



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL OF BUSINESS AND ECONOMICS
UNIVERSITY EXAMINATION FOR THE DIPLOMA IN BUSINESS MANAGEMENT
1ST YEAR 2ND SEMESTER 2024/2025 ACADEMIC YEAR
MAIN CAMPUS

COURSE CODE BBM 2122

COURSE TITLE INTRODUCTION TO ACCOUNTING

EXAM VENUE: BH 1-2

DATE: 22/04/2025

EXAM SESSION: 3.00 – 4.30 PM

TIME: 1 ½ HOURS

Instructions:

- 1) Answer question one (compulsory) and any other 2 questions**
- 2) Candidates are advised not to write on the question paper**
- 3) Candidates must hand in their booklets to the invigilator while in the examination room**

QUESTION ONE

- a) What is an accounting policy? (2 marks)
- b) Explain briefly why each of the following groups are interested in financial statement of a business enterprise
 - i. The shareholders
 - ii. The creditors
 - iii. The employees
 - iv. The government and
 - v. Members of the public (10 marks)
- c) Define any TWO of the following accounting concepts
 - i. Consistency concept (8 marks)
 - ii. Business entity concept (8 marks)
 - iii. Materiality
 - iv. Realization (2 marks)
- d) Discuss FOUR qualities of accounting information (2 marks)
- e) Explain the treatment of returns outwards (2 marks)
- f)

QUESTION TWO

- a) What is a Trial balance (5 marks)
- b) Differentiate discount received from discount allowed, how are they treated in the books of accounts. (4 marks)
- c) Mr. Kienyeji had the following transactions for the month ended 31st December 2024
 - i. Started business with a cheque of shs. 20,000
 - ii. Bought goods for sale cash shs. 6,000
 - iii. Paid rent shs. 2,000
 - iv. Sold goods for shs. 10,000

Required

Balance off the accounts from the above transactions and extract a trial balance. (10 marks)

- v. The credit side of the cash book had been undercast by shs. 9,000.
- vi. instruction to transfer shs. 150,000 from the savings account to the current account has not been effected in the cash book.
- vii. A cheque of shs.74,000 drawn by the trader has been posted as shs. 47,000 in the cash book.
- Viii. A cheque of shs.18,500 banked on 28 October 2024 has dishonored but the information was not received by the trader until 3 November 2024

Required:

- a.) Adjust the Cash book (5 marks)
- b.) Bank reconciliation statement as at 31 October 2024 (7 marks)
- c.) Explain the main causes of differences between cash book balance and bank balance. (8 marks)

QUESTION FIVE

Write up the following transactions in the books of Grace for the month of March 2025

- March 1 Started business with cash sh1,500,000
- March 2 Bought goods on credit from Agnes worth sh296,000
- March 3 paid rent by cash sh28,000
- March 4 paid sh1,000,000 of the cash of the firm into the bank
- March 5 sold goods on credit to Sarah sh54,000
- March 7 bought stationery SH15,000
- March 11 cash sales sh49,000
- March 14 goods returned by Grace to Agnes sh17000
- March 17 sold goods on credit to lutz sh29,000
- March 20 paid for the repairs to the building by cash sh18,000
- March 22 sarah returned goods to us sh14,000
- March 27 paid Agnes by cheque sh279,000
- March 28 cash purchases sh125,000
- March 29 bought a motor vehicle paying by cheque sh395,000
- March 30 paid motor expenses in cash sh15,000
- March 31 bought fixtures sh120,000 on credit from Robert

Required ;

- i.) Prepare ledger columns and (14 marks)
- ii.) Extract trial balance from the ledger accounts (6 marks)