

# JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY SCHOOL OF BUSINESS & ECONOMICS

## UNIVERSITY EXAMINATION FOR THE DEGREE OF BACHELOR OF BUSINESS ADMINISTRATION WITH IT

# 1STYEAR $1^{ST}$ SEMESTER 2018/2019 ACADEMIC YEAR KISH CAMPUS-PART TIME

**COURSE CODE: ABA103** 

COURSE TITLE: INTRODUCTION TO ACCOUNTING 1

**EXAM VENUE:** STREAM: (BBA)

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) Give a broad meaning of the following terms as used in accounting.
  - i Accounting
  - ii Accounting equation
  - iii Accounting policies
  - iv Assets
  - v Liabilities

vi Capital 12marks

b) Penta enterprises has a business that has been trading for some time. You are given the following information as at 31.12.2015

		kshs.
Buildings		11,000
Furniture & Fittings		5,500
Motor Vehicles	5,800	
Stocks		8,500
Debtor		5,600
Cash a bank		1,500
Cash in hand		400
Creditors		2,500
Capital		30,800
Loan		5,000

You are required to prepare a Balance Sheet as at 31 December 2015 10 marks

(c)Discuss four functions of ICPAK as outlined by the Act.

8marks

### **QUESTION TWO**

(a) Accounting information is produced in form of financial statement which reflects how the business has performed, whether it has made profits or losses and it determines whether the resources have increased or reduced. Required state and explain the various users of accounting information (20 marks)

### **QUESTION THREE**

Moody has the following assets and liabilities as on 31 April 2014:

		£
Creditors		15,800
Equipment		46,000
Motor Vehicle		25,160
Stock		24,600
Debtors		23,080
Cash at bank	29,120	
Cash in hand	160	

During the first week of May 2014 Moody:

- a. Bought extra equipment on credit for £5,520.
- b. Bought extra stock by cheque £2,280.
- c. Paid creditors by cheque £3,160.
- d. Debtors paid £3,360 by cheque and £240 by cash.
- e. Moody put in extra £1,000 cash as capital.

#### Required:

- a)Determine the capital as at 1<sup>st</sup> May 2014. 7 marks b)Draw up a balance sheet after the above transactions have been completed 9marks
- i) Identify and explain on two principles of accounting. 4marks

#### **QUESTION FOUR**

Write up the following transactions in the relevant ledger accounts from the books of S Pink in the month of march 2013. Then extract a trial balance. 20 marks

March	1	Started business with cash £1,000.
"	2	Bought goods on credit from A Cliks £296.
"	3	Paid rent by cash £28.
"	4	Paid £1,000 of the cash of the firm into a bank account.
"	5	Sold goods on credit to J Simpson £54.
"	7	Bought stationery £15 paying by cheque.
"	11	Cash sales £49.
"	14	Goods returned by us to A Cliks £17.
"	17	Sold goods on credit to P Lutz £29.
"	20	Paid for repairs to the building by cash £18.
"	22	J Simpson returned goods to us £14.
"	27	Paid A Cliks by cheque £279.
"	28	Cash purchases £125.
"	29	Bought a motor vehicle paying by cheque £395.
"	30	Paid motor expenses in cash £15.
"	31	Bought fixtures £120 on credit from R west.

### **QUESTION FIVE**

a) Explain the nature of accounting and the accounting equation

- (8 marks)
- b) Calculate the profit for the year ended 31 December 2001 from the following information

Non Current Assets	01.01.2001	31.12.2001
	£	£
Property	20,000.00	20,000.00
Machinery	6,000.00	9,000.00
	26,000.00	29,000.00
<b>Current Assets:</b>		
Debtors	4 000 00	8,000.00
	4,000.00	
Cash	<u>1,000.00</u>	<u>1,500.00</u>
	5,000.00	9,500.00
Current Liabilities:		
Creditors	5,000.00	3,000.00
Overdraft	6,000.00	9,000.00
	11,000.00	12,000.00
Net Current Liabilities	(6,000.00)	(2,500.00)
Net Assets	<u>20,000.00</u>	<u>26,500.00</u>

Drawings during the year amounted to £4,500.00

Additional capital introduced by the owner £5,000.00