



# **MAASAI MARA UNIVERSITY**

**REGULAR UNIVERSITY EXAMINATIONS  
2018/2019 ACADEMIC YEAR  
FIRST YEAR SECOND SEMESTER**

**SCHOOL OF TOURISM AND NATURAL  
RESOURCE MANAGEMENT  
DIPLOMA IN TOURISM AND WILDLIFE  
MANAGEMENT**

**COURSE CODE: NDTW 135**

**COURSE TITLE: PRINCIPLES OF ACCOUNTING**

**DATE: 3<sup>RD</sup> DECEMBER, 2018**

**TIME: 0830 – 1030 HRS**

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**INSTRUCTION TO CANDIDATES**

Answer Question **ONE** and any other **THREE** Questions

*This paper consists of 4 printed pages. Please turn over.*

## QUESTION ONE

- a) State and explain five importance of a balance sheet to a business. **(10 marks)**
- b) Explain the four causes of change in the capital of a business. **(5 marks)**
- c) State and explain five main source documents in business. **(10 marks)**

## QUESTION TWO

- a) Explain any five uses of petty cash book in an organization. **(5 marks)**
- b) The petty casher of Aluzink maintains a petty cash of Kshs. 19,000 on an imprest system. During the month of May 2017 the following information was provided. On May 1 received a reimbursement of Kshs 17,200 in cash from the cashier

May 2: paid for transport shs 2,000  
May 4: bought office stationary sh 1,450  
May 8: postage and telephone shs 1,000  
May 10: telephone shs 500  
May 14: cleaning services shs 2670  
May 17: paid for transport sh 1000  
May 18: office tea and lunch sh 4,000  
May 22: office stationary shs 1000  
May 25: postage shs 700  
May 27: cleaning service sh 850  
May 29: office tea sh 1050  
May 30: paid wages shs 1000

Prepare the petty cash with five columns of analysis for, transport, office stationary, postage and telephone, cleaning services and refreshments.

**(10 marks)**

### QUESTION THREE

- a) The following trial balance was extracted from the books of Mark business on 30<sup>th</sup> April 2017.

**Mark business  
trial balance  
as at 30<sup>th</sup> April 2017**

<b>Title of account</b>	<b>Debit (Ksh)</b>	<b>Credit (Ksh)</b>
Equipment	90000	
Motor vehicle	250000	
Sales		320000
Returns inward	12000	
Purchases	160000	
Returns outwards		34500
Stock (1/5/2016)	86400	
Electricity	12900	
Rent	18300	
Discount allowed	16000	
Discount received		19300
Salaries	20000	
Insurance	14500	
Cash at bank	34500	
Debtors	63000	
Capital		374400
Creditors		29400
<b>Total</b>	<b><u>777600</u></b>	<b><u>777600</u></b>

Stock on 30<sup>th</sup> April 2017 was valued at Ksh. 77000.

**Required:** prepare the following

- i) Trading, profit and loss account for the year ended 30<sup>th</sup> April 2017.  
**(10 marks)**
- ii) Balance sheet as at 30<sup>th</sup> April 2017.  
**(5 marks)**

#### **QUESTION FOUR**

- a) Record the following transactions of Maasai business in the relevant ledger accounts. Balance the accounts and extract a trial balance as at 30<sup>th</sup> June 2017. **(15 marks)**

2017 June 1: started a business with Ksh. 50,000 in Cash.

June 4: opened a business bank account by depositing Ksh. 30,000 from private savings.

June 8: Bought furniture worth Ksh. 10,000 in Cash.

June 10: Bought stock worth Ksh. 15,000 by cheque.

June 20: Sold goods for Ksh. 8,000 in Cash.

June 24: Paid rent of Ksh. 6,000 by Cheque.

June 30: Paid salaries of Ksh. 9000 by cheque.

June 30: Took a loan of Ksh. 5000 from the bank in Cash.

#### **QUESTION FIVE**

- a) Discuss five users of accounting information in an organization. **10 marks)**
- b) Highlight five examples of a current liabilities in a business. **(5 marks)**

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