



MAASAI MARA UNIVERSITY

**REGULAR UNIVERSITY EXAMINATIONS
2022/2023 ACADEMIC YEAR
SECOND YEAR FIRST SEMESTER**

**SCHOOL OF BUSINESS AND ECONOMICS
BACHELOR OF SCIENCE IN TOURISM
MANAGEMENT**

COURSE CODE: BTM 2116-1

COURSE TITLE: PRINCIPLES OF ACCOUNTING

DATE: 13TH DECEMBER 2022

TIME: 0830-1030

INSTRUCTIONS TO CANDIDATES

Answer Question **ONE** and any other **TWO** questions

*This paper consists of **two** printed pages. Please turnover.*

QUESTION ONE

- (a) Name and briefly explain any four books of accounting? **(8 marks)**
- (b) On 31 December 2021 the balance at bank as shown by cash book for Narok Tourist Solutions Ltd was Kshs 35,270 whereas the bank statement showed a credit balance of Ksh.33,570 a comparison of the cash book and the bank statement had the following discrepancies .
1. Cheques not presented for payment of ksh.10,234.
 2. Cheques paid into bank but not credited by the bank ksh.10,216.
 3. Items shown in the bank statement but not yet entered in the cash book:
 - bank charges ksh340
 - standing orders ksh.440
 - dividends collected by bank ksh.268

REQUIRED:

- i. Show appropriate adjustments to be made to the cash book balance. **(3 marks)**
 - ii. Prepare a bank reconciliation statement. **(3 marks)**
- C) Prepare a trial balance from the following list of entries of Tourist Outlook Ltd. books as at 30/06/2022. **(6 marks)**

Serial	Details	Amount Shs
1	Cash on hand	1,200
2	Cash at Bank	11,000
3	Stock 1.7.2021	21,000
4	Debtors	8,000
5	Creditors	10,000
6	Returns of Inwards	500
7	Sales	56,000
8	Purchases	20,500
9	Capital	14,900
10	Salaries	4,000
11	Water and Electricity	600
12	Postage	200
13	Drawings	900
14	Stock 30.06.2022	13,500
15	Furniture and Fittings	7,500
16	Motor Vehicle	35,000
17	Bank Loan	30,000
18	Rent received	1,200
19	Office Rent	1,700

QUESTION TWO

- I. What is a budget. (2 marks)
 II. Using illustrations, explain four functional budgets. (8 marks)
 III. Distinguish between fixed budget and flexible budget. (3 marks)
 i) Give two essentials of effective budgeting. (2 marks)

QUESTION THREE

- Give three distinctive stages of decision making process. (4 marks)
 a) Explain three types of managerial decisions. (3 marks)
 b) Explain the following:
 Entity concept. (2 marks)
 Continuity Concept. (2 marks)
 Double entry concept. (2 marks)
 Matching concept. (2 marks)

QUESTION FOUR

a) Next Generation Tourist Ltd had the following trial balance as at 30.06.2022. You are required to prepare trading, profit and loss account and Balance sheet for Nex Generation Tourist Ltd as at 30th June 2022.

(10 marks)

Name of Account	Dr. Balances Shs	Cr. Balances Shs
Capital		27,000
Drawings	4,260	
Furnitures and Fittings	5,700	
Stock on July 31, 2021	8,760	
Purchases and Sales	62,172	71,436
Returns	1,260	1,746
Salaries	2,640	
Rent	720	
Carriage	1,500	
Rates	1,200	
Apprentice premium		750
Bank overdraft		1,200
Bad debts	1,032	
Sundry debtors	19,200	
Cash in hand	288	
Sundry Creditors		6,000
Provision for bad debts		600
Bills receivables	1,440	
Bills payables		1,080
Discount		360
	110,172	110,172

The following adjustments are to be considered:

1 Stock on June 30th 2022 was valued at Shs. 10,200.

2 Provide for doubtful debts at 5% on Sundry Debtors and for Discount on Creditors at 2%.

3 Rent due was Shs. 160.

4 Taxes of Shs. 320 were paid in advance.

5 Depreciate Furniture at 10% per annum.

6 Apprentice Premium of Shs. 120 was to be carried forward.

7 Calculate interest on capital at 5% per annum.

b) Explain the following:

 Trial Balance.

(2 marks)

 Balance Sheet.

(3 marks)

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