PAN AFRICA CHRISTIAN UNIVERSITY

SCHOOL OF LEADERSHIP, BUSINESS & TECHNOLOGY

END OF SEMESTER EXAMINATION FOR DIPLOMA IN LEADERSHIP AND MANAGEMENT

DIPLOMA IN PROCUREMENT & SUPPLY CHAIN MANAGEMENT

JANUARY-APRIL 2019 SEMESTER

CAMPUS: ROYSAMBU

DEPARTMENT: BUSINESS STUDIES

COURSE CODE: DSM100|DLM105

COURSE TITLE: FINANCIAL ACCOUNTING I

EXAM DATE: MONDAY 8TH APRIL 2019

TIME: 9.00AM-12.00PM

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 **four** Questions.
- Show all your workings
- *Write clearly and legibly.*
- *ALL PAC University's examination rules and regulations apply*

QUESTION ONE: COMPULSORY

a) Explain the following terms:
   i) Financial accounting (5marks)
   ii) Double entry system (5marks)
   iii) Balancing off (5marks)
b) Explain five qualities of good Financial Accounting Information to the users. (10 Marks)
c) On March 1 2015, TEDDY Traders cash account showed a debit balance of Sh2,600 and a bank balance of Sh15,700. During the month of Marchl the following business was transacted:

2	Purchased a piece of furniture for Cash Sh750.
7	Deposited Sh700 cash into the bank.
10	Purchased goods on credit for Sh2800.
11	Sold goods to Dan for Sh2,000 on credit.
17	Paid Sophia Sh720 by cheque for goods purchased on 10th.
23	Purchased goods for Sh900 paying by cheque.
24	Paid wages by cash Sh600 and salary Sh1,200 by cheque.
29	Received a cheque of Sh1100 for goods sold on 11^{th}.
30	Drew from Bank for Office use Sh250 and for own pair of shoes Sh150.

Required:

a) Prepare a Journal Account (9 Marks)
b) Prepare a two-column cashbook (8 Marks)

QUESTION TWO

a) As at 01 March 2018, the cash book of Edward Enterprises showed a cash debit balance of Sh1,500 and a bank debit balance of Sh2,600. During the month of March 2018, the business engaged in the following transactions:

03	Bought goods on credit from Mary Sh900.
05	Made cash sales of Sh320
08	Paid James by cheque Sh180 after discount of Sh30.
09	Received from David a cheque amounting to Sh500 after discount of Sh70.
20	Purchased stationery for cash Sh40.
21	Received a bank loan of Sh2600 into the bank account
22	Bought a van on credit from Ben Sh25,000
23	Deposited cash into bank, Sh1100.
26	Withdrew cash from bank for personal expenses, Sh100.
27	Sold goods on credit to Racheal Sh1500.
28	Bought furniture for cash for office use, Sh195.
30	Paid salary to employees by cheque, Sh450

Prepare:

a) Ledger accounts (10 Marks)
b) A trial balance (5 Marks)

QUESTION THREE

Distinguish between the following Accounting elements:

i.	An accrued insurance and a prepaid insurance	(3 Marks)
ii.	A cashbook and a journal	(3 Marks)
iii.	Purchase returns and sales returns	(3Marks)
iv.	Opening stock and closing stock	(3 Marks)
v.	Debtors and creditors	(3 Marks)

QUESTION FOUR

The following Trial balances were extracted from the books of MEDIAK Enterprises as at 30th April 2001.

	Sh	Sh
Sales		1800 000
Sundry debtors	510 000	
Sundry creditors		55 000
Wages	195 000	
Carriage outwards	50 000	
Discount allowed	20 000	
Motor car at cost	360 000	
Return inwards	25 000	
Furniture & fittings	340 000	
Salaries	109 000	
Drawings	25 000	
Capital account		1 715 000
Purchases	1 550 000	
Stock 1.4.2000	300 000	
Cash at bank	71 000	

Additional information which requires adjustment:

Stock on 30th April 2001 was valued at sh 725 000

Required:

a) Prepare an Income Statement for the year ended 30th April 2001 (9 Marks)

b) Prepare a statement of financial position as at 30th April 2001 (6 Marks)

QUESTION FIVE

a) Describe the mechanism of balancing off and closing off the accounts (5Marks)

b) Explain any five errors that do not affect the trial balance. (10 Marks)

QUESTION SIX

a) Identify the five major classes of accounts and give one example in each case (5Marks)

b) Describe any five users of financial accounting information (10 Marks)