



MAASAI MARA UNIVERSITY

**REGULAR UNIVERSITY EXAMINATIONS
2021/2022 ACADEMIC YEAR
FIRST YEAR FIRST SEMESTER**

**SCHOOL OF BUSINESS AND ECONOMICS
DIPLOMA IN BUSINESS MANAGEMENT**

COURSE CODE: DBM 002

COURSE TITLE: PRINCIPLES OF ACCOUNTING I

DATE: 8TH APRIL, 2022

TIME:1430-1630

INSTRUCTIONS TO CANDIDATES

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

QUESTION ONE (COMPULSORY) (30 MARKS)

(a) The following information relates to **SIPAGWINGWI TRADERS** for the month of January 2022.

On 1st January Balance brought forward cash Sh 4700 bank Sh 17000

On 5th January made Cash sales Sh 20000 (Trade Discount 8%)

On 10th January made Cash sales Sh 42000

On 15th January made Cash purchases Sh 18000 (Trade Discount 10%)

On 20th January made Sales and was paid by cheque of Sh 40000 after deducting a 20% discount

On 25th January Paid creditors Sh 50000 by cheque after deducting 20% cash discount.

On 30th January made Purchases by cheque Sh 12000

Required:

- I) Prepare a **THREE COLUMN CASHBOOK** for **SIPAGWINGWI TRADERS** for the month ended on 30th January 2022. **(12marks)**
- II) Balance it off and show the posting of the balances brought forward for the next month. **(3marks)**

(b) Discuss any **five users** of the accounting information from **Sipangwingwi Traders** **(10marks)**

(c) Highlight **any five** Generally Accepted Accounting Principles **(GAAP)** **(5marks)**

QUESTION TWO (30 MARKS)

(a) The following information relates to **TEAM MAFISI TRADERS** for the month of June 2021

June **1st**: Sold goods to Wafula on credit of ksh 200,

2nd: Sold to the following debtors on credit;

Wanjiru ksh 400,

Musyoka ksh 300,

Wafula ksh 300

5th: sold goods on credit to Wanjiru of ksh 300

10th: Sold goods to the following on credit:

Kanini ksh 100,

Wafula ksh 500,

Wanjiru ksh 600

12th: Sold goods on credit to Musyoka of ksh 350

Required:

I) Prepare the **Relevant Journal** for the above transactions **(6marks)**

II) Post the various amounts to their respective individual **Ledger Accounts**
(4marks)

(b) Highlight **Any Five Source** Documents which act as evidence of the transactions we record in the Journals **as the one we have recorded above**
(5marks)

QUESTION THREE (15 MARKS)

(a) Discuss **Any Five types of errors** which **do not affect** the Trial balance balances
(10marks)

(b) State **any Five uses** of the General journal **(5marks).**

QUESTION FOUR (15 MARKS)

The following information were extracted from the trial balance of **Mabudaski Traders** on 31st December 2021

Sales	750 000	Furniture	288 000
Purchases	540 000	Electricity expenses	16 000
Sales return	24 000	Motor vehicle	720 000
Return outwards	30 000	Rent expenses	2 500
General expenses	72 000	Capital	842 500
Commission received	24 000	Bank Loan	250 000
Cash	156,000	Creditors	216 000
Debtors	244 ,000		

Additional Information

- Stock as at 31/12/2020 was ksh 72 000
- Electricity prepaid was shs 4 000
- Rent expenses accrued shs 3500
- Depreciation was provided for as follows
 - Motor Vehicle 15% p.a. on cost
 - Furniture 6% p.a. on cost

Required:

- I) Prepare Trading, profit and loss account for the year **(7marks)**
- II) Prepare a balance sheet as at 31st December 2021 **(8marks)**

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