



SECOND SEMESTER EXAMINATION 2018/2019 SESSION  
 COURSE CODE: QTS227 COURSE TITLE: *PRINCIPLES OF ACCOUNTING*  
 TIME ALLOWED: 2 Hours CREDIT LOAD: 2 Units  
 INSTRUCTION: Attempt any Three questions

Q1.a. Define Depreciation **2 Marks**

Q1.b. The cost of an equipment is 200,000 with a scrap value of 47,400 and has four useful years. Calculate the depreciation of the equipment using;

- b.i. Reducing Balance Method **5 Marks**
- b.ii. Sum of Digit Method **5 Marks**
- b.iii. Sinking Fund Method **5 Marks**
- b.iv. Straight line Method **3 Marks**

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

Administrative Expenses	20,000	Sales	500,000
Buildings	1,000,000	Motor Van	320,000
Closing Stock	156,000	Purchases	180,000
Other Income	100,000	Selling Expenses	15,000
Advertising	434,000	Furniture	300,000
Rent	10,000	Motor Repairs	60,000
Opening Stock	33,500	Insurance	10,000
Salaries	50,000	Carriage Inwards	5,000

Additional Information;

1. Sales and Purchases return are 5% respectively
2. 10% and 5% are prepaid, and accrued respectively in respect of rent
3. 20% and 10% are accrued and prepaid respectively in respect of motor repairs, salaries
4. 5% of Insurance is prepaid
5. Depreciation is to be charged at 10%, 5% and 5% on land and building, motor van and furniture respectively. **15 Marks**

Q2.b. List and explain five accounting concepts **5 Marks**

Q3. 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**

Q 4.a. The following balances were extracted from the books of Alheri Limited for the year ended 31<sup>st</sup> December,2017. You are required to prepare the balance of the company for the year ended.

Land and Building	150,000	Creditors	90,750
Motor Vehicle	100,000	Debtors	25,000
Net Loss	30,000	Drawings	20,000
Prepaid Salary	5,250	Prepaid Electricity	4,000
Accrued Income	12,000	Income in Advance	20,000
Accrued Motor Repairs Expenses	5,000	Accrued Advertisement Expenses	3,000
Cash at Bank	10,000	Furniture	50,000
Capital	300,000	Stock	20,000
Cash at Hand	10,000		

**15 Marks**

Q 4.b. List and explain Five users of accounting information

**5 Marks**

**BEST OF LUCK**