



(Knowledge for Development)

KIBABII UNIVERSITY

(KIBU)

UNIVERSITY EXAMINATIONS **2017/2018 ACADEMIC YEAR**

END OF SEMESTER EXAMINATIONS YEAR TWO SEMESTER ONE EXAMINATIONS

FOR THE DEGREE OF **BACHELOR OF SCIENCE** (INFORMATION TECHNOLOGY)

COURSE CODE

: BIT 218

COURSE TITLE

: FINANCIAL ACCOUNTING

PRINCIPLES FOR IT

DATE: 18/01/2018

TIME: 9.00 - 11.00 AM

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTIONS ONE AND ANY OTHER TWO.

QUESTION ONE (COMPULSARY) [30 MARKS]

a. State four objectives of financial accounting	[4marks]
b. Differentiate between the following terms as used in accounting i. A debit entry and credit entry ii. Return inwards and return outwards iii. An asset account and liability account	[2 marks] [2 marks] [2 marks]

c. The following is a trial balance of XYZ Ltd

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	Ksh	Ksh
Stock 1/1/2016	2,368,000	
Carriage inwards	200,000	
Carriage outwards	310,000	
Return inwards	205,000	
Return outwards		321,000
Purchases	11,870,000	
Sales		18,000,000
Rent	3,862,000	
Salaries & wages	304,000	
Insurance	78,000	
Motor expenses	216,000	
Lighting and heating expenses	166,000	
General expenses	314,000	
Premises	500,000	
Motor vehicles	1,800,000	
Debtors	3,896,000	
Fixture and fittings	350,000	
Creditors		1,700,000
Cash at bank	482,000	
Drawings	1,200,000	
Capital		8,100,000
•	28,121,000	28,121,000

Stock at 30th December 2016 was Sh. 2,946,000

Required:

Draw up a statement of comprehensive income for the year ended 31st December 2016 and statement of financial position as at 31st December 2016 [20marks]

QUESTION TWO [20MARKS]

The following transaction to Lucky Sales (K) Ltd for the month of March 2015.

March 1: Started business with Sh. 800,000 in the bank.

March 2: Bought goods on credit from the following persons

Ndichu- Sh.76,000

Omolo-Sh. 27,000

Tina- Sh. 56,000

March 5: Cash sales Sh. 87,000

March 6: Paid wages in cash Sh. 14,000

March 7: Sold goods on credits to

Emma-Sh.35, 000

Jane- Sh. 42,000

Juma-Sh. 72,000

March 9: Bought goods for cash Sh. 46,000

March 10: Bought goods on Credits from

Omolo- Sh. 57,000

Ndebu-Sh. 98,000

March 12: Paid wages in cash Sh.465, 000

March 13: Sold on credit to: Jane-Sh. 32,000

Juma-Sh. 23,000

March 15: Bought fix tires on credit from Beta Ltd Sh. 50,000

March 17: Paid Omolo by cheque Sh. 84,000

March 18: Returned goods to Ndebu Sh.20, 000

March 24: Jane returned some of goods sold to her Sh.11, 000

March 31: Bought a motor van paying by cheque Sh. 400,000

Required:

Record the above transaction in the ledger of Lucky Sales Ltd and balance off the account; hence forth, extract a trial balance as at 31 March 2015. [20marks]

QUESTION THREE [20MARKS]

The accounting theory provides the knowledge of Generally Accepted Accounting Principles (GAAPs). Explain any FIVE Accounting principles. [20marks]

QUESTION FOUR [20MARKS]

Write a two-column cash book from the following detail and balance off as at the end of the month. [20marks]

2016

Oct 1: Started business with capital in cash Sh. 1,000,000

Oct 2: Paid rent by cash Sh. 100,000

Oct 3: Loan from Mary-Sh. 500,000, paid by cheque.

Oct 4: Paid B. Peter by cheque Sh. 65,000

Oct 5: Cash sales made Sh. 98,000

Oct 7: Mitter, owe of debtor paid by cash Sh.62, 000

Oct 9: Paid Den (creditor) in cash 22,000

Oct 11: Cash sales paid direct into the bank Sh. 53,000

Oct 15: George (creditor) paid as by cheque Sh. 65,000

Oct 16: Repaid Mary by cheque Sh.100, 000

Oct 19: Took Sh.50, 000 out of the cash till and paid it into the bank accounts.

Oct 22: Paid motor expenses by cheque Sh. 12,000

Oct 26: Withdrew Sh. 100,000 cash from the bank for business use.

Oct 31: Paid wages in cash Sh. 97,000.

QUESTION FIVE [20MARKS]

The balances and transactions affecting the control acc November 2015 are listed below:- Balances on 1 November 2015:	ounts of Jaribu Ltd. for the month of Sh.
Sales ledger	9,123,000 (debit)
	211,000 (credit)
Purchases ledger	4,490,000 (credit)
_	88,0000 (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 dishonoured	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 2015	
Sales ledger	136,000 (credit)
Purchases ledger	67,000 (debit)
•	, (23011)

Required:

a. The sales ledger control accounts and

[10marks]

b. Purchases ledger control accounts for the month of November 2015 and show the respective debit and credit closing balances on 30 November 2015. [10marks]