



**JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY**  
**SCHOOL OF BUSINESS & ECONOMICS**  
**UNIVERSITY EXAMINATION FOR THE DEGREE OF BACHELOR OF SCIENCE IN**  
**COMPUTER SECURITY AND FORENSICS**  
**3<sup>RD</sup> YEAR 1<sup>ST</sup> SEMESTER 2017/2018 ACADEMIC YEAR**  
**MAIN CAMPUS**

---

**COURSE CODE: BBM 3111**

**COURSE TITLE: PRINCIPLES OF ACCOUNTING**

**EXAM VENUE:** **STREAM: (BSc. Computer Security & Forensics)**

**DATE:** **EXAM SESSION:**

**TIME: 2 HOURS**

---

**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) Discuss **Five** qualities of a good accounting information system. (10Marks)
- 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:**

- a) Adjusted cash book (10 marks)
- b) Prepare a bank reconciliation statement as at 31<sup>st</sup> October 2016 (6 Marks)
- c) Distinguish between capital expenditure and revenue expenditure (4Marks)

### **QUESTION TWO**

- a) Briefly explain four errors which may not be disclosed in a trial balance (8Marks)
- b) XYZ Company bought equipment for Sh500,000 on 1st April 2014. The company's policy is to charge depreciation using the straight line method pro-rata to time, what would be the depreciation charged for the three consecutive years ending 31st December. Enter the above in the books of accounts.

#### **Required:**

- i) Show how the depreciation is to be charged for the three consecutive years (6 Marks)
- ii) Prepare the journal entries in the books of accounts (6 Marks)

### **QUESTION THREE**

- a) Kioko, Otieno and Mogaka are in partnership business sharing profit/ losses in the ratio of 6:3:1. Partnership agreement provides the following:-
- i) Interest on capital 4% per annum

- ii) Interest chargeable on drawing at 5% per annum
- iii) Kioko and Otieno to receive of 22,000 each per annum
- iv) Current account balances on 1st January 2017:-

	Kshs.
Kioko	6,200 (Cr)
Otieno	3,800 (Cr)
Mogaka	1,900 (Dr)

- v) During the year quarterly drawings:-

	Kshs.
Kioko	6,200 (Cr)
Otieno	3,800 (Cr)
Mogaka	1,900 (Dr)

- vi) Net profit for the year ended 31st December 2017 was Kshs.105,600.

**Required:**

- a) Prepare profit and loss Appropriation account for the Year ended 31st December 2017. (12 marks)
- b) Partner's current accounts (8 Marks)

**QUESTION FOUR**

Citing relevant examples , explain the following principles/concepts of accounting:

- i) Accrual concept (4Marks)
- ii) Revenue realization concept (4Marks)
- iii) Materiality (4Marks)
- iv) Monetary priciple (4Marks)
- v) Going concern concept (4Marks)

**QUESTION FIVE**

- a) Distinguish between reserves and provisions (4Marks)
- b) Distinguish between cash receipts and cash revenue (4 marks)
- c) P. Ogutu started a business on 1<sup>st</sup> January 2016. During the first month of trading the following transactions took place:-

1<sup>st</sup> Jan, Wrote a personal cheque and deposited into the business bank account Sh800,000

1<sup>st</sup> Jan, Withdrew Sh200, 000 from the bank and put it into the cash till.

2 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 personal use.

**Required:**

Prepare a two column cash book for P. Ogutu for the month ended 31<sup>st</sup> January 2016  
(12 marks)