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 THRE 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 elecricals. .(2 Marks)
ii. Goods returned by XYZ Ltd to your business .(2 Marks)

QUESTION FOUR

The following trial balance was obtained from the books of Yolamu a sole trader for the period ended on 31st December 2016

YOLAMU
TRIAL BALANCE FOR THE PERIOD
ENDED 31ST DECEMBER 2016

PARTICULARS	**DR**	**CR**
Cash in hand	12,150	-
Cash at bank	38,790	-
Stock on 1st Jan 2016	54,000	-
Motor vehicles	270,000	-
Furniture	90,000	-
Office equipment	67,500	-
Debtors and Creditors	147,150	119,340
Purchases and Sales	351,900	789,300
Return outwards and Return inwards	15,300	14,400
Carriage inwards	6,750	-
Carriage outwards	7,875	-
Discount allowed and Discount received	12,600	15,750
Drawings	22,500	-
General office expenses	306,315	-
Capital	-	464,040
	1,402.830	**1,402,830**

Closing stock on 31sr December 2016 was valued at shs. 102,150

Required

a) Prepare an Income Statement for the period ended 31st December 2016 (7 Marks)

b) Prepare a balance sheet as at that date (3 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)