



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY

SCHOOL OF BUSINESS AND ECONOMICS

UNIVERSITY EXAMINATION FOR THE CERTIFICATE IN BUSINESS

ADMINISTRATION

FIRST YEAR, FIRST SEMESTER 2019/2020 ACADEMIC YEAR

MAIN CAMPUS

COURSE CODE BCA 2111

COURSE TITLE: FUNDAMENTALS OF BOOK KEPING

DATE:

EXAM SESSION:

TIME: 1 ½ HOURS

Instructions

- 1. Answer Question One (compulsory) and any other 2 questions**
- 2. Show all your working in the booklet**
- 3. Candidates are advised not to write on the question paper**
- 4. Candidates must hand in their answer booklets to the invigilator while in the examination**

QUESTION ONE

Define the following terms as used in book keeping

- i) An account (2marks)
 - ii) Ledger (2marks)
 - iii) Journal (2marks)
 - iv) Cash book (2marks)
 - v) Financial position statement (2marks)
- b) Discuss three users of financial information of an organization (6marks)
- c) Outline four qualities of a good accounting information system within an organization (4 marks)
- d) Discuss five fundamental accounting assumptions underlying the preparation of financial statements of any company (10 marks)

QUESTION TWO

A trainee accountant working for a sole trader, Juma Mambo Leo had prepared the following Summary of the cash book for the month of March 2020

Cash book Sh		Sh	
Opening balance b/d	561000	Payments	4,189,000
Receipts	3748000	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 8000 shown in the bank statement have not been entered in the cash book
- (ii) The bank has debited a cheque of Sh 37000 in error in the account of Juma Mambo Leo
- (iii) Cheques totaling Sh 96000 have not been presented to the bank for payment.
- (iv) Dividends received for Sh 4200 have been credited on the bank statement but not yet recorded on Juma Mambo Leo's cash book
- (v) There were cheques received of Sh 484000 which were entered in the cash book but not yet credited by the bank.
- (vi) A cheque of Sh 17000 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 651000 and not Sh 561000
- (viii) The bank statement shows that there is an overdraft at 31st march 2020 of Sh 198000

Required

- (i) State and briefly explain two purposes of a bank reconciliation statement. 4marks
- (ii) Entries necessary to correct the cash book 8marks
- (iii) A bank reconciliation statement as at 31st march 2020 8marks

QUESTION 3

a) Record the following transactions for the month of November for M.S Suppliers. Balance off all the accounts and extract a trial balance as at 30th November 2006 16 marks

Year 2006

November 1 Started business with Sh.175000 in cash

November 2 Put Sh140000 of the cash into the bank account

November 3 Bought goods for cash worth Sh.7500

November 4 Bought stationery on credit Sh.17000 from Nzomo

November 5 Bought goods on credit from Isaac Sh 18000, Philips Sh.24500, Timothy Sh.5500 Mathew Sh17000

November 6 Paid rent by cheque Sh.2750

November 7 Sold goods on credit to Njeri Sh 4500, Onyango Sh7500 Muiru Sh 9500 and Tinga Sh 8000

November 8 Bought furniture from Irungu Suppliers on credit Sh 24000

November 12 Paid salaries and wages Sh 6000 cash

November 14 Returned goods to Timothy Sh 3000, Philip Sh 2000

November 15 bought an old motor van by cheque Sh 35000

November 16 received loan from Henry by cheque Sh 30000

November 17 Goods returned to us by Njeri Sh1000 Muiru Sh 2000

November 18 Cash sales Sh 450

November 21 sold goods on credit to Pauline Sh5750, Onyango Sh 50100 Tinga Sh 4500

November 24 paid the following by cheque Philips Sh 2250 Timothy Sh2500

November 25 received a cheque from Pauline Sh 5750, onyango Sh 12500

November 28 received a further loan from Henry Sh 10000 cash

November 30 Received Sh 25000 Received Sh 25000 from Tinga in cash.

b) Highlight four errors that cannot be detected in a trial balance (4 marks)

QUESTION FOUR

a) State five disadvantages of accounting information to an organization. (5 marks)

b) Raudo carried out the following transactions during the month of April 2020 as detailed below
April 1 Balances brought forward: Cash Sh .230; Bank Sh .4, 756.

“2 The following paid their accounts by cheque, in each case deducting 5 percent

3 Discounts: R Burton Sh 140; E Taylor Sh. 220; R Harris Sh 800.

“4 Paid rent by cheque Sh.120.

“6 J Cotton lent us Sh 1,000 paying by cheque.

“8 paid the following accounts by cheque in each case deducting a 2.5% cash discount: N Black Sh 360; P Towers Sh 480; C Rowse Sh 300.

“10 Paid motor expenses in cash Sh 44.

“ 12 H Hankins pays his account of Sh. 77, by cheque Sh 74, deducting Sh 3 cash discount.

“ 15 Paid wages in cash Sh. 160.

“18 The following paid their accounts by cheque, in each case deducting 5 per cent cash discount: C Winston Sh 260; R Wilson & Son Sh 340; H Winter Sh 460.

“21 Cash withdrawn from the bank Sh 350 for business use.

“24 Cash Drawings Sh 120.

“25 Paid T Briers his account of Sh 140, by cash Sh 133, having deducted Sh 7 cash discount.

“29 Bought fixtures paying by cheque Sh 650.

“30 Received commission by cheque Sh 88.

Required

Prepare Raudo's three column cash book as at 30th April 2020 (15 marks)

QUESTION FIVE

a) Briefly describe the accounting cycle that an organization may follow when keeping its books (6 marks)

b) Nicholas a trainee accountant at Mhasibu Centre noticed the following errors on Mhasibu's books

1) Commissions received shs 40,000 had been credited to rent receivable account

2) Bank charges Sh 3900 had been debited to rent account

3) Completely omitted from the books of account is a payment of sundry expenses by cheque Sh 1250

With clear narrations, prepare the correct journal entries into Mhasibu's books (6 marks)

c) Briefly discuss four branches of accounting that may be available in different entities set up 8 marks