



FIRST SEMESTER EXAMINATION 2017/2018 SESSION  
COURSE CODE: QTS227 COURSE TITLE: PRINCIPLE OF ACCOUNTING  
TIME ALLOWED: 1 1/2 Hours

CREDIT LOAD: 2

Units

INSTRUCTION: ATTEMPT QUESTION ONE and ANY OTHER TWO QUESTIONS

Q1. Mr Yaman started his business with 30,000 cash and 240,000 in the bank on 1<sup>st</sup> March, 2015. The following transactions occurred within the month;

- 5/3 Paid for purchases of 81,900 and received 5% discount
- 6/3 Paid for electricity and rent by cheque 1,500 and 2,100 respectively
- 7/3 Withdrew 3,600 cash from bank for office use
- 8/3 Paid creditors of 45,300 by cheque in ratio 8:2 for purchases and discount received
- 9/3 Cash sales of 51,345 and paid wages by cash 1,500
- 10/3 paid 51,345 into the bank and bought stationery of 150 by cash
- 12/3 Received cheques for sales of 117,600 and allowed discount of 10%
- 15/3 Withdrew cash from bank for office use 600
- 16/3 Paid for repairs by cash 360
- 16/3 Made purchases of 75,000 and paid in ration 3:4 in bank and cash. He received 5% discount on the cash purchases.
- 20/3 Made sales of 163,500 and was received in ratio 3:2 in cash and cheque respectively. 10% discount was allowed for the cash sales
- 22/3 Paid creditors 75,320 by cheque after deducting 10% discount
- 22/3 Lodged cash of 4,000 into the bank
- 24/3 Paid rent of 10,500 by cheque
- 28/3 Paid salary of 10,800 by cheque
- 30/3 Lodged cash of 30,000 into the bank

You are required to prepare Mr Yaman cashbook

[20 Marks]

Q2. Prepare the Trading, Profit and Loss Account and Balance Sheet from the list of balances extracted from the books of Mr Usman Limited as at 31<sup>st</sup> December, 2016.

Capital	2,000,000	Administrative Expenses	246,000
Sales	2,010,000	Buildings	1,000,000
Motor Van	320,000	Closing Stock	156,000
Debtors	240,000	Creditors	400,000
Purchases	600,000	Cash at Bank	546,000
Accrued Income	100,000	Prepaid Income	217,000
Selling Expenses	14,000	Advertising	434,000
Cash at Hand	324,000	Furniture	300,000
Rent	100,000	Motor Repairs	60,000
Drawings	240,000	Opening Stock	33,500
Insurance	400,000		

Additional Information;

- i. Sales and Purchases return are 5% respectively
- ii. 10% and 5% are prepaid and accrued respectively in respect of rent
- iii. 20% and 10% are accrued and prepaid respectively in respect of motor van repairs

- iv. 5% of Insurance is prepaid
- v. Depreciation is to be charged at 10%, 5% and 5% on land and building, motor van and furniture respectively. [20 Marks]

- Q3.a. Define Accounting [2 Marks]
- Q3.b. List and explain Five(5) users of accounting information [10 Marks]
- Q3.c. List and explain any Four(4) accounting concept [8 Marks]

Q4.a. Define Depreciation [4 Marks]

Q4.b. The cost of an equipment is 120,000 with a scrap value of 20,000 and has five useful years.

Calculate the depreciation of the equipment using;

- b.i. Reducing Balance Method [4 Marks]
- b.ii. Sum of Digit Method [4 Marks]
- b.iii. Sinking Fund Method [4 Marks]
- b.iv. Straight line Method [4 Marks]

BEST OF LUCK