ST PAUL’S UNIVERSITY

FACULTY OF BUSINESS AND COMMUNICATION

BACHELOR OF BUSINESS ADMINISTRATION

BAC 103 FINANCIAL ACCOUNTING

CAT1

DIST CLASS

Q1. The following trial balance was extracted from the books of otieno, a sole trader, as at 31st December 2017

**Trial balance as at 31 Dec 2009 ksh000**

Capital 35,920

Drawings 3000

Debtors 7900

Creditors 4300

Sales 50,710

Purchases 24,700

Rent and rates from subset office 2500

Electricity 200

Salaries and wages 260

Provision for doubtful debt 1000 Insurances 220

General expenses 150

Bank balance 1 500

Cash in hand 500

Stock on 1st Jan 2017 22,500

Carriage inward 1,300

Return inward 800

Return outward 700

Motor vehicles at cost 9000 Provision for depreciation of motor vehicles 120 Motor vehicle expenses 170

Free hold premises 300

**Additional information**

1. Stock at 31st December was valued as sh. 160,000
2. Electricity due on 31 December sh. 12000
3. Pre-paid rates and insurance amounted to sh 1800 and sh 1940 respectively.
4. Depreciation on motor is to be provided for at 20% per annum on the straight line method.
5. Rent received as at 31 December was shs 1500.

**Required**

1. Trading, profit and loss account for the year ended 31st dec 2017. (12mks)
2. Balance sheet as at 31 dec 2017 (8mks)

Question 2

(a)Using suitable examples, explain the meaning of the following as they apply in accounting

1. Relevance (3mks)
2. accounting policy (3mks)
3. Comparability (2mks)