



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY

SCHOOL OF BUSINES AND ECONOMICS

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

1ST YEAR 2ND SEMESTER 2024/2025 ACADEMIC YEAR

MAIN/ KISUMU CAMPUS

COURSE CODE: BAB 1108

COURSE TITLE: INTRODUCTION TO ACCOUNTING II

DATE: 25/04/2025

EXAM SESSION: 15.00 – 17.00 PM

TIME: 2 HOURS

Instructions

- 1. Answer Question ONE and any other TWO**
- 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) From the following information, update the cash book and prepare a bank reconciliation statement as at 31 December 2023

(14 marks)

CASH BOOK (BANK COLUMN ONLY)

DATE 23	DETAILS	AMOUNT	DATE23	DETAILS	AMOUNT
Dec 1	Bal.b/fd	370,000	Dec 3	Stationery	150,000
Dec 9	Sale 1	300,000	Dec 9	Purchases	175,000
Dec 12	Sale 2	185,000	Dec 16	Rent	130,000
Dec 17	Sale 3	100,000	Dec 30	Water	210,000
Dec 31	Sale 4	130,000	Dec 30	Electricity	150,000
			Dec 31	Bal.c/d	270,000
		1085000			1085000

Bank statement for the month of December 2023

DATE	DETAILS	WITHDRA WAL(KSHSKSHS))	DEPOSIT(KSHS)	BALANCE(KSHS)
Dec 1	Balance			635000
Dec 5	Cheque 108	150,000		
Dec 10	Cheque deposit		150000	785000
Dec 11	Cheque 110	175000		610000

(b) Each business entity comes with its own advantages and drawbacks, such as limited liability and increased bureaucracy. Explain in detail the four types of business entities. (8 marks)

(c) The preparation and presentation of financial statements under the Common accounting system are based on certain fundamental accounting assumptions. List four generally accepted accounting assumptions. (8 marks)

QUESTION TWO

(a) The Kenyan public and more especially the tax man requires every adult registered with a personal tax pin to file tax return on or before end of June the following year. Discuss the nine users of financial statements. (9 marks)

(b) The following details have been extracted from the incomplete records of Merab a trader in Bondo town for the month ending August 2024.

1. Bank balance Kshs. 200,000
2. Cash balance Kshs 750
3. Purchases Kshs 31200
4. Rent paid Kshs. 7000
5. Water bill paid Kshs 460
6. Sales Kshs 51800
7. Business license paid kshs 2600
8. Account receivables kshs 124400
9. Electricity bill paid kshs 3600
10. Gabbage collection monthly fee paid kshs 230

Required: Post the above items in a cashbook, balance off as at 31/08/24. (11 marks)

QUESTION THREE

(a) Mention and explain two quantitative characteristics of accounting information. (10 marks)

(b) Discuss the difference between cash basis and accrual basis accounting. (10 marks)

QUESTION FOUR

(a) When should revenue be recognized in case of a concern engaged in rendering of services and what are the options available under the GAAP for sales on credit. (10 marks)

(b) State five differences between financial accounting and management accounting?

QUESTION FIVE

(a) Explain in detail the meaning of accounting information listing the internal and external users. (10 marks)

(b) Explain the following terms as used in accounting system. (10 marks)

- (i) The double entry book keeping system
- (ii) Materiality
- (iii) The historical cost principle
- (iv) The tangible and intangible assets
- (v). The countingnt liability