**PAN AFRICA CHRISTIAN UNIVERSITY**

**SCHOOL OF LEADERSHIP, BUSINESS & TECHNOLOGY**

**END OF SEMESTER EXAMINATION FOR THE DEGREE OF**

**DIPLOMA IN PROCUREMENT & SUPPLY CHAIN MANAGEMENT**

**DIPLOMA IN ENTREPRENEURSHIP MANAGEMENT**

**DIPLOMA IN LEADERSHIP AND MANAGEMENT**

**MAY-AUGUST 2019**

**CAMPUS: ROYSAMBU**

**DEPARTMENT: BUSINESS STUDIES**

**COURSE CODE: DSM100|DENT0122|DLM105**

**COURSE TITLE: FINANCIAL ACCOUNTING**

**EXAM DATE: TUESDAY 13th AUGUST 2019**

**DURATION: 2 HOURS**

**TIME: 2:00PM-4:00PM**

**INSTRUCTIONS**

- Read the instructions and questions carefully before you write the answers.
- Write your **STUDENT NUMBER** in the Answer Booklet given
- This examination script consists of **Six (6)** questions.
- Answer **question ONE** and ANY other **THREE** Questions.
- Show all your workings
- *ALL PAC University's examination rules and regulations apply*

## QUESTION ONE: COMPULSORY

a) Explain the following terms:

i) Financial accounting (5marks)
ii) Fundamental accounting equation (3marks)
iii) Closing off of accounts (2marks)

b) On January 1, GIGG Enterprises cash account showed a debit balance of Sh3,200 and a bank balance of Sh10,500. During the month, the following business was transacted:

| | |
|---|---|
| 2 | Drew from Bank for Office use Sh400 and for own pair of shoes Sh200 |
| 7 | Paid wages by cash Sh950 |
| 10 | Purchased goods on credit for Sh3500. |
| 11 | Sold goods to Dan for Sh4,500 on credit. |
| 17 | Paid Michael Sh1000 by cheque for goods purchased on 10th. |
| 23 | Deposited Sh820 cash into the bank. |
| 29 | Received a cheque of Sh1350 for goods sold on 11th. |
| 30 | Purchased a piece of furniture paying by cheque Sh500. |

**Required:**

a) Prepare Journal Accounts (9 Marks)
b) Prepare a two-column cashbook (10 Marks)

## QUESTION TWO

As at 1st November 2016, the cash book of MICHELLE Traders showed a cash debit balance of Sh4,400 and a bank debit balance of Sh5,200. During the month, the business engaged in the following transactions:

| | |
|---|---|
| 1 | Bought goods on credit from Janet Sh2000. |
| 3 | Deposited cash into bank, Sh2300. |
| 7 | Paid Martin by cheque Sh450 after discount of Sh80. |
| 16 | Sold goods on credit to Faith Sh2780. |
| 22 | Bought a van on credit from Ruth Sh40,000 |
| 25 | Made cash sales of Sh1300 |
| 27 | Paid salary to employees by cheque, Sh600 |
| 29 | Received from Gills a cheque amounting to Sh920 after discount of Sh120. |
| 30 | Withdrew cash from bank for personal expenses, Sh360. |

Prepare:

a) Ledger accounts (8Marks)
b) A trial balance (2 Marks)

## QUESTION THREE

Distinguish between the following Accounting elements:

i. An accrued insurance and a prepaid insurance (2 Marks)
ii. A cashbook and a journal (2 Marks)
iii. Purchase returns and sales returns (2Marks)
iv. Opening stock and closing stock (2 Marks)

v. Debtors and creditors (2 Marks)

**QUESTION FOUR**

The following Trial balances were extracted from the books of EAST TRADERS as at 31th July 2015.

| | Sh | Sh |
|---|---|---|
| Sales | | 1786 000 |
| Sundry debtors | 540 000 | |
| Sundry creditors | | 75 000 |
| Wages & Salaries | 304 000 | |
| Carriage outwards | 35 000 | |
| Discount received | | 14 000 |
| Motor car at cost | 386 000 | |
| Return inwards | 22 000 | |
| Furniture & fittings at cost | 313 000 | |
| Drawings | 27 000 | |
| Capital account | | 1 695 000 |
| Purchases | 1 515 000 | |
| Stock 1.8.2015 | 350 000 | |
| Cash at bank | 69 000 | |

Required:

a) Draw an income statement for the year ended 31th July 2015 (6marks)
b) A statement of financial position as at 31th July 2015 (4marks)

**QUESTION FIVE**

a) Distinguish between balancing off and suspense account (2Marks)
b) With a relevant example in each case, explain four errors that do not affect the trial balance (8 Marks)

**QUESTION SIX**

Explain how the following accounting elements are reported in financial statements:

a) An accrued rent (4 Marks)
b) Closing stock (4 Marks)
c) Carriage outwards (1 Marks)
d) Debtors (1 Marks)