 2012/2013 ACADEMIC YEAR**

***FIRST YEAR END OF SEMESTER I/II EXAMINATIONS***

**FOR THE DEGREE OF  
BACHELOR OF BUSINESS MANAGEMENT**

**EXAM CODE:-           BBM 100**

**COURSE TITLE:-   PRINCIPLES OF ACCOUNTING I**

**DATE:- 25<sup>TH</sup> MARCH, 2013**

**TIME:- 2.00P.M. – 5.00 P.M.**

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**INSTRUCTION TO CANDIDATES**

➤ **SEE INSIDE.**

**THIS PAPER CONSISTS OF (2) PRINTED PAGES**

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**BBM 100: PRINCIPLES OF ACCOUNTING I****INSTRUCTIONS: ANSWER QUESTION ONE AND ANY OTHER THREE QUESTIONS****QUESTION ONE**

The following are balances of Mr. Nkobe extracted from his books of accounts as on 31<sup>st</sup> December 2011.

Purchases	
Opening Stock	180,000
Salaries less Provident Fund	10,000
Provident Fund Remittance Including	5,400
Proposed contribution 50%	1,200
Rent @ Ksh 250 per month	2,750
Machinery	29,000
Wages	30,000
Furniture and fittings	5,000
Electricity	550
Trade Expenses	1,500
Debtors	10,500
Interest on loan	900
Commission	200
Buildings	30,000
Sales	205,000
Loans (10% interest)	10,000
Creditors	15,000
Capital	55,000
Drawings	5,000

**Additional information.**

- On 1.1.2011, machinery worth Ksh. 5,000 was sold for Ksh. 4,000 and credited to machinery account.
- Wages include Ksh 1,000 paid for machinery erection charges.
- Purchases include cost of moped scooter (an asset) for Ksh. 5,000.
- The proprietor has taken goods costing Ksh. 1,000 for which no entry has been made.
- Sundry Debtors include Ksh. 500 which have become bad.
- Provide 10% reserve for bad debts.
- Electricity outstanding Ksh 50.
- Five destroyed goods costing Ksh 5,000 and insurance claim was received for Ksh. 4,000.
- Provide depreciation at 10% on machinery, furniture and moped scooter.
- Provide depreciation @ 5 % on building.
- Closing stock is Ksh.12, 000.

**Required: prepare;**

- Trial Balance (8mks)
- Trading and profit and loss a/c (10mks)
- A Balance sheet. (7mks)



## QUESTION TWO

The following are details of transactions by Nkobe who owns Nyange Trading enterprises for the month of April 2012.

- April
- 1 Started business with Kshs. 500,000 in the bank
  - 2 Bought goods by cheque Kshs. 345,000
  - 4 Cash sales Kshs. 135,999
  - 5 Received a loan from Bekham by cheque Kshs. 100,000
  - 6 Paid Benson Kshs. 50,000 owed to him by means of a cheque for Kshs. 47,000. He had allowed us a discount for the difference.
  - 7 Henry paid-up his account of Kshs. 71,000 by cash
  - 8 Paid Gabriel by cheque for Kshs. 156,000 after receiving a discount of Kshs. 6,000
  - 9 Rooney paid off his account of Kshs. 234,000 by cheque after allowing him Discount of Kshs. 8,000
  - 10 We paid the following accounts by cheque after deducting a cash discount of 5% in each case: Harold Kshs. 60,000; Lamprey Kshs.100,000; Wambua Kshs.140, 000
  - 11 We paid Collins by cheque for Kshs. 56,000
  - 12 Scholastica paid us by cheque for kshs. 76,000
  - 16 The following debtors paid us their account by cheque, in each case after allowing a cash discount of 2.5%: Joseph Kshs. 240,000; Asha Kshs. 160,000; Alex Kshs. 40,000
  - 17 Paid Florence his account of Kshs. 40,000 by cash
  - 19 Paid motor expenses by cheque Kshs. 24,000
  - 25 Cash drawings Kshs. 50,000
  - 26 Cash sales paid direct to the bank Kshs. 76,000
  - 29 Terry paid us using a cheque of Kshs. 78,000
  - 30 We paid Doris her account of Kshs. 240,000 by cheque of Kshs. 230,000 the difference being deducted for cash discount

### Required:

Write up three column cashbook.

(15mks)

## QUESTION THREE

Deya Enterprises Ltd. Is a manufacturing company and the following details for the year ending 31<sup>st</sup> of March 2011. The following was extracted from its books;

Stock of raw materials (April 1; 2010)	sh. 16,2490
Stock of raw materials (31:3:2011)	18,2160
Stock of manufactured goods (Opening)	19,2410
Stock of manufacture goods (closing)	17,4850
Work in progress (Opening)	22,7060
Work in progress (closing)	23,2980
Purchases of raw materials	1,442,520
Manufacturing wages	882,640
Sales	3,664,870
Factory expenses	218,260

Rent rates of factory	Ksh.100,000
Rent rates of office	45,000
General administration expenses	242,690
Sales men's salaries	78,360
Motor expenses (Delivery to customers)	43,670
Other selling expenses	76,020
Depreciation of plant	90,000
Depreciation of motor vans	22,000

Prepare manufacturing Trading Account and Trading and Profit and loss account for the year ended 31<sup>st</sup> March 2011  
(15mks)

#### QUESTION FOUR

From the following information, you are required to write the petty cash book on an imprest system of accounting for the month of October 2010. The petty cashier starts with a cash float of 10,000 on 1<sup>st</sup> of October 2010.

October

3 – Typing paper	Sh.	400
4 – Office cleaning		200
6 – Postage		500
8 – Cartage		100
10- Postage		300
11-Ink		150
13 – Type writer ribbons		500
15 – Telegrams		350
18 – Cleaning		100
25 – Window panes		1,300
27 – Postage		1,270
30 – Stationery		1,500

On 31<sup>st</sup> October, the cashier asked for a refund of the money spent and this money was reimbursed back  
(15mks)

#### QUESTION FIVE

Write brief notes on the following accounting concepts and their applications

- Substance over form
- Money measurement
- Going concern
- Prudence
- Accrual concept

(3mks each)

#### QUESTION SIX

- Define liabilities. Do you agree with the contention that liabilities are those which are payable within one year. If not, then state reasons. (5mks)
- Explain the errors five that the trial balance does not reveal (10mks)