



**JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY**  
**SCHOOL OF BUSINESS & ECONOMICS**  
**UNIVERSITY EXAMINATION FOR THE DEGREE OF BACHELOR OF TOURISM**  
**MANAGEMENT**  
**1<sup>ST</sup> YEAR 1<sup>st</sup> SEMESTER 2022/2023 ACADEMIC YEAR**  
**MAIN CAMPUS**

---

**COURSE CODE: BAB 1105**

**COURSE TITLE: INTRODUCTION TO ACCOUNTING I**

**EXAM VENUE: LAB 3**

**STREAM: (BTM)**

**DATE: 30/04/2024**

**EXAM SESSION: 9.00 – 11.00 AM**

**DURATION: 2 HOURS.**

---

**INSTRUCTIONS**

- 1. Answer QUESTION ONE and any other TWO questions**
- 2. Show ALL your workings and be as NEAT as possible.**
- 3. Candidates are advised not to write on the question paper**
- 4. Marks allocated to each question are shown at the end of the question.**

### QUESTION ONE (30 MARKS)

The following trial balance is extracted from the book of J. Kioko a sole trade as at 31<sup>st</sup> 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
<b>TOTAL</b>	<b>22,371,000</b>	<b>22,371,000</b>

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 **FIVE** users of accounting information. (5 marks)

**QUESTION TWO (20 MARKS)**

The bank balance of John Kimaru did agree with the cash book balance of sh. 1,365,000 as at 30 September 2007. On comparing the bank statement and the cash book he found the following differences:

- 1.) The unpresented cheques amounted sh. 174,000.
- 2.) Cheques amounting to sh. 278,000 banked on 29 September 2007 were not credited by the bank until 3 October 2007.
- 3.) Bank charges amounting to sh. 24,000 has been debited in the bank account.
- 4.) Interest of sh. 31,000 on fixed deposit has been credited to the account by the bank.
- 5.) A debtor paid sh. 175,000 direct to the bank and the amount has been credited to account by the bank.
- 6.) A cheque of sh. 75,000 deposited on 26 September 2007 was returned as unpaid but has not been received in the office;
- 7.) Standing orders amounting to sh. 95,000 have been paid by the bank.
- 8.) A cheque of sh. 74,000 has been posted in the cash book as sh.47, 000.

**Required:**

- a.) Adjust Cash book (12 Marks)  
 b.) Bank reconciliation statement as at 30 September 2007 (8 Marks)

**QUESTION THREE (20 MARKS)**

- a. Write short notes on the following:-  
 i.) Prepaid Expenses (2 Marks)  
 ii.) Accrued Expenses (2 Marks)  
 iii.) Return Inwards (2 Marks)  
 iv.) Return Outwards (2 Marks)  
 v.) Accumulated Fund and Statement of Affairs (2 Marks)
- b. Name and explain briefly five errors, which **may not** be disclosed by the trial balance (10 Marks)

**QUESTION FOUR (20 MARKS)**

- a.) Explain the meaning of control accounts and indicates briefly the sources of information for writing up control accounts. (4 Marks)
- a.) Explain the three merits of maintaining sales ledger and purchases ledger control accounts as integral parts of the accounting records. (6 Marks)
- b.) The information is extracted from Chege's debtor's account: £

Aug. 1	sales ledger – debit balances	3,816
1	Sale ledger – credit balances	22
31	Transactions for the month:	
	Cash received	104
	Cheque received	6,239
	Sales	7,090
	Bad debts written off	306
	Discount allowed	298
	Return inwards	664
	Cash refunded to customer who had overpaid his account	37
	Dishonored cheques	29
	Interest charged by us on overdue debt at the end of the month	50
	Sales ledger debit balance	3,429
	Sales ledger credit balance	40

**Required:**

- Sales ledger control account. (10 marks)

**QUESTION FIVE (20 MARKS)**

- a.) Briefly describe four methods of depreciation (8 marks)
- b.) Explain six causes of the difference between the bank statement balance and the cash book balance (12 marks)