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(Knowledge for Development)

KIBABII UNIVERSITY
UNIVERSITY EXAMINATIONS
2021/2022 ACADEMIC YEAR
SECOND YEARS FIRST SEMESTER
MAIN EXAMINATION

FOR DIPLOMA IN BUSINESS MANAGEMENT

COURSE CODE: DAB101

COURSE TITLE: FINANCIAL ACCOUNTING

DATE: 18TH MAY, 2022

TIME: 9.00AM – 11.00AM

INSTRUCTIONS TO CANDIDATES

1. Answer Question One in Section A and Any other TWO (2) Questions in Section B
2. Question **one** carries **30**marks and each of the other two questions carry **20** marks each.

TIME: 2 Hours

SECTION A

QUESTION ONE

- a. Give the meaning of the following Keywords in accounting.

AccrualCost:	(2 Marks)
Expenses	(2 Marks)
Revenue: IncomeLoss:	(2 Marks)
Capital: FundGain:	(2 Marks)
Investment:	(2 Marks)
Liability:	(2 Marks)

- b. Mr Calvin had the following transactions for the week ended 7th February 2022.

Purchases on credit

1/2/22 inv. no. 100	purchases from jua kali mills sh 5000,000
2/2/22 inv.no. 321	purchases from kensi washers sh 2000,000
3/2/22 inv.no 401	purchases from malasya ltd sh 3000,000
4/2/22 inv.no 151	purchases from kenit ltd 1000,000
5/2/22 inv.no 282	purchases from yayacentresh 3,500,000
6/2/22 inv.no 120	purchases from Queens ltd 2,500,000

Sales on credit

2/2/22 inv.no 160	sales to mwangi& sons ltd sh 3000,000
3/2/22 inv.no 161	sales to HP supermarket sh 4000,000
4/2/22 inv. no 162	sales to Johnson's ltd sh 2,500,000
5/2/22 inv.no 163	sales to Uniliver ltd sh 1,500,000
6/2/22 inv.no 164	sales to HP supermarket sh 3,000,000
7/2/22 inv.no 165	sales to Johnson's ltd sh 2000,000

Required:

Post the respective entries to the sales and purchases day books.(6 Marks)

- c. Explain the four different types of cash books
d. Describe the different types of clerical errors.

(6 Marks)

(6 Marks)

(Total 30 marks)

SECTION B

QUESTION TWO

- a. Explain at least five principles of accounting

(10 Marks)

- b. Prepare Journal in the books of K.K. Co. from the following transactions:(10 Marks)

2021		Shs	2021		Shs
Dec.1	Started business with a capital of	50,000	Dec. 15	Purchased goods from Ram	4,000
Dec. 6	Paid into bank	20,000	Dec. 18	Paid wages to	

Dec. 8	Purchased goods for cash	4,000	Dec. 20	workers Received from Musa	300 1000
Dec. 9	Paid to Ram	1,980		Allowed him discount sh 50	
Dec. 9	Discount allowed by him	20	Dec 22	Withdrawn from bank	3,000
Dec. 10	Cash sales	3,000	Dec.25	Paid Ram by Cheque	500
Dec. 12	Sold to Hari for cash	2,000	Dec. 31	Withdrawn for personal use	200

(Total 20 marks)

QUESTION THREE

- a. From the following transactions, prepare the Two Column Cash Book and also post them in the Ledger. (18 Marks)

2021		sh
Aug. 1	Cash in hand	25,500
Aug. 2	Received from Rakesh and discount allowed to him	2,900 100
Aug. 5	Cash sales	6,000
Aug. 6	Purchased goods for cash	7,800
Aug. 8	Received from Neelam and allowed her discount	1,350 50
Aug.12	Paid to Ravinder and received discount	3,400 200
Aug.20	Paid rent	1,000
Aug.25	Interest received in cash	500
Aug.26	Paid to Kamal and received discount	1,760 40
Aug.28	Machinery purchased	5,200
Aug.30	Salaries paid	3,000

- b. Define the term Accounting

(2 Marks)

(Total 20 marks)

QUESTION FOUR

The following balances are extracted from the books of Kautilya & Co. on 31st December, 2020.

	Shs		Shs
Stock on January	1 500	Commission (Cr.)	200
B/R	2,250	Returns Outwards	250
Purchases	19,500	Trade Expenses	100
Wages	1,400	Office Fixtures	500
Insurance	550	Cash in Hand	250
Sundry Debtors	15,000	Cash at Bank	2,375
Carriage Inwards	400	Rent & Taxes	550
Commission (Dr.)	400	Carriage Outwards	725
Interest on Capital	350	Sales	25,000
Stationary	225	Bills Payable	1,500
Returns Inwards	650	Creditors	9,825
		Capital	8,950

The closing stock was valued at Rs.12, 500.

You are required prepare:

- i) Trading and Profit and Loss Account
- ii) Balance Sheet as on that date.

(12 marks)

(8 marks)

(Total 20 marks)

QUESTION FIVE

Journalize the following transactions

Post the transactions in the Ledger and balance the accounts as on 31st December, 2019

(10 marks)

1. Ram started business with a capital of Rs. 10,000.
2. He purchased goods from Mohan on credit Rs. 2,000.
3. He paid cash to Mohan Rs. 1,000.
4. He sold goods to Suresh Rs. 2,000.
5. He received cash from Suresh Rs. 3,000.
6. He further purchased goods from Mohan Rs. 2,000.
7. He paid cash to Mohan Rs. 1,000.
8. He further sold goods to Suresh Rs. 2,000.
9. He received cash from Suresh Rs. 1,000

(10 Marks)

(Total 20 marks)