



MAASAI MARA UNIVERSITY

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

**SCHOOL OF NATURAL RESOURCES, TOURISM &
HOSPITALITY
DIPLOMA IN TOURISM AND
WILDLIFEMANAGEMENT**

**COURSE CODE: NDTW 135
COURSE TITLE: FINANCIAL ACCOUNTING**

DATE: 7TH DECEMBER, 2022

TIME : 0830-1030

INSTRUCTIONS TO CANDIDATES

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

This paper consists of 2 printed pages. Please turn over.

Question One

- a) Highlight five principles of accounting [5 marks]
- b) Explain any five limitations of accounting [5 marks]
- c) List any three users of accounting information [3 marks]
- d) explain the use of each of the following accounting documents
- i) Credit note [2 marks]
 - ii) Invoice [2 marks]
 - iii) Voucher [2 marks]
- e) the following trial balance was extracted by a non experienced accountant of a small usiness.

	Dr (kshs)	Cr (Ksh)
Sales	400000	
Purchases		200000
Sales returns		10000
Discount allowed		5000
Purchases returns	8000	
Capital	241000	
Inventory		25000
Discount received	7000	
Telephone expenses		4000
Accounts receivable	12000	
Accounts payable		11000
Cash		15000
Bank Overdraft		13000
Machinery	400000	
Commission received	21000	
Salaries		30000

Required

Prepare the correct trial balance [6 marks]

Question Two

- a) on september 2021, kk cash book had a balance of shs 33360 on its bank column. On the same date the bank column showed a credit balance of shs 32000. the following transactions were available .
- i. Bank charges of ksh 760 and dividends received of ksh 2520 had not been recorded in the cash book.
 - ii. The debit column of the cash book had been undercst by shs 2000.
 - iii. A cheque payment of shs 6680 to Otieno and a cash receipt of shs 13000 had not been recorded on the bank statement.
 - iv. The bank had credited the account with shs 1000 which was supposed to be credit to the account of another customer.

Prepare the corrected cash book and Reconcile the bank statement balances (7 marks)

b)The following balances were extracted from the records of Kilo traders

Electricity paid	shs 64000
Water expenses paid	shs 3000
Insurance Paid	shs 80000
Commission Received	shs 11200

At the end of the year it was established that

	2020	2021
Electricity expense accrued	12700	1200
Insurance prepaid	14600	16000
Commission receivable outstanding	1500	700

Required

Prepare the relevant accounts to record the transactions above . (8 marks)

Question three

a)The financial year of chipo traders ends on 31 december. the following information relates to the assets of the business.

On january 1 2007 , purchased machine A for ksh 5000000

On july 2009 purchased machine B for ksh 6000000

On january 2010 machine A was sold for 700000 cash.

The policy of the firm is to depreciate the assets at 20% per annum on cost

And to provide a full years depreciation in the year of acquisition and None in the year of disposal .

Required

- Prepare a machinery account for the years 2007 to 2010 [4 marks]
- Prepare a provision for depreciation on machinery account [4 marks]
- Prepare the disposal account [2 marks]

b)Explain any five characteristics of accounting information [5marks]

Question four

A) The following balances were extracted from the books of accounts of Yala enterprises for the year 2021

	Shs
Sales	2000000
Purchases	1250000
Carriage inwards	50000
Salaries	380000
Insurance	140000
Discounts received	83000
Discount Allowed	72000
Inventory at beginning	90000
Returns inward	21000
Returns outwards	35000
Motor vehicle at cost	920000

Additional information

- As at 30th June inventory was shs 31000
- Accrued salaries was shs 18000
- Prepaid insurance was shs 14000
- Provision for depreciation on motor vehicle was 25% on cost

Required

Prepare the income statement for the business (8 marks)

b) Kata enterprises operates a petty cashbook under the imprest system. The imprest amount is kshs 100000. the transactions for the month of september 2021 were as follows.

September 1 balance c/f	12000
1 petty cash restored to imprest from cashier	
8 purchased office stationary	14000
14 Paid Cleaning wages	8000
19 Bought Postage stamps	6000
20 Travelling expenses paid	12000

22 paid window cleaning services	7000
24 bought Photocopying papers	9000
26 Bought Postage Envelopes	7500
30 paid travelling expenses	21000
	(7 marks)

Question five

A) The following balances were obtained from the books of Super traders in the month of June 2021

	SHS
Sales ledger	DR 354000
	CR 12400
Purchases ledger	DR 0
	CR 279500
Transaction during the year	
Credit purchases	799800
Credit sales	1074900
Discount received	38800
Customer cheques dishonoured	14500
Receipts from customers	648100
Payments to creditors	497200
Contra settlement	56800
Discount allowed	27100
Balances at end of the months	
Sales ledger	1600CR
Purchases ledger	19200 DR

Prepare the sales ledger control account and the purchases ledger control account [9 marks]

- a) Discuss three types of partners in a partnership business [3 marks]
- b) Discuss three characteristics of a company [3 marks]

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