MACHAKOS UNIVERSITY

University Examinations for 2018/2019 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BANKING, ACCOUNTING & FINANCE

FIRST YEAR SECOND SEMESTER EXAMINATION FOR

BACHELOR OF SCEINCE IN AGRIBUSINESS

BAC 100: FUNDAMENTALS OF ACCOUNTING I

DATE: 8/5/2019 **TIME: 8.30-10.30 AM**

INSTRUCTIONS: Attempt Question One and any other Two Questions

i) Answer question one and any other two questions.
ii) Marks allocated for each question are shown at the end of the question.
iii) Show your working where necessary.

QUESTION ONE (COMPULSORY): 30 MARKS

a) Giving ONE relevant example in each case, explain the following terms.

i) Asset

ii) Revenue

iii) Expense

iv) Liability (8 marks)

b) Fill the missing figures in the table below. (10 marks)

ASSETS (Sh.)	CAPITAL (Sh.)	LIABILITIES (Sh.)
513,470	114,375	?
?	1,093,554	451,008
3,000,071	?	1,999,073
499,111	298,892	?
?	3,000,021	2,001,117

c) Kashujaa is a sole trader. As at 30th April 2016, the following balances were extracted from his books.

	Shs.
Sales	394,500
Purchases	228,500
Office expenses	19,000
Insurance	700
Wages	79,000
Rates	28,000
Lighting & Heating	12,000
Telephone	6,000
Discount Allowed	11,000
Opening Stock	5,000
Returns Inwards	2,000
Return Outwards	1,500
Premise	400,000
Plant & Machinery	50,000
Motor Vehicle	120,000
Debtors	125,000
Bank balance	78,000
Creditors	34,000
3 Year bank loan	100,000
Capital	600,000
Drawings	40,000
Closing stock	5,500

Required: Extract a Trial Balance from the above list of balances. (12 marks)

QUESTION TWO (20 MARKS)

The following transactions took place in the month of May 2017.

2017

May 3: Sold goods Sh. 125,000 on credit to Jacobs invoice no. CP/0124/17

May 5: Bought goods Sh. 80,000 on credit from Muga Suppliers invoice no. RS 027

May 7: Returned goods to Muga Suppliers Sh. 12,000

May 8: Bought goods Sh. 170,000 from Kikwetu enterprises invoice no. ZC/089/T

May 11: Sold goods Sh. 37,000 on Credit to Jamleck invoice no. CP/0125/17

May 13: Sold goods Sh. 67,000 on credit to Joakim invoice no. CP/0126/17

May 17: Bought goods on credit Sh. 95,200 from Mambo traders invoice no. 147/F

May 18: Jamleck returned goods Sh. 4000.

May 20: Returned goods to Mambo traders Sh. 2,200

May 21: Sold goods on credit to Jacobs on credit Sh. 25,000 invoice no. CP/0127/17

May 23: Bought goods on Credit Sh. 128,000 from Muga Suppliers invoice no. RS 041

May 24: Cash purchases amounted to Sh. 46,000.

May 26: Cash sales Sh. 70,100.

May 28: Credit purchases from Waigwa Sh.21, 000 invoice no. W235/YT

May 29: Retuned goods to Waigwa Sh. 1,500

May 30: Sold goods on credit to Joakim Sh. 52,500 invoice no. CP/0128/2017.

May 30: Credit purchases from Kikwetu enterprises. Sh.140, 000 invoice no. ZC/097/T

May 31: Joakim returned goods Sh. 1,500

Required: Prepare;

a) Sales journal
b) Purchases journal
c) Sales Returns journal
d) Purchases returns journal

QUESTION THREE (20 MARKS)

The following information is availed to you in relation to Alpha & Omega co.Ltd.

2018

Feb 1:	**Balance b/d**	Sh.
	Cash	110,000
	Bank	385,000
	Debtors:	
	Sarakasi	160,000
	Kawira	100,000
	Rufus	120,000
	Creditors:	
	Kilimo	120,000
	Matata	200,000
	Kutesa	280,000

The following transactions took place in the month of Feb, 2018

Feb 3. Kawira settles her account by cheque after deducting 5% cash discount.

Feb 7: Paid amount owing to Kilimo by cheque less 2.5% cash discount.

Feb 10: Withdrew sh. 150,000 in cash from the bank for business use.

Feb 15: Sold goods on credit to Kawira sh. 220,000

Feb 17: Sarakasi paid the amount owing by cheque less 2.5% cash discount.

Feb 20: Paid wages by cheque sh. 315,000

Feb 22: Paid the amount owing to Matata by cheque after deducting 5% Cash discount

Feb 25: Rufus paid the amount owing by cheque less 2.5% cash discount.

Feb 28: Paid the amount owing to Kutesa by cheque after deducting 2.5% cash discount .

Required:

Prepare a 3-column cash book for Alpha & Omega co. Ltd clearly showing the above transactions and balance it as at Feb 28, 2018.

QUESTION FOUR (20 MARKS)

The following trial balance relates to Mlenga Mbele enterprises for the year ended 31 December 2018.

TRIAL BALANCE

AS AT 31 DECEMBER 2018

ITEM	**Dr**	**Cr**
	Sh.	Sh.
Sales		400,000
Purchases	350,000	
Purchases Returns		6,200
Sales Returns	5000	
Opening Inventory	100,000	
Allowance for doubtful debts		800
Wages and Salaries	30,000	
Rates	6,000	
Telephone	1,000	
Shop fittings at cost	40,000	
Van at cost	30,000	
Accounts receivable and payable	9,800	7,000
Bad debts	200	
Capital		179,000
Bank balance	3,000	
Drawings	18,000	
	593,000	**593,000**

Additional information:

i. Closing inventory at Dec 31,2018 was sh. 120,000
ii. Rates prepaid sh. 500
iii. Accrued wages sh.5000
iv. The allowance for doubtful debts to be increased to 10% of accounts receivable.
v. Telephone account outstanding sh. 220
vi. Depreciate Shop fittings at 10% p.a and Van at 20% p.a on cost.

Required;

a) Income Statement for the year ended 31 December 2018 (10 marks)

b) Balance Sheet as at 31 December 2018 (10 marks)

QUESTION FIVE (20 MARKS)

The following accounting information was extracted from the books of Mr. Juma for the month of September 2018.

i) Started a business with Sh.40, 000 cash

ii) Bought goods for sale cash Sh.12 000

iii) Paid rent sh.4000

iv) Sold goods for Sh. 20, 000 cash

v) Paid wages and salaries Sh. 16000 cash

vi) Bought furniture on credit from Ashal Ltd Sh.100, 000

vii) Bought goods on credit from Maida sh. 30,000 and Mutua Sh. 10,000

viii) Paid cash Maida Sh. 15000, Mutua Sh.4000

Required:

Record the above transactions in appropriate ledger accounts and balance them off**.**