

MACHAKOS UNIVERSITY

End of semester exam

Diploma in food & beverages

Year one semester one

Unit title. Financial Accounting

Answer any three questions

QUESTION One

From the following trial balance of Johnson Mwakazi prepare a Trading profit and loss account and a Balance Sheet as at 30th September 2012

	khs	khs
Capital		3,095,500
Drawings	842,000	
Cash at bank	311,500	
Cash in hand	29,500	
Debtors	1,230,000	
Creditors		937,000
Stock 1 st october 2011	2,391,000	
Motorvan	410,000	
Office equipment	625,000	
Sales		13,090,000
Purchases	9,210,000	
Carriage inwards	21,500	
Carriage outwards	30,900	
Motor expenses	163,000	
Rent	297,000	
Telephone charges	40,500	
Wages and salaries	1,281,000	
Insurance	49,200	
Sundry expenses	28,400	
Office expenses	137,700	
Returns outwards/inwards	<u>55,000</u>	<u>30,700</u>
	<u>17,153,200</u>	<u>17,153,200</u>

Stock on 30th September 2012 was ksh 1,500,000.

20 marks

Question Two

The following is a list of assets and liabilities of Peter Mwangangi as at 1st January 2015,

	kshs
Debtors	33,500

Creditors	41,000
Stock of goods	544,000
Plant and machinery	1,200,000
Motor vehicles	2,200,000
Cash at bank	500,000
Cash in hand	120,000
Bank loan	230,000
Creditors	150,000

During the 1st week of January the following transactions took place,

1. Sold some of the stock by cash kshs 50,000
2. Bought more stock on credit kshs 100,000
3. One of the debtors paid us kshs 20,000 by cheque
4. Sold some of the machinery by cheque kshs 500,000
5. Paid part of the bank loan by cheque kshs 100,000

Required,

Prepare a balance before and after the above transactions.

20 marks

QUESTION THREE

The following transactions took place in the books of Navos ltd for the month March 2014

March	1	Started business with cash ksh 1,000,000.
"	2	Bought goods on credit from A Cliks ksh296,000.
"	3	Paid rent by cash ksh 28,000.
"	4	Paid ksh 1,000,000 of the cash of the firm into a bank account.
"	5	Sold goods on credit to J Simpson ksh54,000.
"	7	Bought stationery ksh 15,000 paying by cheque.
"	11	Cash sales ksh 49,000.
"	14	Goods returned by us to A Cliks ksh 17,000.
"	20	Paid for repairs to the building by cash ksh18,000.
"	22	J Simpson returned goods to us ksh14,000.
"	27	Paid A Cliks by cheque ksh 279,000.
"	29	Bought a motor vehicle paying by cheque ksh395,000.
"	30	Paid motor expenses in cash ksh 15,000.
"	31	Bought fixtures ksh 120,000 on credit from R west.

Required:

Record the ledger accounts, balance them off and extract a Trial balance

20 marks

Question four

Briefly explain any five users of financial statements

20 marks

Question five

Write short notes on the following,

- a. Balance sheet equation
- b. Business transaction
- c. Trial balance
- d. Bank overdraft

20 marks

