



**JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY**  
**SCHOOL OF BUSINESS & ECONOMICS**  
**UNIVERSITY EXAMINATION FOR THE DEGREE OF BACHELOR OF COMPUTER**  
**SECURITY AND FORENSICS**  
**3<sup>RD</sup> YEAR 1<sup>ST</sup> SEMESTER 2021/2022 ACADEMIC YEAR**  
**MAIN CAMPUS**

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**COURSE CODE: BAB 9101**

**COURSE TITLE: PRINCIPLES OF ACCOUNTING**

**EXAM VENUE:**   **STREAM: (BSC.COMUPER SECURITY & FORENSICS)**

**DATE:**   **EXAM SESSION:**

**TIME: 2 HOURS**

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**Instructions:**

- 1. Answer Question ONE (COMPULSORY) and ANY other 2 questions**
- 2. Candidates are advised not to write on the question paper.**
- 3. Candidates must hand in their answer booklets to the invigilator while in the examination room.**

## **QUESTION ONE**

- a) Explain **Five** qualities of useful accounting information with reference to the International Financial Reporting Standards (IFRS) (10 marks)
- b) The bank statement of Watu Traders showed a balance of Kshs.264,300 while the bank column of the cash book showed a balance of Kshs.247,500 as at 31<sup>st</sup> October 2016. On checking the records, the following items were not properly recorded in the books.
- i) Cheques drawn by the trader amounting to Kshs. 114,400 had not been presented to the bank
  - ii) Cheques and Cash amounting to Kshs.155,600 banked on 3<sup>rd</sup> October 2016 had not been credited by the bank.
  - iii) Bank charges amounting to Kshs12,500 had not been posted in the cash book.
  - iv) Standing orders of Kshs.25,000 had been paid by the bank but have not been posted in the cash book.
  - v) The credit side of the cash book had been undercast by Kshs.9,000.
  - vi) Instructions to transfer Kshs.150,000 from the savings account to the current account has not been effected in the cash book
  - vii) A cheque of Kshs.18,500 banked 28<sup>th</sup> October 2016has been dishonoured but the information was not received by the trader until 3<sup>rd</sup> November 2016.
  - viii) A cheque of Kshs.74,000 drawn by the trader has been posted as Kshs.47,000 in the cash book.

### **Required:**

- i) Adjusted cash book (7 marks)
- ii) Prepare a bank reconciliation statement as at 31<sup>st</sup> October 2016 (7 Marks)
- iii) Highlight on any **Six** applications of accounting software packages (6 marks)

## **QUESTION TWO**

Mr. Onyango runs a whole sale in Nairobi. His trial balance for the year ended 31st December 2021 is as follows:-

	<b>Dr.</b>	<b>Cr.</b>
	<b>Kshs '000'</b>	<b>Kshs '000'</b>
Land and building	8,000	
Motor vehicle	6,000	
Inventory 1/1/18	3,000	
Sales		50,000
Purchases	28,000	
Return inwards	2,000	
Return outwards		1,000
Dicount received		2,000
Discount allowed	1,500	
Fixtures	4,000	

Accounts receivable	5,000	
Accounts payable		4,000
Provision for bad and doubtful debts		3,000
Bad debts	2,000	
General expenses	3,000	
Salaries and wages	4,000	
Drawings	2,000	
capital		8,500
Totals	<b><u>68,500</u></b>	<b><u>68,500</u></b>

**Additional information:**

- i) Inventory as at 31/12/2018 amounted to Kshs.2,000,000.
- ii) Provision for bad and doubtful debts is set at 30% of the accounts receivable.

**Required:**

- a) Prepare income statement for the year ended 31/12/2021. (6 marks)
- b) Prepare the statement of financial position as at 31/12/2021. (6Marks)
- c) Briefly explain **Four** errors which may not be disclosed in a trial balance (8 Marks)

**QUESTION THREE**

During the year ended 31 December 2019, Fefra Limited ltd redeemed 1000 of Sh 5 preference shares at par. As at 31 December 2020 the statement of financial position revealed:

	<b>Amount in Kshs</b>
Other assets	13000
Bank	7000
Ordinary share capital	5000
Redeemable preference share capital	5000
Statement of comprehensive income	7000
Creditors	3000

Assuming that:

1. To cater for this Abc company issued 1000 Sh 5 new ordinary shares.
2. No new shares are issued to cater for the redemption
3. 500 Sh 5 ordinary shares are issued and the remaining amount from the profit reserves.

**Required:**

- a) Make journal entries to record the above information (10 marks)
- b) Prepare the statement of financial position as at 31 December 2020 (10 Marks)

#### **QUESTION FOUR**

Citing relevant examples , explain the following principles/concepts as applied in accounting:

- i) Accrual concept (4Marks)
- ii) Historical cost concept (4Marks)
- iii) Business entity concept (4Marks)
- iv) Materiality (4Marks)
- v) Revenue realization concept (4 Marks)

#### **QUESTION FIVE**

- a) Explain on any **Five** benefits of customized accounting softwares. ( 8 Marks)
- a) Fefra Ltd bought an equipment for Sh 1,000,000 on 1st August 2018. The company's policy is to charge depreciation using the straight line method pro-rata to time at a rate of 25% with no residual value.

#### **Required:**

- i) Show how the depreciation is to be charged for the three consecutive years (5 Marks)
- ii) Prepare the journal entries in the books of accounts (5Marks)
  
- b) Due to empty spaces in the warehouse Zawadi Ltd Decided to sublet it at a monthly fee of Sh 20,000. The payments were supposed to be made at the end of every month. On 31st December when Zawadi was preparing its financial statements. The rent for December 2021 was still outstanding.

#### **Required**

- i. Prepare the adjusting entries in the books of Zawadi Ltd as at 31st December 2021. (5 Marks)
- ii. Show the extract of the balance sheet and income statement as at 31st December 2021. (5 Marks)