



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY

SCHOOL OF BUSINESS AND ECONOMICS

**UNIVERSITY EXAMINATION FOR THE DEGREE OF CERTIFICATE IN
BUSINESS ADMINISTRATION**

1ST YEAR 1ST SEMESTER 2017/2018 ACADEMIC YEAR

NAIROBI CITY LEARNING CENTRE

COURSE CODE: BCA 2111

COURSE TITLE: FUNDAMENTALS OF BOOKKEEPING

EXAM VENUE:

STREAM: CBA

DATE:

EXAM SESSION:

TIME:

Instructions:

- 1. Answer Question 1 (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.**

SECTION A

Question One

- (a) (i) Identify any five branches of accounting. (5 marks)
- (ii) Outline five qualities of good accounting information. (5 marks)
- (iii) Identify any five key users of financial statements. (5 marks)
- (b) (i) State and explain any five books of original entry (5 marks)
- (ii) Explain the following principles as used in accounting
- Accrual concept
 - prudence
 - Materiality concept (6 marks)
- (iii) Differentiate between the following accounting terms
- Cash and accrual accounting
 - Debtors and creditors (4 marks)

SECTION B

Question Two

- (a) Outline four reasons why cashbook balances may not agree to the corresponding bank balances of an entity. (8 marks)
- (b) Mrs. Tata 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 personal use.

Required:

Write up a two column cashbook to record the above transactions

(12 marks)

Question Three

The Trial Balance of Tenda Ltd as at 31st March 2017 is given below:

	Sh	Sh
Sales		205,500
Purchases	129,000	
Opening stock	16,000	
Rent	42,000	
Lighting expenses	8,000	
General expenses	17,000	
Fixture and fittings	4,800	
Debtors	148,000	
Creditors		37,000
Bank	14,300	
Cash	2,800	
Drawings	14,000	
Capital		128,000
Commissions		24,000
Returns inwards	4,600	
Return outwards		6,000
Total	400,500	400,500

- (i) The closing stock as at 31st March 2017 was Sh 9,000.
- (ii) Additional Capital injected in the business of Sh 9,000 during the year, was not yet recorded in the books at the end of the period.

Required:

- a) A statement of Comprehensive income for the period ended 31st March 2017. (12 marks)
- b) A statement of Financial Position as at 31st March 2017. (8 marks)

Question Four

A trainee accountant working for a sole trader, Mr. Tale had prepared the following summary of the cash book for the month of June 2015

Cash book	<u>Sh</u>		<u>Sh</u>
Opening balance b/d	561,000	Payments	4,189,000
Receipts	3,748,000	Closing balance c/d	120,000

4,309,000

4,309,000

Whilst checking the cash book against the bank statement you find the following discrepancies;

- (i) Bank charges of Sh 8,000 shown in the bank statement have not been entered in the cash book
- (ii) The bank has debited a cheque of Sh 37,000 in error in the account of Mr. Bare
- (iii) Cheques totalling Sh 96,000 have not been presented to the bank for payment.
- (iv) Dividends received for Sh 4,200 have been credited on the bank statement but not yet recorded on Mr. Bare's cash book
- (v) There were cheques received of Sh 484,000 which were entered in the cash book but not yet credited by the bank.
- (vi) A cheque of Sh 17,000 has been returned by the bank marked as 'refer to drawer' but no entry relating to this has been made in the books.
- (vii) The opening balance in the cash book should have been Sh 651,000 and not Sh 561,000
- (viii) The bank statement shows that there is an overdraft at 30th June 2015 of Sh 198,000

Required

- (i) Entries necessary to correct the cash book (10 marks)
- (ii) A bank reconciliation statement as at 30th June 2015 (10 marks)

Question Five

a) Differentiate between the following terms:

- i. Bookkeeping and accounting
- ii. Materiality and prudence concepts
- iii. Assets and liabilities
- iv. Capital and Drawings
- v. Discount allowed and discount received (10 marks)

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

Account shs.

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	6,980
Prepayments	360
Cash at hand	120

Required:

Draw up a statement of financial position as at 31st December 2016. (10 marks)