



(Knowledge for Development)

KIBABII UNIVERSITY
UNIVERSITY EXAMINATIONS
2021/2022 ACADEMIC YEAR
SPECIAL/SUPPLEMENTARY EXAMINATION
FOR THE DIPLOMA IN BUSINESS MANAGEMENT

COURSE CODE: DIB 100

COURSE TITLE: INTRODUCTION TO FINANCIAL ACCOUNTING

DATE :20TH JULY,2022 TIME: 8.00AM – 10.00AM

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

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KIBU observes ZERO tolerance to examination cheating

This Paper Consists of 2 Printed Pages. Please Turn Over.

SECTION A

QUESTION ONE

(a) What are the Five Natures of accounting

(5marks)

(b) Mention briefly the Five errors not disclosed by the Trial Balance

(5marks)

(c) The following trial balance was extracted from the books of accounts of B Jackson on 30th April 2017. From it and the notes, Prepare his trading and profit and loss account for the year ended 30th April 2017 and a balance sheet as at that date

| | Dr | Cr |
|------------------------|-----------|-----------|
| | Kshs | Ksh |
| Sales | | 18,600.00 |
| Purchases | 11,556.00 | |
| Stock 1 may 2016 | 3,776.00 | |
| Carriage outwards | 326.00 | |
| Carriage inwards | 234.00 | |
| Return inwards | 440.00 | |
| Return outwards | | 355.00 |
| Salaries and wages | 2,447.00 | |
| Motor expenses | 664.00 | |
| Rent | 576.00 | |
| Sundry expenses | 1,202.00 | |
| Motor vehicle | 2,400.00 | |
| Furniture and fittings | 600.00 | |
| Debtors | 4,577.00 | |
| Creditors | | 3,045.00 |

| | | |
|--------------|-----------------|------------------|
| Cash at bank | 3,876.00 | |
| Cash in hand | 120.00 | |
| Drawings | 2,050.00 | |
| Capital | | <u>12,844.00</u> |
| | <u>34,844.0</u> | <u>34,844.00</u> |

Stock at 30th April 2017 was Ksh 4,998.00(20Marks)

SECTION B: CHOOSE ANY TWO QUESTIONS

(5marks)

Q2 (a) Mention Five Objectives of **accounting**

(b) Record the following details for the month of November 2013 and extract a trial balance as at 30th November 2013

Nov 1 Started with kshs 5000,000.00 in bank

Nov 3 Bought goods on credit from : T Henriques Kshs 160,000.00, J Smith kshs 230,000.00, W Rogers Kshs 400,000.00, P Boone kshs 310,000.00

Nov. 5 Cash sales Kshs 240,000.00

Nov 6 Paid Rent by cheque Kshs 20,000.00

Nov 7 Paid rates by cheque kshs 190,000.00

Nov 11 Sold goods on credit to : L Mathews kshs 48,000.00, K Allen kshs 32,000.00,

R Hall kshs 1,170,000.00

Nov 17 Paid wages by cash kshs 40,000.00

Nov 18 We returned goods on credit to : T Henriques kshs 14,000.00, P Boone kshs 20,000.00

Nov 19 Bought goods on credit from ; P Boone kshs 80,000.00, W Rogers Kshs 270,000.00, D Diaz kshs 130,000.00

Nov 20 Goods were Returned to us by K Allen Kshs 2,000.00, I Mathews kshs 4,000.00

Nov 21 Bought Motor van , on credit from U Z motors kshs 500,000.00

Nov 23 We paid the following by cheques : T Henriques kshs 146,000.00, j Smith kshs 230,000.00, W Rogers kshs 300,000.00

Nov 25 Bought another motor van, payinf immediately kshs 700,000.00

Nov 26 Received a Loan of kshs 400,000.00 from A Williams

Nov 28 Received cheques from : L Mathes kshs 44,000, K Allen kshs 30,000.00

Nov 30 Proprietor brings a further kshs 300,000.00 into the business, by a payment into the business bank account. **(15 marks)**

Q3 (a) You are to show the journal entries necessary to record the following items

