



DIAF 0115/DPSM/DHRM 0110- FUNDAMENTALS OF ACCOUNTING 1

INSTRUCTIONS

- 1. Do not write anything on this question paper**
- 2. Answer question ONE [COMPULSORY] and any other THREE questions.**

QUESTION ONE

a) Debbie starts in business on 1 January 20X0 as a mobile hairdresser. Draw up her ledger accounts and enter the following transactions.

Jan 6: Debbie pays £1,000 of her own money into a business bank account. Jan 9: Debbie buys a small second-hand car for £600, paying by cheque.

Jan 2: Debbie draws £100 cash from bank, for business use.

Jan 13: Debbie buys hairdressing supplies for £60 cash.

Jan 16: Debbie buys petrol for £10 cash and sets off for her hairdressing appointments. She takes in £60 cash from these appointments.

Jan 17: More appointments – £70 received in cheques, which Debbie banks immediately.

Balance off all the accounts as at 31 January. 10mks)

b) Jean started in business on 1st January 20X1, as a computer consultant. Her transactions for her first two months of trading are listed below.

Jan 1 Transferred her car, value £8,400, to the business.

Jan 9 Purchased headed notepaper, business cards, etc. to the value of £135, on credit from OK Paper Limited.

Jan 10 Received a consultancy fee of £400 by bank transfer from a client. Jan 19 Paid motor expenses of £90 by cheque.

Jan 20 Drew £50 from the bank for

business use. Feb 2 Invoiced W Watson

£200 for work done. Feb 9 Paid OK

Paper Limited £20 cash.

Feb 22 Drew £40 from the bank for personal use.

Required:

Draw up the ledger accounts for the period covered, balancing them off at the end of each month.

15mks)

QUESTION TWO

- a) Broadly discuss the concept of accounting 5mks)
- b) Discuss the purposes of accounting 10mks)

QUESTION THREE

- a) Explain six fundamental principles of accounting (12mks)
- b) Explain the accounting concept of double entry using a suitable example (3mks)

QUESTION FOUR

- a) Outline the uses of accounting information (5mks)
- a) Discuss FIVE users of accounting information (10mks)

QUESTION FIVE

- a) Define a trial balance and briefly discuss the contents of a trial balance (2mks)
- b) Explain FIVE errors that can be committed in a trial balance (10mks)