JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY

SCHOOL OF BUSINESS & ECONOMICS

UNIVERSITY EXAMINATION FOR THE BACHELOR OF LOGISTICS AND SUPPLY CHAIN MANAGEMENT 1ST YEAR 1ST SEMESTER 2024/2025 ACADEMIC YEAR & THE BACHELOR OF COMPUTER FORENSIC AND SECURITY STUDIES 3RD YEAR 1ST SEMESTER 2023/2024 ACADEMIC YEAR

MAIN CAMPUS

COURSE CODE: BAB 9101

COURSE TITLE: Principles of Accounts

EXAM VENUE:

DATE:

DURATION: 2 HOURS.

INSTRUCTIONS

1. **Answer QUESTION ONE and any other TWO questions**
2. **Show ALL your workings and be as NEAT as possible.**
3. **Candidates are advised not to write on the question paper**
4. **Marks allocated to each question are shown at the end of the question.**

QUESTION ONE (30 Marks)

a.) Explain in details the meaning of Capital expenditure and revenue expenditure and give examples **(10 Marks)**

b.) The following trial balance was extracted from the book of Ngina, a sole trade as at 31st December 2004

	Sh.	Sh.
Building at cost	3,000,000	
Motor vehicle at cost	1,600,000	
Provision for depreciation (on motor vehicle)		
1st January 2004		700,000
Discount allowed and received	20,000	15,600
Purchases	15,769,000	
Sales		20,804,400
Electricity	255,000	
Rates	130,000	
Insurance	105,000	
Return inward and outward	189,000	149,400
Bad debts	92,000	
Provision for bad and doubtful debts		72,000
January 2004		
Debtors and creditors	1,920,000	1,485,000
Stock in trade January 2004	2,875,600	
Balance at bank		484,000
Capital		4,131,600
Wages	1,286,400	
Drawings	600,000	
	27,842,000	**7,842,000**

The following additional information is relevant

1. Stock as at 31st December 2004 amounted to 3,072,600
2. Amount accrued as at 31st December 2004. Electricity sh. 15,000 and bonus to employee sh. 100,000
3. Insurance prepaid at 31st December 2004 was sh. 35,000
4. Included in the insurance payment is an amount of sh. 15,500 for Ngina's personal vehicle.
5. Provision for bad and doubtful debt is 5% of debtors.
6. Depreciation to provided as follows -: 20% on motor vehicle on reducing balance and 10% on building on SLM

REQUIRED

i.) Trading , profit and loss account for the yea r ended 31st December 2004 **(15 Marks)**
ii.) Balance sheet as at 31st December 2004 **(5 Marks)**

QUESTION TWO (20 Marks)

The bank statement of Watu Traders showed a balance of Ksh 264,300 while the bank column of the cash book showed a balance of Ksh 247,500 as at 31 October, 1998.

On rechecking the records, the following items were not properly recorded in their books:

1. Cheques drawn by the trader amounting to Ksh. 114,400 had not been presented to the bank.
2. Cheques amounting to Ksh. 155,600 banked on 3rd October 1998 had not been credited by bank.
3. Bank charges amounted Ksh. 12,500. This has not been posted in the cash book.
4. Standing orders of Ksh, 25,000 has been paid by the bank but has not been posted in cash book.
5. The credit side of the cash book had been undercast by Ksh. 9,000.
6. Instruction to transfer Ksh. 150,000 from the savings account to the current account has not been effected in the cash book.
7. A cheque of Ksh. 74,000 drawn by the trader has been posted as Ksh. 47,000 in the cash book.
8. A cheque of Ksh. 18,500 banked on 28 October 1998 has been dishonored but the information was not received by the trader until 3 November 1998.

Required:

a.) Adjust Cash book **(15 Marks)**

b.) Bank reconciliation statement as at 31 October 1998 **(5 Marks)**

QUESTION THREE (20 Marks)

a.) Explain the **three** merits of maintaining sales ledger and purchases ledger control accounts as integral parts of the accounting records. **(6 Marks)**

b.) The information is extracted from Chege's debtors account:

			£
Aug.	1	sales ledger – debit balances	3,816
	1	Sale ledger – credit balances	22
31	Transactions for the month:		

Cash received	104
Cheque received	6,239
Sales	7,090
Bad debts written off	30
Discount allowed	298
Return inwards	664
Cash refunded to customer who had overpaid his account	37
Dishonored cheques	29
Interest charged by us on overdue debt at the end of the month	50
Sales ledger debit balance	3,429
Sales ledger credit balance	40

Required:

Sales ledger control account. **(14 Marks)**

QUESTION FOUR

Write short notes and give examples on each of the following: -

i.) Prepaid Expenses **(5 Marks)**
ii.) Accrued Expenses **(5 Marks)**
iii.) Return Inwards **(5 Marks)**
iv.) Return Outwards **(5 Marks)**

QUESTION FIVE

You are to enter the following transactions, completing the double entry in the books for the month of May 2002. **(20 Marks)**

2002

May	1	Started business with £2,000 in the bank.
"	2	Purchased goods £175 on credit from M Rooks.
"	3	Bought furniture and fittings £150 paying by cheque.

“	5	Sold goods for cash £275.
“	6	Bought goods on credit £114 from P Scot.
“	10	Paid rent by cash £15.
“	12	Bought stationery £27, paying in cash.
“	18	Goods returned to M Rooks £23.
“	21	Let off part of the premises receiving rent by cheque £5.
“	23	Sold goods on credit to U Foot for £77.
“	24	Bought a motor van paying by cheque £300.
“	30	Paid the month’s wages by cash £117.
“	31	The proprietor took cash for himself £44.