



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL BUSINESS AND ECONOMICS
UNIVERSITY EXAMINATION FOR DIPLOMA IN BUSINESS ADMINISTRATION.
1ST YEAR 2ND SEMESTER 2023/2024 ACADEMIC YEAR
MAIN & KISUMU CAMPUS

COURSE CODE: BBM 2122:

COURSE TITLE: INTRODUCTION TO ACCOUNTING

VENUE: LR 6

STREAM: (Dip BA)

DATE: 30/04/2024

EXAM SESSION: 14.00 – 16.00 PM

TIME: 1 ½ HOURS

Instructions

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

QUESTION ONE

The following trial balance is extracted from the book of J. Kioko a sole trade as at 31st December 2006

	Sh.	Sh.
Freehold Premises	3,817,500	
Motor vehicle at cost	800,000	
Fixtures at cost	760,000	
Cash in hand	60,000	
Discount allowed and received	124,000	213,000
Purchases	5,236,000	
Sales		10,662,000
Stationary	78,000	
Rates paid	124,000	
Insurances	30,000	
Return inward and outward	180,500	273,500
Postage and telephone	100,000	
Loan at 15% interest		500,000
Creditors		750,000
Debtors	2,250,000	
Stock in trade January 2004	3,167,000	
Balance at bank	1,291,500	
Capital		9,327,500
Wages and salaries	2,350,000	
Drawings	1,500,000	
Bad debts written off	36,000	
Bad debts provision		100,000
Motor vehicle running expenses	193,000	
Loan interest	37,500	
Electricity	236,000	
Provision for depreciation motor vehicle		145,000
Provision for depreciation -Fixtures		400,000
TOTAL	22,371,000	22,371,000

The following additional information is provided:

1. Stock at 31 December 2006 amounted to sh. 3,105,000
2. Rates are to apportioned such that three-quarters is for business and the rest of private premises, while sh. 32,000 is prepaid for the business.is to adjusted to sh. 125,000
3. Three-quarters of the charge for electricity is for the business one one-quarter is for private use.

4. Insured un expired is Ksh 6,000
5. Provision for bad debts to adjusted to Ksh. 125,000.
6. Only half year's interest had been paid.
7. An invoice of goods purchased amounting to sh. 50,000 has not been recorded on the books though the goods were included in closing stock
8. . Depreciation on fixtures is at 5 per cent on cost and Motor Vehicles at 20 per on reducing balances.
9. Goods amounting to sh. 20,000 had been taken for persona use by James, the proprietor.

Required:

- a.) Trading and profit and loss account for the year ended 31 December 2006
(15 marks)
 - b.) Balance sheet as at 31 December 2006
(10 marks)
 - c.) Name and briefly describe four methods of depreciation.
(5 marks)
- (30 MARKS)**

QUESTION TWO

The bank statement of Watu Traders showed a balance of Ksh 264,300 while the bank column of the cash book showed a balance of Ksh 247,500 as at 31 October, 1998.

On rechecking the records, the following items were not properly recorded in their books:

1. Cheques drawn by the trader amounting to Ksh. 114,400 had not been presented to the bank.
2. Cheques amounting to Ksh. 155,600 banked on 3rd October 1998 had not been credited by bank.
3. Bank charges amounted Ksh. 12,500. This has not been posted in the cash book.
4. Standing orders of Ksh, 25,000 has been paid by the bank but has not been posted in cash book.
5. The credit side of the cash book had been undercast by Ksh. 9,000.
6. Instruction to transfer Ksh. 150,000 from the savings account to the current account has not been effected in the cash book.
7. A cheque of Ksh. 74,000 drawn by the trader has been posted as Ksh. 47,000 in the cash book.
8. A cheque of Ksh. 18,500 banked on 28 October 1998 has been dishonored but the information was not received by the trader until 3 November 1998.

Required:

- a.) Adjust Cash book
(10 marks)
- b.) Bank reconciliation statement as at 31 October 1998
(10 marks)

QUESTION THREE

a.) Alpha-Beta maintains sales ledger and purchases ledger control accounts.

You have obtained the following information from the books of original entry of Alpha-Beta for the year ended 31 December 2006.

		Sh.
Sales	: Cash	4,000,000
	: Credit	3,500,000
Purchases	: Cash	155,000
	: Credit	6,505,600
Total receipts from customers		7,500,000
Total payments to suppliers		6,505,000
Bad debts written off		8,000
Dishonored cheques from customers		20,000
Discount allowed		50,000
Discount received		39,000
Refund to a customer who overpaid his account		5,000
Refund to cash customers		
Balance in the sales ledger set-off against balance in the purchase ledger		700
Increase provision for bad debt		850
Credit notes issued to customers		35,000
Credit notes received from suppliers		15,000

Audited accounts for the previous year showed that as at 31 December 2005 the balances of debtors and creditors were sh. 360, 000 and sh. 430,000 respectively.

Required.

- Sales control accounts showing the end of year totals for debtors. (10 marks)
- Purchases control accounts showing the end of year totals for creditors. (10 marks)

QUESTION FOUR Write short notes and give examples on each of the following: -

- i.) Prepaid Expenses (5 marks)
- ii.) Accrued Expenses (5 marks)
- iii.) Return Inwards (5 marks)
- iv.) Return Outwards (5 marks)

QUESTION FIVE

Cash book.

	<u>Shs</u>		<u>Shs</u>
Balance b/d	14,070	Payments	155,200
Receipts	<u>150,730</u>	Balance c/d	<u>9,600</u>
	<u>164,000</u>		<u>164,000</u>
Bal b/d	9,600		

Additional information of the bank statement you find that:

- i.) The bank statement shows an overdrawn balance of sh. 1,240
- ii.) Bank charges of sh. 350 shown on the statement have not been entered in the cash book.
- iii.) A cheque drawn for sh. 470 has been entered as a receipt.
- iv.) A cheque for sh. 180 has been returned by the bank but not written back in the cash book.
- v.) The opening balance should have been carried down as sh. 14,700.
- vi.) The cheque paid to suppliers for sh. 2,140, sh.3,700 and sh. 300 have not yet been presented to the bank.
- vii.) The last pay-in-slip of the months showing deposit of sh. 15,420 has not yet been credited by the bank.
- viii.) The bank has debited a cheque for sh. 720 by mistake to the companies account.

Required:

- a.) Rewrite the cash book for the month of March 2008 (12 marks)
- b.) Prepare a statement receiving the adjusted balance in the cash book with the balance as per bank statement (8 marks)