



(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.

70

90

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 [2 marks]
 - ii. Return inwards and return outwards [2 marks]
 - iii. An asset account and liability account [2 marks]

c. The following is a trial balance of XYZ Ltd

| | 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 |
| | <u>28,121,000</u> | <u>28,121,000</u> |

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

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 accounts of Jaribu Ltd. for the month of November 2015 are listed below:-

Balances on 1 November 2015:

| | | |
|------------------|-----------|----------|
| 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 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) |

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]