



**PAN AFRICA CHRISTIAN UNIVERSITY**  
**SCHOOL OF LEADERSHIP, BUSINESS & TECHNOLOGY**  
**END OF SEMESTER EXAMINATION FOR**  
**DIPLOMA IN PROCUREMENT & SUPPLY CHAIN MANAGEMENT**  
**DIPLOMA IN LEADERSHIP AND MANAGEMENT**  
**DIPLOMA IN ENTREPRENEURSHIP MANAGEMENT**  
**SEPTEMBER-DECEMBER 2019**

**CAMPUS: ROYSAMBU**

**DEPARTMENT: BUSINESS STUDIES**

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

**COURSE TITLE: FINANCIAL ACCOUNTING I**

**EXAM DATE: MONDAY 9<sup>th</sup> DECEMBER 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
- *Write clearly and legibly.*
- This exam 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 difference between the following terms:
- i) Depreciation and a provision for depreciation (2marks)
  - ii) Balancing –off accounts and Closing off of accounts (2marks)
  - iii) A ledger account and a trial balance (2Marks)
  - iv) A suspense account and a balance carried down (2marks)
- b) The following transactions were made by REX Enterprises in the month of March 2019:
- 1 Started business Sh5000 in the bank
  - 4 Purchased goods on credit for Sh3500
  - 13 Sold goods for Sh8,500 to Peter on credit
  - 18 Paid creditors by cheque Sh1200
  - 21 Paid rent Sh300 cash
  - 28 Received a cheque of Sh7000 for goods sold on 10<sup>th</sup>.
  - 29 Purchased a motor van on credit Sh1500.
  - 31 Drew 1000 cash from the Bank. Then bought office stationery Sh730 and the remainder bought a toy for his baby.

**Required:**

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

**QUESTION TWO**

- a) As at 1<sup>st</sup> July 2019, the cash book of Meganine Traders showed a cash debit balance of Sh6,000 and a bank debit balance of Sh8,000. During the month, the business engaged in the following transactions:
- 1 Bought goods on credit from Ben Sh1500.
  - 5 Deposited cash into bank, Sh3300.
  - 8 Paid Martin by cheque Sh600 after discount of Sh80.
  - 21 Sold goods on credit to Mary Sh4300.
  - 24 Bought a machine on credit from T & co. Sh50,000
  - 26 Made cash sales of Sh2600
  - 28 Paid wages and salaries to employees by cheque, Sh1300
  - 30 Received from Gibs a cheque amounting to Sh2100 after discount of Sh120.
  - 31 Withdrew cash from cash tilly Sh700 to buy her own pair of shoes.

Prepare:

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

**QUESTION THREE**

- a) Distinguish between the following Accounting elements:
  - i. An accrued rent and a prepaid rent (2 Marks)
  - ii. A cashbook and a journal (2 Marks)
  - iii. A bank loan and a bank overdraft (2Marks)
- b) Explain the going concern accounting concept (2Marks)
- c) Describe the fundamental accounting equation (2 Marks)

#### QUESTION FOUR

The following Trial balances were extracted from the books of GATE Enterprises as at 30<sup>th</sup> October 2019.

	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 1.11.2018		350 000
Cash at bank	69 000	

Additional information which requires adjustment:

Stock on 30<sup>th</sup> October 2019 was valued at sh 565 000

Required:

- a) Draw an income statement for the year ended 30<sup>th</sup> October 2019 (6marks)
- b) A statement of financial position as at 30<sup>th</sup> October 2019 (4marks)

#### QUESTION FIVE

- a) Distinguish between balance carried down 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) Prepaid wages (4 Marks)
- b) Closing stock (4 Marks)
- c) Discount received (1 Marks)
- d) Creditors (1 Marks)

