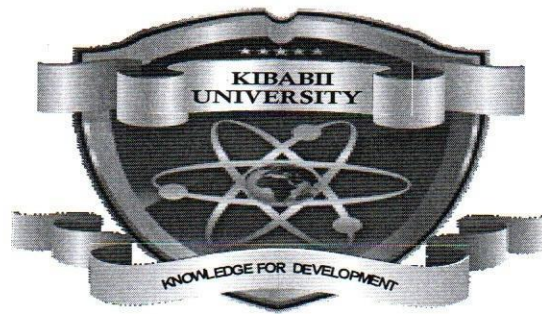


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(Knowledge for Development)

KIBABII UNIVERSITY
UNIVERSITY EXAMINATIONS
2020/2021 ACADEMIC YEAR

MAIN EXAMINATION
FOR THE DIPLOMA IN BUSINESS MANAGEMENT

COURSE CODE: DAB 101

COURSE TITLE: FINANCIAL ACCOUNTING I 2.00 PM - 4.00 PM

DATE: ~~14~~¹³-5-2021

TIME: ~~8.00AM-10.00AM~~

INSTRUCTIONS TO CANDIDATES

Answer Question One in Section A and Any other TWO (2) Questions in Section B

TIME: 2 Hours

KIBU observes ZERO tolerance to examination cheating

This Paper Consists of 4 Printed Pages. Please Turn Over.

SECTION A:**QUESTION ONE (COMPULSORY)**

a) Explain the purposes for which control accounts are prepared.

(3 marks)

Q1 b) The balances and transactions affecting the control accounts of Kopesha Ltd. for the month of November 1997 are listed below:-

	Sh.	
Balances on 1 November 1997:		
Sales ledger	9,123,000	(debit)
	211,000	(credit)
Purchases ledger	4,490,000	(credit)
	88,000	(debit)
Transactions during November 1997:		
Purchases on credit	18,135,000	
Allowances from suppliers	629,000	
Receipts from customers by cheques	27,370,000	
Sale on credit	36,755,000	
Discount received	1,105,000	
Payments to creditors by cheques	15,413,000	
Contra settlements	3,046,000	
Bills of exchange receivable	6,506,000	
Allowances to customers	1,720,000	
Customers cheques dishonored	489,000	
Cash received from credit customers	4,201,000	
Refunds to customers for overpayments	53,000	
Discounts allowed	732,000	
Balances on 30 November 1997		
Sales ledger	136,000	(credit)
Purchases ledger	67,000	(debit)

Required:

The sales ledger and purchases ledger control accounts for the month of November 1997 and show the respective debit and credit closing balances on 30 November 1997.

(27 marks)

(Total: 30 marks)

Section B: Choose Any Two QUESTIONS**QUESTION TWO**

The following is the receipts and payments account of the Friendship Club for the year ended 31 December 19X1:

	£	£
Balance at bank		
31 December 19X0	102	4,434
Bar purchases		

Entrance fees	42	Wages	416
Subscriptions: 19X0	25	Rent	186
19X1	305	Heating and lighting	128
19X2	35	Postage and stationery	33
Bar Sales	5,227	Insurance	18
Sale of investments	750	General expenses	46
		Payments on account of new furniture	450
		Balance at bank,	
		31 December 19X1	<u>775</u>
	<u>6,486</u>		<u>6,486</u>

The following information is also supplied:

(1)	31 December 19X0	31 December 19X1	
Bar stock, at cost		272	315
Creditors for bar purchases		306	358
Rent due		18	36
Heating and lighting expenses due		16	19
Subscriptions due		25	40
Insurance paid in advance		5	7

2) On 31 December 19X0, the club held investments which cost £500. During the year ended 31 December 19X1, these were sold for £750.

3) Furniture was valued at £300 on 31 December 19X0. On June 19X1, the club purchased additional furniture at a cost of £520. Depreciation of all furniture is to be provided for at the rate of 10% per annum.

Required:

- (a) Prepare an income and expenditure account for the year ended 31 December 19X1.
 (b) Prepare a balance sheet at that date.

(20 marks)

QUESTION THREE

B spikes

Trial Balance as on 31 December 2002

	Dr	Cr
Stock of raw materials 1.1.2002	21,000	
Stock of finished goods 1.1.2002	38,900	
Work in progress 1.1.2002	13,500	
Wages(direct £180,000: factory indirect£145,000)	325,000	
Royalties	7,000	
Carriage inwards (on raw materials)	3,500	
Purchases of raw materials	370,000	
Productive machinery (cost £280,000)	230,000	
Accounting machinery (cost £20,000)	12,000	
General factory expenses	31,000	

Lighting	7,500	
Factory power	13,700	
Administrative salaries	44,000	
Sales representatives' salaries	30,000	
Commission on sales	11,500	
Rent	12,000	
Insurance	4,200	
General administration expenses	13,400	
Bank charges	2,300	
Discounts allowed	4,800	
Carriage outwards	5,900	
Sales		1000,000
Debtors and creditors	142,300	125,000
Bank	56,800	
Cash	1,500	
Drawings	20,000	
Capital as at 1.1.2002		<u>29,680</u>
	<u>1,421,800</u>	<u>1,421,800</u>

Notes at 31.12.2002

1. Stock of raw materials £24,000, stock of finished goods £40,000, work in progress £15,000.
2. Lighting, and rent and insurance are to be apportioned: factory 5/6ths, administration 1/6th.
3. Depreciation on productive and accounting machinery at 10 per cent per annum on cost.

Required:

Prepare a manufacturing, Trading Profit and Loss Account for the year ended 31 December 2002. (20marks)

QUESTION FOUR

a) Give the Steps involved in Preparing the Final Accounts from incomplete records (5marks)

b) Draw up a profit and loss appropriation account for the year ended 31 December 19X7 and balance sheet extracts at the date, from the following:

- i. Net profits £30,350
- ii. Interest to be charged on capitals: W £2,000; P £1,500; H £900
- iii. Interest to be charged on drawings; W £240; P £180; H £130
- iv. Salaries to be credited: P £2,000; H £3,500.
- v. Profits to be shared: W 50%; P 30%; H20%.
- vi. Current accounts: balances b/f W £1,860; P £946; H £717
- vii. Capital accounts: balances b/f W £40,000; P £30,000; H £18,000
- viii. Drawings: W £9,200; P £7,100; H £6,900.

(15 marks)

QUESTION FIVE

What are the principal distinctions between unlimited partnerships and limited companies (20marks)