



(Knowledge for Development)

**KIBABII UNIVERSITY
(KIBU)**

**UNIVERSITY EXAMINATIONS
2021/2022 ACADEMIC YEAR**

**SPECIAL/SUPPLEMENTARY EXAMINATIONS
SECOND YEAR FIRST SEMESTER
FOR THE DEGREE IN
(INFORMATION TECHNOLOGY)**

COURSE CODE: BIT 218

COURSE TITLE: ACCOUNTING PRINCIPLES FOR IT

DATE: 20/07/2022 TIME: 2.00 P.M.-4.00 P.M.

INSTRUCTIONS

ANSWER QUESTIONS ONE AND ANY OTHER TWO.

QUESTION ONE (COMPULSORY) [30 MARKS]

- a. Describe FIVE financial accounting principles for Information technology. [10 marks]
- b. On 1 June 2015 Nori traders had Ksh 117, 500 in the business account. Transaction for the month of June were as follows:

- 2 withdrew Ksh.35, 000 from the bank for business use.
- 5 bought trade inventories Ksh 20, 500 by cheque
- 7 Took ksh2500 from the office till for personal use.
12. Received ksh.23, 000 in cash from Ngatho in full settlement of his account of Ksh.25, 000
- 14 cash sales amounted to Ksh.7,800
- 19 paid kaithes account Ksh 27,000 after having received a 10%cash discount
- 26 paid rent kshs6000 by cheque
- 28 paid wages Ksh.7,500 in cash.
30. Banked all the cash except Ksh .15, 000

You are required prepare a three-column cash book for Nori traders

[10 marks]

- c. Faida traders operates a petty cash book on imprest system with monthly cash float of Ksh 65,000.the reimbursement is made on the first day of every month. On 1 June 2015, the petty cashier had a balance of Ksh 28800.The following transactions were made during the month

- June 2 paid Ksh18,000 for cleaning services.
- June 5 paid Ksh 1,450 for postage
- June 8 paid Allan, a creditor Ksh 6,800
- June11 bought printing papers Ksh 900
- June 12 bought beverages for Ksh.1200 and snacks Ksh.500
- June 16 paid ksh.1960 for taxi services
- June 20. Bought office equipment for Ksh 3600
- June 24 bought files and folders for ksh4, 200
- June 26 Paid for milk supply Ksh 6, 000
- June 28 bought brooms for Ksh 920
- June 29 paid Ksh 3,750 for bus fare
- June 30 bought airtime Ksh 1,450

Prepare a petty cash book with the following analysis columns

[10 marks]

- cleaning
- staff refreshments
- communication and stationery
- travel
- Ledger

QUESTION TWO [20 MARKS]

The following details were obtained from books of Leo trader for the month of June 2018

1 June purchased ledger balance was	1,300,000	cr.
sales ledger balance	650,000	dr.
total for the month:		
credit sales.	1,300,000	
cash payment for trade creditors	980,000	
cash received from trade debtors.	1,050,000	
credit purchase	1,160,000	
cheque paid for suppliers	320,000	
discount allowed	65,000	
returns outward	72,000	
returns inwards	190,000	
discount received	54,800	
interest charged on overdue trade debtors accounts		10,000
Penalty charged on supplier's overdue accounts.		18,000

Prepare :

- a. A sales ledger
- b. A purchase ledger control account.

[10 marks]

[10 marks]

QUESTION THREE [20 MARKS]

The following is a trial balance of ABC Ltd

Details	Ksh.	Ksh.
Stock 1/1/2016	2368000	
Carriage inwards	200,000	
Carriage outwards	310,000	
Return inwards	205,000	
Return outwards		321,000
Purchases	11870000	
Sales		180,000
Rent	3,862000	
Salaries and wages	304000	
Insurance	78000	
Motor expenses	216000	
Lighting and heating expenses	166000	
General expenses	314,000	
Premises	500000	
Motor vehicles	1800000	
Debtors	3896000	
Fixture and fitting	350000	

Creditors		1,700,000
Cash at bank	482,000	
Drawings	1200,000	
Capital		<u>8,100,000</u>
Total	<u>28,121,000</u>	<u>28,121,000</u>

Stock at 30th dec.2018 was sh.2, 946, 000

Required

- Draw up a statement of profit and loss account for the year ended 31st December 2018
[10 marks]
- Draw up a statement of balance sheet as at 31st December 2018.
[10 marks]

QUESTION FOUR [20 MARKS]

The following is an extract from the balance sheet of Amolo ltd as at 30th march 2017

	Ksh.
Machinery at cost	5,670,000
Less provision for depreciation	<u>1,200,000</u>
Total	4,470,000

The following transaction took place during the year ended 31st march 2018:

- Disposal : 30 June 2017 for machinery XXBA that had originally been purchased at Ksh.420,000 on 1st march 2015 was sold at shs.130, 000 on 31 Jan 2018 machinery xxbb, that had originally been purchased for Ksh.500,000 on 25 march 2016 was sold at Ksh.150,000.
- Additions: 1 July 2017; the company decided to acquire additional machinery xxbd at sh.640, 000 on 1st February 2018; machinery xxbd was purchased for sh.88, 0000

- It turned out that machinery **xxbc** was small and was therefore replaced with **xxbe** in December 2017 which would costed Ksh. 2, 000,000 but the vendor accepted Ksh.1, 500,000 in addition to exchanging it for machinery **xxbc**.
- The company policy is to charge a full year's depreciation in the year of acquisition but no depreciation in the year of disposal.

You are required to prepare:

- a. Machinery account **[5 marks]**
- b. Provision for depreciation **[5 marks]**
- c. Machinery disposal, and **[5 marks]**
- d. Show how the balances would appear on the balance sheet as at that date. **[5 marks]**

QUESTION FIVE [5 MARKS]

- a. Describe five advantages of using computer packages in financial accounting **[5 marks]**
- b. What is bank reconciliation and advantages of using overdraft system **[5 marks]**
- c. Describe the five errors found on trial balances **[10 marks]**