- a) 20X5 May 1 Bought a motor vehicle on credit from Kingston Garage, for kshs 6,790.00
 - b) 20X5 May 3 A debt of ksh 34.00 owing from H Newman was Written off as bad debt
 - c) 20X5 May 8 Office furniture bought by us for kshs 490.00 was returned to the supplier Unique Offices, as it was unsuitable. Full allowance will be given us.
 - d) 20X5 May 12 We are owed kshs 150.00 by W Charles. He is declared bankrupt and we received kshs 39.00 in full settlement of the debt.
 - e) 20X5 May 14 We take kshs 45.00 goods out of the business stock without paying for them.
 - f) 20X5 May 28 Some time ago we paid an insurance bill thinking that it was all in respect of the business. We now discover that kshs 76.00 of the amount was infact insurance of our private house.
 - g) 20X5 May 28 Bought machinery kshs 980.00 on credit from systems Accelereted
- (10marks)**

(b) Kathryn Rochford keeps her petty cash book on the imprest system, the imprest being kshs 2500.00. For the month of April 2010 her petty cash transactions were as follows ;

| | |
|--|-------------|
| April 1 Petty cash balance | kshs 113.00 |
| April 2 Petty cashier presented vouchers to cashier and obtained cash to restore the imprest | ksh2387.00 |
| April 4 Bought postage stamps | kshs 850.00 |
| April 9 Paid to Courtney Bishop a creditor | kshs 235.00 |
| April 11 Paid bus fare | kshs 172.00 |
| April 17 Bought envelopes | kshs 70.00 |
| April 23 Paid for Telophone calls | kshs 68.00 |
| April 26 Bought petrol | ksh1000.00 |

Required

(1) Enter the a above transactions in the petty cash book and balance the petty cash book at 30th April 2010, bringing down the balance on may 1st (10marks)

Q4 (a) Identify and write briefly on the Five Source Document (5marks)

(b) Write briefly on Four Fundamental Accounting Concepts (5marks)

© Write up the following transactions in the books of L Thompson:

19X8

Mar 1 Started business with cash of kshs 1.500.00

Mar 2 Bought goods on credit from A Hanson Kshs 296.00

Mar 3 paid rent by cash kshs 28.00

Mar 4 paid shs 1000.00 of the cash of the firm into the bank account

Mar 5 sold goods on credit to E Lintons Kshs 54.00

Mar 7 bought stationery shs 15.00 paying by cheque

Mar 11 cash sales shs 49.00

Mar 14 Goods returned by us to A Hanson shs 17.00

Mar 17 Sold goods on credit to S Morgan shs 29.00 Mar 20 Paid for repairs to buildings by cash shs 18.00

Mar 22 E Linton returned goods to us shs 14.00

Mar 27 Paid Hanson By cheque shs 279.00

Mar 28 Cash Purchase shs 125.00

Mar 29 Bought a motor Van paying by cheque Kshs 395.00

Mar 30 Paid motor expenses in cash shs 15,00

Mar 31 Bought fixtures shs 120.00 On credit from A Webster (10marks)

Q 5 XYZ Company Limited drew up the following trial balance as at 30th September 19X8. You are to draft the trading and profit and loss account for the year to 30th September 19X8 and a balance sheet as at that date.

| | Dr | Cr |
|--|------|------|
| | Kshs | kshs |

| | | | |
|---------------------------------------|---------------|---------------|------------|
| Loan from P Owen | | 5,000.00 | |
| Capital | | | 25,955.00 |
| Drawings | 8,420.00 | | |
| Cash at bank | 3,115.00 | | |
| Cash in hand | 295.00 | | |
| Debtors | 12,300.00 | | |
| Creditors | | | 9,370.00 |
| Stock 30 th September 19X7 | 23,910.00 | | |
| Motor van | 4,100.00 | | |
| Office equipment | 6,250.00 | | |
| Sales | | | 130,900.00 |
| Purchases | 92,100.00 | | |
| Return inwards | 550.00 | | |
| Carriage inwards | 215.00 | | |
| Returns outwards | | | 307.00 |
| Carriage outwards | 309.00 | | |
| Motor Expenses | 1,630.00 | | |
| Rent | 2,970.00 | | |
| Telephone charges | 405.00 | | |
| Wages and salaries | 12,810.00 | | |
| Insurance | 492.00 | | |
| Office expenses | 1,377.00 | | |
| Sundry expenses | <u>284.00</u> | <u>000000</u> | |
| | 171,532.00 | | 171,532.00 |

Stock at 30 September 19X8 was Kshs 27,475.00

(20marks)