

102



KIBABII UNIVERSITY

UNIVERSITY EXAMINATIONS

2020/2021 ACADEMIC YEAR

FIRST YEAR FIRST SEMESTER

MAIN EXAMINATION

**FOR THE DEGREE OF BACHELOR OF COMMERCE / BACHELOR OF
BUSINESS MANAGEMENT / BACHELOR OF CO-OPERATIVE AND
ENTREPRENEURSHIP**

COURSE CODE: BCA 111 / BBA 111 / BCA 110

COURSE TITLE: FINANCIAL ACCOUNTING

DATE: 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 6 Printed Pages. Please Turn Over. ▶

Handwritten notes and signatures:
Eliza
Khaty
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SECTION A (COMPULSORY)

QUESTION ONE

- a) Using appropriate examples, explain precisely the following accounting concepts:
- i. Business entity concept.
 - ii. Duality concept.
 - iii. Materiality concept.
 - iv. The going concern concept.
 - v. Periodicity concept. (10marks)
- b) State and explain in detail any Five users of Financial Accounting information (10marks)
- c) Describe Five causes of the changes in capital (4marks)
- d) Briefly discuss the rules of double entry aspects (6marks)

SECTION B (ANSWER ANY TWO QUESTIONS)

QUESTION TWO

- a) Briefly explain Five errors that affect the balancing of the trial balance (10marks)
- b) Your book keeper extracted a trial balance on 31 December 2010 which failed to agree by Sh.210, a shortage on the credit side of the trial balance. A suspense account was opened for the difference. In January 2011 the following errors made in 2010 were found:
- i. Sales day book had been undercast by Sh.200
 - ii. Sale of Sh.610 to T.Vantura had been debited in error to T.Ventura's account
 - iii. Rent account had been undercast by sh.90
 - iv. Discount allowed account had been overcast by sh.100
 - v. The sale of a computer at net book value had been credited in error to the sales account Sh.230

Required:

- i. Show the journal entries necessary to correct the errors (5 marks)
- ii. Draw up the suspense account after the errors described have been corrected (5 marks)

QUESTION THREE

- a) Outline the purpose for maintaining control accounts (4marks)
- b) The following information has been extracted from the books of Mutero Traders Limited for the Month of April 2002

Balances as at 1 April 2015:

	Sh.
Sales ledger- Debit balances	838,000
- Credit balances	184,000
Purchases ledger – Debit balances	196,000
- Credit balances	598,000
Transactions during the month:	
Sales on credit	8,784,000
Purchases on credit	7,849,000
Return inwards	248,000
Returns outwards	179,000
Cheques received from trade debtors	2,968,000
Cash paid to trade creditors	4,674,000
Cheques paid to trade creditors	1,393,000
Bad debts written-off	139,000
Discounts allowed to trade debtors	162,000
Discounts received from trade creditors	231,000
Credit sales off-set against credit purchases	356,000
Credit purchase of a motor vehicle posted in the purchases ledger	598,000
Dishonoured cheques from trade debtors	193,000
Cash received to replace dishonoured cheque from trade debtor	106,000
An invoice to trade debtors of sh. 174,000 posted as	147,000

Balances as at 30 April 2015:

Sales ledger credit balances 123,000

Purchases ledger debit balances 177,000

Required:

The sales ledger and Purchases ledger control accounts for the month ended 30 April 2002

(16marks)

QUESTION FOUR

- a) The following are extracts from Cash book and the bank statement of Mr. Ali a Sole trader as at 31 December 2001.

BANK ACCOUNT

2001		Ksh.	2001	Ksh.
Jan 1	Balance b/d	6,000	Jan 1 cheque to Owino	400
Jan 3	Cash	500	Jan 6 cheque to Peter	150
Jan 5	Cheque – Kiiru	85	Jan 6 cheque to Riungu	105
Jan 7	Cheque – Lobo	220	Jan 7 cheque to Sembi	365
Jan 9	Cheque – Maina	155	Jan 8 cheque to Thimbi	1120
Jan 11	Cheque - Ndisi	360	Balance c / d	5180
		7,320		7,320
	b/d	5,180		

2001	BANK STATEMENT	DR	CR	BALANCE
Jan 1	Balance b/d			6,000
Jan 2	Cheque no 9976	400		5,600
Jan 3	Cash		500	6,100
Jan 4	Charges	20		6,080
Jan 5	Cheque deposit		85	6,165
Jan 6	Cheque no 9977	150		6,015
Jan 7	Cheque deposit		220	6,235
Jan 8	Cash deposit (by Obae)		600	6,835
Jan 9	Cheque dishonoured	85		6,750
Jan 10	Standing order (insurance premium)	560		6,190
Jan 11	Cheque no. 9978	105		6,085