



# **MAASAI MARA UNIVERSITY**

**REGULAR UNIVERSITY EXAMINATIONS**

**2023/2024 ACADEMIC YEAR**

**SECOND YEAR FIRST SEMESTER**

**SCHOOL OF NATURAL RESOURCES, TOURISM  
AND HOSPITALITY MANAGEMENT**

**COURSE CODE: BTM 2116-1**

**COURSE TITLE: PRINCIPLES OF ACCOUNTING**

**DATE: 7/12/2023**

**TIME: 1100-1300 HRS**

---

**INSTRUCTIONS TO CANDIDATES:**

Answer Question One(Compulsory) and any other Two Questions.

## QUESTION ONE

### SECTION A (COMPULSORY)

- a) Explain the 3 main types of budgets used government? **(3marks)**
- b) Discuss ten advantages of budgeting in an organization. **(10 Marks)**
- c) Explain the term Accounting ? **(2 Marks)**
- d) ABC ltd has the following overhead costs.

	Ksh	No. of cost drivers
Quality	90000	450 inspection
Process set up	135000	450 set ups
Purchasing	105000	1000 purchase orders
Customer order processing	120000	2000 customers
Occupancy costs	150000	75000 machine hours

**Required:** Calculated the charge at rates for each of the activities. **(5 Marks)**

## SECTION B

### QUESTION TWO

The following trial balance was extracted from the books of Ole Max business on 30<sup>th</sup> April 2023.

**Ole Max business  
trial balance  
as at 30<sup>th</sup> April 2023**

<b>Title of account</b>	<b>Debit (Ksh)</b>	<b>Credit (Ksh)</b>
Equipment	90,000	
Motor vehicle	25,0000	
Sales		320,000
Returns inward	12,000	
Purchases	16,0000	
Returns outwards		34,500
Stock (1/5/2016)	86,400	
Electricity	12,900	
Rent	18,300	
Discount allowed	16,000	
Discount received		19,300

Salaries	20,000	
Insurance	14,500	
Cash at bank	34,500	
Debtors	63,000	
Capital		374,400
Creditors		29,400
<b>Total</b>	<b><u>777,600</u></b>	<b><u>777,600</u></b>

Stock on 30<sup>th</sup> April 2023 was valued at Ksh. 77,000.

**Required:** prepare the following

- i) Trading, profit and loss account for the year ended 30<sup>th</sup> April 2023 **(10 marks)**
- ii) Balance sheet as at 30<sup>th</sup> April 2023. **(5 marks)**

### QUESTION THREE

The following are transactions that took place in Sole Proprietor Books.

April 1 - Lenana commenced business with a cash of	Ksh. 40,000
" 3 - Cash purchases	Ksh. 20,000
" 5 - Paid salaries cash	Ksh. 10,000
" 13 - Sold goods to Leina	35,000
" 15 - Sold Furniture in cash	25,000
" 20 - Commission Received cash	1,000
" 22 - Discount allowed	2,000
" 28 - Bought goods from Ole Tipis on credit	50,000
" 29 - Sold goods for cash	15,000
" 30 - Paid rent and Electricicash	30,000

- i. Journalise the following transactions in the books of Mr Lenana 2023. **(10 Marks)**
- ii. State and explain five main source documents in business. **(5 marks)**

### QUESTION FOUR.

- a) State and Explain **five** importance of a balance sheet to a business. **(10mks)**
- b) Discuss the five causes of change in the capital of a business. **(5 marks)**

**/END/**