



KIBABII UNIVERSITY COLLEGE

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UNIVERSITY EXAMINATIONS

2012/ 2013 ACADEMIC YEAR

**FOR THE CERTIFICATE OF
BUSINESS MANAGEMENT**

COURSE CODE: CIB 101

COURSE TITLE: FUNDAMENTALS OF ACCOUNTING

DATE: 22nd August 2013

TIME: .;9.00am – 12 noon

Instructions to Candidates

- Answer all questions
- Show all workings

1. (a) What is accounting? **(2 marks)**
 (b) Explain five accounting principles **(10 marks)**
 (c) List four functions of accounting **(8 marks)**
2. Complete the following table, showing the accounting tone debited and those credited.

	Accounted to be	Account to be
	Debited	Credited
a) Paid insurance by cheque		
b) Paid motor expenses by cash		
c) Rent received in cash		
d) Paid rates by cheque		
e) Received refund of rates by cheque		
f) Paid for stationary expenses by cash		
g) Paid wages by cash		
h) Sold surplus stationary receiving process by cheque		
i) Received sales commission by cheques		
j) Bought motor van by cheque (20 marks)		

3. Enter up the book from the following details for the month of March, and extract a trial balance as at 31st March 2006

2006

March 1. Started business with Kshs 80, 000 in the bank.

2 Bought goods on credit from the following persons

K. Henriques sh 7,600, M Hyatt Kshs. 2,700; T. Braham shs 5,600

5. Cash sales Kshs 8.700

6. Paid wages in cash Kshs 1,400

7. Sold goods on credit to; H. Elliot Kshs. 3,500 L. Lane Kshs 4,200,

J. Carlton Kshs 7,200

9. Bought goods for cash Kshs 4,600

10. Bought goods on credit from M. Hyatt Kshs 5,700, Braham Kshs 9,800

12. Paid wages in cash Kshs 1,400

13. Sold goods on credit to;

L. Lane Kshs 3,200 J, Carlton Kshs 2,300

14. Bought shop fixtures on credit from Betta Ltd Kshs 5,000

18. We returned goods to T. Braham Ksh 2,000

21. Paid Betta Ltd a cheque for shs 5,000

24. Carlton paid us his account by cheque Kshs 9,500

27. We returned goods to K. Herriques kshs 2,400

30. J. King lent us kshs 6,000 by cash

31. Bought a motor van paying by cheque shs. 40.000

4. From the following trial balance of C. worth after his first year's trading, you are required to draw up a comprehensive income statement a (trading, profit and loss) for the year ended 30th September 2009, and a financial position as at that date.

	DR.	CR
Stock 1 st October 2005	Shs	Shs
Carriage outwards	23,680	
Returns inwards	2,000	
Returns outwards	3,100	
Returns outwards	2,050	
Purchases		3,220
Sales	118,740	
Salaries and wages	38,620	
Rent	3,040	
Insurance	780	

Motor expenses	6,640	
Office expenses	2,160	
Lighting and heating expenses	1,660	
General expenses	3,140	
Premises	50,000	
Motor vehicles	18,000	
Fixtures and fittings	3,500	
Debtors	38,960	
Creditors		17,310
Cash at bank	4,820	
Drawings	12,000	
Capital	<u> </u>	<u>126,360</u>
	<u>332,890</u>	<u>332,890</u>

Stock at 30th September 2006 was Kshs 29,460 (30 marks)