



(Knowledge for Development)

**KIBABII UNIVERSITY
UNIVERSITY EXAMINATIONS**

2021/2022 ACADEMIC YEAR

FIRST YEAR FIRST SEMESTER

SPECIAL/SUPPLEMENTARY EXAM

CERTIFICATE IN BUSINESS MANAGEMENT

COURSE CODE: CIB 101

COURSE TITLE: FUNDAMENTALS OF ACCOUNTING

DATE: 23RD NOVEMBER, 2022 TIME: 2.00PM - 4.00PM

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

KIBU observes ZERO tolerance to examination cheating

This Paper Consists of 3 Printed Pages. Please Turn Over.

SECTION A

QUESTION ONE: (30 MARKS)

- a. Given the following trial balance for Mr Ochieng and sons Ltd draw up a statement of comprehensive income for Mr Ochieng and sons Ltd for the year ended 31 December 2013

	Sh	Sh
Sales		405,500
Purchases	229,000	
Opening stock	26,000	
Rent	52,000	
Lighting expenses	10,000	
General expenses	17,000	
Fixture and fittings	6,800	
Debtors	248,000	
Creditors		59,000
Bank	24,300	
Cash	3,800	
Drawings	24,000	
Capital		138,000
Commissions		34,000
Returns inwards	<u>4,600</u>	
Return outwards		<u>9,000</u>
	<u>645,500</u>	<u>645,500</u>

The closing stock as at 31st march 2013 was Sh19000

(10 marks)

- b) Write short notes on the following books of prime entry.

- i. Sales journal (2 marks)
- ii. Purchase journal (2 marks)
- iii. Return inward journal. (2 marks)
- iv. Return out ward journal (2 marks)
- v. General journal. (2 marks)

QUESTION TWO: (20 MARKS)

- i. Mr Leakey starts business as at 1st January 2015 with a cash of 250,000.the following transactions took place during the month of January.
January 1- opened a bank account with NBK bank paying in Sh 175000

- January 2-Bought goods for cash sh 10,000
- January 3-bought furniture and paid by cheque sh 25,000
- January 6- bought goods for 15,000 and paid by cheque
- January 9- sold goods for cash sh 18,000
- January 10- paid travelling expenses sh 4000 by cash
- January 12- sold goods and received a cheque for sh 4500
- January 16- paid cash into bank sh 12000
- January 17- bought goods for cash 10,000
- January 20-paid wages to salesmen sh 15000 in cash
- January 24-cashed a cheque for office use sh 3500
- January 28- withdrew from his account sh 5000 for his use
- January 30-purchased goods worth sh 7000 by cash
- January 31-sold goods for sh 6000 and received a cheque

Required:

- Show the entries into cash account, Bank account separately and finally make a two column cash book. (15 marks)
- ii. Explain at least Five users of Accounting information (5 marks)

QUESTION THREE: (20 MARKS)

Explain atleast 10 canons of accounting.

(20 marks)

QUESTION FOUR: (20 MARKS)

- a) Explain the term "bank reconciliation" and state the reasons for its preparation.
- b) Makula, a sole trader received his bank statement for the month of June 2001. At that date the bank balance was Sh. 706,500 whereas his cash book balance was Sh.2, 366,500.

His accountant investigated the matter and discovered the following discrepancies:

- i. Bank charges of Sh.3, 000 had not been entered in the cashbook.
- ii. Cheques drawn by Makula totaling Sh.22, 500 had not yet been presented to the bank.
- iii. He had not entered receipts of Sh.26, 500 in his cashbook.
- iv. The bank had not credited MrMakula with receipts of Sh.98, 500 paid into the bank on 30 June 2001.
- v. Standing order payments amounting to Sh.62, 000 had not been entered into the cashbook.
- vi. In the cashbook Makula had entered a payment of Sh.74, 900 as Sh.79, 400.

- vii. A cheque for Sh.15, 000 from a debtor had been returned by the bank marked “refer to drawer” but had not been written back into the cashbook.
- viii. Makula had brought forward the opening cash balance of Sh.329, 250 as a debit balance instead of a credit balance.
- ix. An old cheque payment amounting to Sh.44, 000 had been written back in the cashbook but the bank had already honored it.
- x. Some of Makula’s customers had agreed to settle their debts by paying directly into his bank account. Unfortunately, the bank had credited some deposits amounting to Sh.832, 500 to another customer’s account. However

Required:

- a. A statement showing Makula’s adjusted cashbook balance as at 30 June 2001. (13 marks)
- b. A bank reconciliation statement as at 30 June 2001. (7 marks)

QUESTION FIVE: (20 MARKS)

Brian is a sole trader. At 30 June 2000 the following balances have been extracted from his books:

sh	
Sales	47,600.00
Purchases	22,850.00
Office expenses	1,900.00
Insurance	700.00
Wages	7,900.00
Rates	2,800.00
Heating and Lighting	1,200.00
Telephone	650.00
Discounts allowed	1,150.00
Opening stock	500.00
Returns inwards	200.00
Returns outwards	150.00
Premises	40,000.00
Plant and Machinery	5,000.00
Motor Vehicles	12,000.00
Debtors	12,500.00
Bank balance	7,800.00
Creditors	3,400.00

Loan-long term loan	10,000.00
Capital	60,000.00
Drawings for the year	4,000.00
Closing stock	550.00

Required:

Construct a trial balance, from the above list of balances. (20 marks)