

**JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
KISUMU CAMPUS**

**ABA 103_INTRODUCTION TO ACCOUNTING 1
FINAL EXAMINATIONS**

Time: 2 Hours

SECTION A: (COMPULSORY QUESTION)

QUESTION 1

- a. The following balances were extracted from the books of Kautilya and Co. on the 31st of March 2006.

Required

Prepare the Trading and Profit and Loss Account and a Balance Sheet on that date.
(20 Marks)

	Rs.		Rs.
Stock on April, 1	500	Commission (Cr.)	200
B/R	2,250	Returns Outwards	250
Purchases	19,500	Trade Expenses	100
Wages	1,400	Office Fixtures	500
Insurance	550	Cash in Hand	250
Sundry Debtors	15,000	Cash at Bank	2,375
Carriage Inwards	400	Rent & Taxes	550
Commission (Dr.)	400	Carriage Outwards	725
Interest on Capital	350	Sales	25,000
Stationary	225	Bills Payable	1,500
Returns Inwards	650	Creditors	9,825
		Capital	8,950

The closing stock was valued at Rs.12,500

- b. Explain the THREE Accounting Conventions. (6 Marks)
c. List FOUR advantages of using a journal in Accounting. (4 Marks)
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SECTION B: (ANSWER ANY TWO QUESTIONS)

QUESTION 2

The various debit balances and the credit balances of the different accounts in a business entity are usually taken down in a statement; the statement so prepared is termed as a 'Trial Balance'. In other words, Trial Balance is a statement containing the various ledger balances on a particular date. The two sides of the Trial Balance should tally. This means the books of accounts are arithmetically accurate.

Required

Discuss into depth FIVE objectives of preparing a Trial Balance. (20 Marks)

QUESTION 3

From the following balances extracted from the books of Mr. Bansi Lal, prepare the Trading Account for the year ending 31st March, 2018. (20 Marks)

Purchases	42,500	Wages	5,000
Mfg. expenses	1,950	Op. Stock	10,000
Sales	67,500	Sales returns	50
Carriage inwards	100	Purchases returns	200
Freight and duty	5,000		
Stores consumed	200		
Power	300		

The value of stock unsold is Kshs. 12,000.

QUESTION 4

Accounting principles may be defined as rules of action or conduct which are adopted by the accountants universally while recording accounting transactions. They are accepted because they are believed to be useful and are broadly classified into two categories namely accounting concepts and accounting conventions.

REQUIRED:

Elaborate into details FIVE concepts of Accounting. (20 Marks)

QUESTION 5

Prepare Journal in the books of K.K. from the following transactions. (20 Marks)

2017	Details	Amount	2017	Details	Amount
		Kshs.			Kshs.
Dec 1	Started business with a capita	50,000	Dec 15	Purchased good from Ram	4,000
Dec 6	Paid into bank	20,000	Dec 18	Paid wages to workers	300
Dec 8	Purchased good for cash	4,000	Dec 20	Received from Pankaj, allowed him discount of Kshs. 50	1,000
Dec 9	Paid to Ram	1,980	Dec 22	Withdrawn from bank	3,000
Dec 9	Discount allowed by him	20	Dec 25	Paid Ram by Cheque	500
Dec 10	Cash Sales	3,000	Dec 31	Withdrawn for personal use	200
Dec 12	Sold to Hari for Cash	2,000			