



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY

SCHOOL OF BUSINESS AND ECONOMICS

**UNIVERSITY EXAMINATION FOR THE DEGREE OF DIPLOMA IN
BUSINESS ADMINISTRATION WITH IT**

1ST YEAR 2ND SEMESTER 2017/2018 ACADEMIC YEAR

NAIROBI CAMPUS

COURSE CODE: BBM 2122

UNIT TITLE: INTRODUCTION TO ACCOUNTING

EXAM VENUE:

STREAM: (DBA)

DATE:

EXAM SESSION:

TIME:

Instructions:

- 1. Answer Question 1 (compulsory) and ANY other two 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) (i) Identify any five branches of accounting. (5 marks)

(ii) Outline five qualities of good accounting information. (5 marks)

(iii) State any five books of original entry in accounting (5 marks)

(iv) Identify any five key users of financial statements. (5 marks)

(b) Mrs. Tumwa started a business on 1st January 2017. During the first month of trading the following transactions took place.

- Wrote a personal cheque and deposited into the business bank account Sh800,000
- Withdrew Sh200, 000 from the bank and put it into the cash till.
- 2nd Jan, Purchased goods by cheque Sh70,000
- 3rd Jan, Bought furniture for cash Sh25,000
- 3rd Jan, Bought equipment on credit Sh75,000
- 4th Jan, Sold goods for cash Sh100,000
- 5th Jan, Bought goods and paid by cheque Sh.200,000
- 6th Jan, Bought a motor van paying by cheque Sh.210,000
- 10th Jan, Obtain loan from the bank Sh.500,000
- 12th Jan, Sold goods on credit Sh75,000
- 16th Jan, Sold goods payment made by cheque Sh.100,000
- 16th Jan, Received a cheque from a debtor Sh.60,000
- 30th Jan, Took Sh10,000 from the cash till for personal use.

Required:

Using the given details write up a two column cash book for Mrs. Tumwa for the month of January 2017. (10 marks)

Question Two

(b) Outline four reasons why cashbook balances may not agree to the corresponding bank balances of an entity. (4 marks)

(b) The Bank statement for Punda Ltd for the month of March 2017 is:

2017	DR	CR	Balance
	Sh.	sh.	sh.
Mar 1 balance			5,197 O/D
Mar 8 B Achieng	122		5,319 O/D

Mar 16 Cheque		244	5,075 O/D
Mar 20 P Kirui	208		5,283 O/D
Mar 21 cheque		333	4,950 O/D
Mar 31 G Wafula		57	4,893 O/D
Mar 31 BKS standing order	49		4,942 O/D
Mar 31 bank charges	28		4,970 O/D

The cash book for the same month is as follows:

2017	DR	sh.	2017	CR	sh.
Mar 16	H Mariko	244	Mar 1	balance b/f	5,197
Mar 21	T Alex	333	Mar 6	B Achieng	122
Mar 31	V Collins	160	Mar 30	P Kirui	208
Mar 31	Balance c/d	5,280	Mar 30	J Mueni	490
		6,017			6,017

Required:

- (i) Write up the updated cashbook (8 marks)
- (ii) A bank Reconciliation statement as on 31st march 2017. (8 marks)

Question Three

The Trial Balance of Twauza Ltd, a limited Liability Company, is as below:

	DR	CR
	Sh.	Sh.
Sales		400,000
Purchases	350,000	
Purchase Returns	5,000	
Opening Stock 1 st April, 2015	100,000	
Sales Returns		6,200
Provision for Bad Debts		800
Wages and Salaries	30,000	
Rates	6,000	
Telephone	1,000	

Shop Fittings at Cost	40,000	
Van at Cost	30,000	
Debtors and Creditors	9,800	7,000
Bad Debts	200	
Capital		179,000
Bank	3,000	
Drawings	18,000	
Total	593,000	593,000

Additional Information:

- (i) The closing stock as at 31st March 2016 was Sh. 120,000
- (ii) Accrued wages sh. 5,000
- (iii) Rates prepaid sh. 500
- (iv) The provision for bad debts to be increased to 10% of debtors
- (v) Telephone account outstanding sh. 220
- (vi) Depreciate Shop Fittings at 10% per annum and Van at 20% per annum on cost.

Required:

- a) A statement of Comprehensive income for the period ended 31st March 2016. (12 marks)
- b) A statement of Financial Position as at 31st March 2016. (8 marks)

Question Four

(a) Explain the following concepts as used in accounting:

- i. Going concern
- ii. Accrual concept
- iii. Prudence
- iv. materiality
- v. Business Entity (10 marks)

(b). A company starts business on 1 January 2015, the financial year ending 31 December.

The Machinery bought was as follows:

- 2015 1 machine costing sh. 800,000
 2016 2 machines costing sh. 500,000 each

Required:

For the years 2015 and 2016, you are to show:

- (i) The machinery account
- (ii) The provision for depreciation account (10 marks)

Question Five

- a) Differentiate between the following terms:
 - i. Bookkeeping and accounting

- ii. Debtors and creditors
- iii. Assets and liabilities
- iv. Capital and Drawings
- v. Discount allowed and discount received (10 marks)

b) (i) State four final accounts maintained by Companies (4 marks)

(ii) The balances of Mr Kamau as at 31st December 2016 are as follows:

<u>Account</u>	<u>shs.</u>
Capital	15,000
Receivables	4,950
Motor Vehicles	5,700
Payables	2,450
Fixtures	5,500
Closing stocks	8,800
Cash at bank	1,250
Accrued Expenses	2,250
Profit for the period	6,500

Required:

Draw up a statement of financial position as at 31st December 2016. (6 marks)