



**KIBABII UNIVERSITY COLLEGE**

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*Knowledge for Development*

**UNIVERSITY EXAMINATION**

**MAIN EXAMINATION**

**COURSE CODE: BCA 100**

**COURSE TITLE: FINANCIAL ACCOUNTING 1**

**DATE: 18<sup>TH</sup> AUGUST, 2014**

**TIME: 2.00P.M. – 5.00P.M.**

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**INSTRUCTIONS**

Answer question One (Compulsory) and any other three questions

**QUESTION ONE (COMPULSORY)**

a) The following Trial Balance has been extracted from the ledge of Mr Otieno a sole trader

Trial Balance as at 31 may 2010

	Dr Shs “000”	Cr sh “000”
Sales		138,078
Purchases	82,350	
Carriage	5,144	
Drawings	7,800	
Rent, Rates and Insurance	6,622	
Postage and stationery	3,001	
Advertising	1,330	
Salaries and wages	26,420	
Bad debts	877	
Provision for doubtful debts		130
Creditors		6,471
Debtors	12,120	
Cash in hand	177	
Cash at bank	1,002	
Stock at 1 <sup>st</sup> June 2009	11,927	
Equipment at cost	58,000	
Equipment –accumulated depreciation		19,000
Capital		<u>53,091</u>
	<u>216,770</u>	<u>216,770</u>

Additional information:-

- i) Rent is accrued by shs 210
- ii) Rates have been prepaid by shs 880
- iii) Shs 2,211 of carriage represents carriage inwards on purchases
- iv) Equipment is to be depreciated at 15% per annum using the straight line method.
- v) The provision for doubtful debts to be increased by shs 40
- vi) Stock at the close of business has been value at shs 13,551

Required:-

- i) Prepare a Trading Profit and lost account for the year ended 31<sup>st</sup> may 2010 (15 marks)
- ii) Prepare a Balance sheet as at that date (10 marks)

## QUESTION TWO

- a) The following are extracts from the cash book and the bank statement of Bikundo a sole trader as at 31 December 2012

Cash book

2012	shs	2012	shs
Dec 1 Bal b/d	3,419,000	Dec 8 B young	462,000
Dec 7 Flamp	101,000	Dec 15 F Gray	21,000
Dec 22 G brock	44,000	Dec 28 Terrant	209,000
Dec 31 W. Terry	319,000	Dec 31 bal c/d	3,437,000
Dec 31 S. Miller	<u>246,000</u>		
	<u>4,129,000</u>		<u>4,129,000</u>

Bank statement

2012	Dr Shs	Cr shs	Balance shs
Dec. 1 balance b/d			3,419,000
Dec 7 Cheque		101,000	3,520,000
Dec 11 B young	462,000		3,058,000
Dec 20 F. Fray	21,000		3,037,000
Dec 22 Cheque		44,000	3,081,000
Dec 31 credit Transfer: Tmon's		93,000	3,174,000
Dec 31 Bank charges	47,000		3,127,000

Required:

- i) Updated cash book
(5 marks)
- ii) Bank Reconciliation statement
(10 marks)

**QUESTION THREE**

- a) The following information was extracted from the books of Kahawa a sole trader for the month of March 2010

Balance on 1 January 2010

	Shs
Sales ledger	46,462 (Dr)
	245 (Cr)
Purchases ledger	1,472 (Dr)
	25,465 (Cr)
Transactions during the year	
Purchases	76,474
Sales	126,024
Purchases Returns	2,154
Debtors accounts settled by contra accounts with creditors	455
Bad debts written off	1,253
Discounts and allowances to customers	746
Cash received from customers	120,464
Cash discount received	1,942
Cash paid to creditors	70,476
Cash paid to customers	52

Required:

- i) Prepare a sales ledger control account (4 marks)
- ii) Prepare a purchases ledger control account (4 marks)

b. i) Write short explanatory notes on the following accounting principles

- Business entity concept
- Going concern concept
- Accounting period
- Conservation (4 marks)

- iii) Discuss the two major roles of accounting and accounting information (3 marks)

#### QUESTION FOUR

Joe Mapera a sole trader in Tuti market extracted a trial balance which failed to agree by shs 15,600 a shortage on the credit side of the trial balance. A thorough examination of the business books disclosed the following errors

- i) Sales figure was overcast by shs 32,000
- ii) Cash was overcast by shs 20,000
- iii) A debtors account with a balance of shs 21,000 had been omitted
- iv) A balance of shs 15,200 in the purchases returns account had been omitted
- v) The bank loan account had been under cast by shs 33,400

Required:

- i) The necessary Journal entries to correct the above errors (10 marks)  
ii) Suspense account after the correction of errors (5 marks)

### QUESTION FIVE

The following information was extracted from the books of pine furniture shop as at may 2008  
2008

- May 1 started business with capital in cash shs 1,000,000  
May 2 Paid Rent by cash shs 230,000  
May 3 G Broad Lent us shs 2,000,000 paid by cheque  
May 4 We paid J fine by cheque shs 860,000  
May 5 Cash sales shs 190,000  
May 7 F Love paid us by cheque shs 34,000  
May 9 we paid A Moore in cash shs 92,000  
May 11 Cash sales paid directly into the bank shs 151,000  
May 15 P. Hood paid us in cash shs 96,000  
May 16 we took shs 100,000 out of cash till and paid it into the bank account  
May 19 we repaid R onions shs 500,000 by cheque  
May 22 cash sales paid direct into the bank shs 122,000  
May 26 paid motor expenses by cheque shs 75,000  
May 30 withdrew shs 200,000 cash from the bank for business use  
May 31 paid wages by cash shs 320,000

Required:

Write up a two column cash book for a pine furniture shop and balance it off as at the end of the month  
(15 marks)