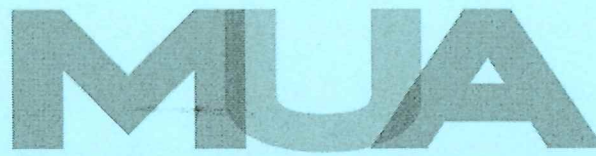


The
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UNDERGRADUATE UNIVERSITY EXAMINATIONS

SCHOOL OF MANAGEMENT AND LEADERSHIP

DEGREE OF BACHELOR OF COMMERCE/ BACHELOR OF ARTS

IN DEVELOPMENT STUDIES/ BACHELOR OF MANAGEMENT

AND LEADERSHIP/ BACHELOR OF EDUCATION ARTS

BML 100/BCM 114/ACT 212 : FINANCIAL ACCOUNTING I/ FINANCIAL ACCOUNTING

DATE: 11TH DECEMBER 2024

DURATION: 2 HOURS

MAXIMUM MARKS: 70

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **SIX (6)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **THREE** questions.
6. Question **ONE** carries **25 MARKS** and the rest carry **15 MARKS** each.
7. **Write all your answers in the Examination answer booklet provided.**

QUESTION ONE

Presented below are the accounting transactions for Daniel in the year 2023.

- May 1: Daniel started a business with Ksh. 500,000 in his bank account and opening stock of goods of Kshs 30,000.
- May 5: Bought stock of goods through cheque of Ksh. 70,000.
- May 7: Bought a vehicle for Ksh 150,000 through the bank transfer.
- May 16: Paid electricity expense of Ksh 8,000 through a cheque.
- May 24: Received rent income of Ksh 20,000 in cash.
- May 30: Sold goods in cash for Ksh 15,000

Required:

- a) Prepare Daniel's journal entries from the above transactions. (6 Marks)
- b) Prepare Daniel's ledger accounts as per the journal entries in (a) above. (8 Marks)
- c) Extract a trial balance (TB) from Daniel's ledger account balances. (5 Marks)
- d) On close examination of his records, Daniel noticed that the totals of his trial balance agreed despite errors in his records. Examine three factors that caused Daniel's TB to balance though there were errors. (6 Marks)

QUESTION TWO

- a) Accounting information of a company is contained in financial statements such as trading, profit or loss account and balance sheet. Explain how this information is useful to you as an individual. (4 Marks)
- b) Giving examples, analyze the three elements of an accounting equation. (11 Marks)

QUESTION THREE

- a) Accounting profession is regulated by the International Accounting Standards (IASs). Explain three reasons justifying the adherence of these standards by accountants in Kenya. (7 Marks)
- b) Explain the meanings of the following accounting concepts:
- i) Dual aspect concept. (2 Marks)
- ii) Accounting period concept. (2 Marks)

iii) Separate entity concept. (2 Marks)

iv) Going concern concept. (2 Marks)

QUESTION FOUR

The following information is available after the Cash Book of Mr. B. Johnson was compared with his Bank Statement in October 2022.

Mr. B. Johnson Bank Statement			
Transaction	Debit (\$)	Credit (\$)	Balance (\$)
Opening balance			3,681
D. Sunshine Cheque		3,000	6,681
Deadsure Insurance Cheque	693		5,988
T. Strong Cheque		4,200	10,188
P. Peters Cheque		260	10,448
P. Peters - Dishonoured	260		10,188
Bank charges	556		9,632

Mr. B. Johnson Cash Book			
Receipts	Bank (\$)	Payments	Bank (\$)
Balance b/d	3,681	Chq. No. 511	805
P. Peters	260	Chq. No. 516	690
Cheque deposit	7,654	Balance c/d	10,100
	11,595		11,595

You are required to:

a) Prepare updated Cash Book for Mr. B. Johnson. (7 Marks)

b) Prepare Bank Reconciliation Statement for Mr. B. Johnson. (8 Marks)

QUESTION FIVE

a) Explain three purposes control accounts. (7 Marks)

b) Differentiate between partnerships and companies. (8 Marks)

QUESTION SIX

- a) A company has a gross profit margin of 20%. Its stock turnover is 9 times and its opening and closing stocks are 25,000 and 20,000 respectively. Its net profit is $\frac{3}{5}$ of gross profit.

Calculate values for the following:

- i) Cost of Sales. **(2 Marks)**
 - ii) Gross profit. **(2 Marks)**
 - iii) Sales. **(2 Marks)**
 - iv) Expenses. **(2 Marks)**
 - v) Net profit. **(2 Marks)**
- b) Examine five benefits of financial ratios. **(5 Marks)**