



PAN AFRICA CHRISTIAN UNIVERSITY

DIPLOMA IN LEADERSHIP

END OF TERM EXAMINATION

DEPARTMENT: LEADERSHIP

COURSE CODE: DLM 105

COURSE TITLE: FINANCIAL ACCOUNTING

EXAM DATE:

TIME: 3 HOURS

INSTRUCTIONS

- Read all questions carefully before attempting.
- Answer **ALL** questions in SECTION A any **THREE** questions in SECTION B
- Write your **student number** on the answer booklet provided.

SECTION A: COMPULSORY

QUESTION ONE

Mr Josphat started his business on 1st January 2018. The following transactions that took place in the month of January 2018

1st: Started his firm with capital in cash of Sh. 250,000

2nd: Bought goods on credit from Kamau Sh.64,000

4th: Sold goods on credit to C Malli Sh.43,000,

9th: Malli paid by cheque Sh. 43,000

15th: Paid carriage cash Sh.53,000

18th: Bought goods on credit from C.Maina Sh 43,000

21st: Sold on credit to B Munro Sh. 67,000

31st: Paid rent by cheque Sh.18,000

Required

- a) Enter the above transactions in a journal (5 Marks)
- b) Prepare the necessary ledger accounts balance them off (5 Marks)

SECTION B: ANSWER ANY THREE QUESTIONS

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QUESTION TWO

- a. Mention four users of accounting information (4 Marks)
- b. Discuss three functions of Financial Accounting. (6 Marks)

QUESTION THREE

- a. Explain each of the following accounting concepts:
- i. Going concern (2 Marks)
 - ii. Matching concept (2 Marks)
 - iii. Double entry concept (2 Marks)
- b. Explain the double entry of each of the following terms.
- i. Goods returned from your business to Kiwanda electricals. (2 Marks)
 - ii. Goods returned by XYZ Ltd to your business (2 Marks)

QUESTION FOUR

Madam Awino's trial balance for the year ended 31st December 2018 is as follows

**MADAM AWINO'S
TRIAL BALANCE FOR THE PERIOD
ENDED 31ST DECEMBER 2016**

PARTICULARS	DR	CR
Cash in hand	4,000,000	-
Stock on 1 st Jan 2018	4,000,000	-
Land and buildings	15,000,000	-
Fixtures and fittings	3,000,000	-
Motor vehicles	8,000,000	-
Debtors and Creditors	8,000,000	7,000,000
Purchases and Sales	19,000,000	40,000,000
Salaries and wages	3,000,000	
Offices expenses	2,000,000	
Commissions expenses	3,000,000	
Drawings	4,000,000	-
General office expenses	3,000,000	-
Capital	-	29,000,000
	<u>76,000,000</u>	<u>76,000,000</u>

Closing stock on 31st December 2018 was valued at Shs. 4,500,000

Required

- a) Prepare an Income Statement for the period ended 31st December 2016 (6 Marks)
- b) Prepare a Statement of Financial Position as at 31st December 2016 (4 Marks)

QUESTION FIVE

- a) Isaac maintains a petty cash book on the imprest system, the imprest being sh. 30,000. The following transactions took place in April 2017.

April

- 1st : Received imprest from the cashier of sh. 30,000
- 3rd: Bought postage stamps of sh. 2,000
- 7th: Bought stationery sh. 5,000
- 8th: Paid traveling allowance to S. Otieno an employee sh 4,000
- 12th: Paid Lenana's for cleaning services sh. 5,000
- 20th: Paid S. Otieno for traveling expenses sh. 10,000
- 28th: Paid traveling expenses sh 1,000

Required

Enter the transactions into the petty cashbook (10 Marks)

QUESTION SIX

Explain the meaning of the following errors.

- | | | |
|------|---------------------------------------|-----------|
| i. | Error of principle | (2 Marks) |
| ii. | Error of complete reversal of entries | (2 Marks) |
| iii. | Compensating errors | (2 Marks) |
| iv. | Error of omission | (2 Marks) |
| v. | Error of commission | (2 Marks) |