



MAASAI MARA UNIVERSITY

**REGULAR UNIVERSITY EXAMINATIONS
2023/2024 ACADEMIC YEAR
SECOND YEAR FIRST SEMESTER**

**SCHOOL OF NATURAL RESOURCE,
ENVIRONMENTAL STUDIES & AGRICULTURE**

**DIPLOMA IN TOURISM AND WILDLIFE
MANAGEMENT**

**COURSE CODE: NDTW 135
COURSE TITLE: PRINCIPLES OF
ACCOUNTING**

DATE : 14/12/2023

TIME : 0830-1030HRS

INSTRUCTIONS TO CANDIDATES

Answer Question **ONE** and any other **THREE** Questions
This paper consists of 2 printed pages. Please turn over.

QUESTION ONE

a) Explain what you understand by the following accounting principles in the preparation of accounts. **(10 marks)**

- i) Periodicity concept
- ii) Money measurement
- iii) Going Concern
- iv) Duality concept
- v) Materiality

b) Explain any five limitations of accounting **(5 marks)**

c) The following information is available from the books of Mr. Cook who is a shop owner in Narok Town. The year 2022 October 1st started business with 25,000/-. The following transactions took place during the month:-

- October 2nd bought goods by a cheque 3,900/-
- October 3rd bought goods from H. Marshall 5,000/-
- October 4th sold goods to AB& Co 2,600/-
- October 5th cashed a cheque for office use 2,000/-
- October 6th bought goods from XY& Co 7,400/-
- October 7th sold goods to Mr. Kariuki 3,700/-
- October 8th paid expenses in cash 300/-
- October 10th sold goods for cash 2,500/-
- October 11th paid to H. Marshall by a cheque the amount due less 5% discount
- October 12th received from AB& Co a cheque of the amount due less 4%
- October 13th paid expenses in cash 250/-
- October 17th paid to XY& Co by a Cheque by deducting cash discount of 3%
- October 20th received cash from Mr. Kariuki by allowing discount of 2½%
- October 30th paid wages in cash 1,000/-
- October 30th banked cash keeping a balance of cash in hand 500/-

Required:-

Required

a) Prepare a three column cash book to reflect these transactions.

(10 marks)

Question two

a) Discuss any 5 factors that will cause the difference in the cash book and bank statement **(5 marks)**

b) The accountant produces information about the activities and performance of the business for various users. Identify any five users of the accounting information presented by the accountant. **(5 marks)**

C) Given the following information for Uli's small business determine his capital **(5 marks)**

Cash in hand	108,000
Bank overdraft	20,000
Bank loan	80,000
Stock	280,000
Furniture	60,000
Debtors	78,000
Creditors	130,000

Question three

The following trial balance has been extracted from the ledger of Mr. Yousef, a sole trader.

Mr. Johns

Trading and Profit and Loss Account for the year ended 31 May 2023.

	shs	shs
Sales		138,078
Purchases	82,350	
Carriage	5,144	
Drawings	7,800	
Rent, rates and insurance	6,622	
Postage and stationery	3,001	
Advertising	<u>1,330</u>	
Salaries and wages	26,420	
Bad debts	877	
Provision for bad debts		130
Debtors	12,120	
Creditors		6,471
Cash in hand	177	
Cash at bank	1,002	
Stock at at 1 June 2014	11,927	
Equipment		
At cost	58,000	
Accumulated depreciation		<u>19,000</u>
Capital	<u> </u>	<u>53,091</u>
	<u>216,770</u>	<u>216,770</u>

The following additional information as at 31 May 20 2023 is available:

- Rent is accrued by shs210.
- Rates have been prepaid by shs880.
- shs2,211 of carriage represents carriage inwards on purchases.
- Equipment is to be depreciated at 15% per annum using the straight line method.
- The provision for bad debts to be increased by shs40.
- Stock at the close of business has been valued at shs13,551.

Required:

- a) Prepare a trading and profit and loss account for the year ended 31 May 2023 (10 marks)
- b) A balance sheet as at that date. (5marks)

Question four

- a) Highlight any four documents used in accounting (4 marks)

b)The following information is available from the books of Mrs. Kimani, a wholesaler, as on the date of the last transaction year 2023:

- April 1st started business with 45,000/- in cash
- April 5th she received a loan by a cheque of 20,000/- from Mr. Simon
- April 9th she bought a machine and paid 3,000/- by a cheque
- April 13th she bought goods from Mr. David at 50,000/-
- April 17th bought goods for cash 8,000/-
- April 21st sold goods for 10,000/-
- April 25th paid general expenses by cheque 900/-
- April 28th she cashed a cheque for personal use 1,000/-
- On 30th introduced additional cash into business 7,000/-. The same date, paid wages 1,500/- in cash

Required:-

Prepare a general journal to record thee transactions (8marks)

- b)Explain three reasons for preparing a petty cash book in an organization (3marks)

Question five

- a) Briefly explain any five objectives of accounting to the owner of the business, [5 marks]

b) The following transactions were given in the books of Kilimanjaro Traders for the month of august 2022:

- January 1: Balance with petty cashier sh. 50
- January 1: Received a cheque of Kshs 450 from cashier
- January 3: Paid for printing and stationery shs. 75
- January 8: Paid for refreshment sh. 35
- January 12: Paid for newspapers sh35
- January 13: Paid for carriage and cartage sh50
- January 14: Paid for postage and telegram sh. 40
- January 19: Paid for conveyance sh. 150 to a clerk
- January 31: Paid for printing and stationery sh. 80

Required:

Prepare petty cash book for Kilimanjaro enterprises for the month of august 2022 [10 marks]

Question five

The following information relates to the transactions and the balances of sidai enterprises. The bank statement from the KCB bank for the months of June 2016. Cash book balance on June 2016 was shs 30,000 (DR). On the same date balance as per bank statement was sh 50,000 (cr).

On examining the bank statement and the cash book the following differences were observed;

The bank had not yet credited a cheque of sh. 8000 deposited by the Jirani

The bank statement revealed service fee of shs 600

Bank collected on behalf of Jirani dividends amounting to sh. 13,000

A standing order to an insurance firm of sh. 800 had been paid by the bank but not entered in the cash book.

Cheques paid to suppliers but Not yet presented for payment by bank amounting to sh. 16,400

Required

- i)An adjusted cash book balance **(6 marks)**
- ii)Bank reconciliation statement **(4 marks)**
- b)Explain any five uses of accounting in a firm **(5 marks)**

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