



(Knowledge for Development)

KIBABII UNIVERSITY

(KIBU)

**UNIVERSITY EXAMINATIONS
2018/2019 ACADEMIC YEAR**

**END OF SEMESTER EXAMINATIONS
YEAR TWO SEMESTER ONE EXAMINATIONS**

**FOR THE DEGREE OF
BACHELOR OF SCIENCE
(INFORMATION TECHNOLOGY)**

COURSE CODE : BIT 218
**COURSE TITLE : FINANCIAL ACCOUNTING
PRINCIPLES FOR IT**

DATE: 06/02/2019

TIME: 8.00A.M. – 11.00A.M.

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTIONS ONE AND ANY OTHER TWO.

QUESTION ONE (COMPULSARY) [30 MARKS]

- a. State four forms of economic units [4marks]
- b. Define the following terms as used in accounting
- i. Assets [2 marks]
 - ii. Return inwards [2 marks]
 - iii. Liabilities [2 marks]

c. On 1 June 2015, Nori Traders had Ksh117, 500 in the business account. Transactions for the month of June were as follows:

- 2 Withdrew Ksh35, 000 from the bank for business use.
- 5 Bought trade inventories Ksh20, 500 by cheque.
- 7 Took Ksh2, 500 from the office till for personal use.
- 12 Received Ksh23, 000 in cash from Ngatho in full settlement of his account of Ksh25, 000
- 14 Cash sales amounted to Ksh7, 800.
- 19 Paid Kaithe's account Ksh27, 000 after having received a 10% cash discount.
- 26 Paid rent Ksh6, 000 by cheque
- 28 Paid wages Ksh7, 500 in cash.
- 30 Banked all the cash except Ksh15, 000.

Prepare a three column cash book.

[10 marks]

d. Faida Traders operates a petty cash book on the imprest system with monthly cash float of Ksh65, 000. The reimbursement is made on the first day of every month. On 1 June 2015, the petty cashier had a balance of Ksh28, 800. The following transactions were made during the month.

- June 2 paid Ksh18, 000 for cleaning services.
- 5 Paid Ksh1, 450 for postage
- 8 Paid Allan, a creditor Ksh6,800.
- 11 Bought printing papers Ksh900.
- 12 Bought beverages for Ksh1, 200 and snacks Ksh500.
- 16 Paid Ksh1,960 for taxi services.
- 20 Bought office equipment for Ksh3, 600
- 24 Bought files and folders for Ksh4, 200.
- 26 Paid for milk supply Ksh6, 000
- 28 Bought brooms for Ksh920.
- 29 Paid Ksh3, 750 for bus fare.
- 30 Bought air time Ksh1, 450.

Prepare a petty cash book with the following analysis columns:

- . Cleaning.
- . Staff refreshments
- . Communication and stationery.

. Travel.
. Ledger.

[10 marks]

✓ **QUESTION TWO [20MARKS]**

(b) The following trial balance was extracted from the books of Lule Traders on 30th April 2015

**Lule Traders
Trial Balance
As at 30th April 2015**

	Dr (Kshs.)	Cr (Kshs.)
Sales		186,000
Purchases	115,560	
Stock 1.5.2014	37,760	
Carriage outwards	3,260	
Carriage inwards	2,340	
Returns	4,400	3,550
Salaries	24,470	
Electricity	6,640	
Rent	5,760	
Sundry expenses	12,020	
Equipment	24,000	
Furniture	6,000	
Debtors	45,770	
Creditors		30,450
Bank	38,760	
Cash	1,200	
Drawings	20,500	
Capital		128,440
	<u>348,440</u>	<u>348,440</u>

Stock as at 30.4. 2015 Shs. 49,980

Required:

Draw up a statement of comprehensive income for the year ended 30 April 2015 and statement of financial position as at 30st April 2015 [20marks]

✓ **QUESTION THREE [20MARKS]**

The accounting theory provides the knowledge of Generally Accepted Accounting Principles (GAAPs). Explain any FIVE Accounting principles. [20marks]

✓ **QUESTION FOUR [20MARKS]**

Write a two-column cash book from the following detail and balance off as at the end of the month.

2017

Oct 1: Started business with capital in cash Sh. 2,000,000

Oct 2: Paid salaries by cash Sh. 150,000

Oct 3: Loan from Equity Bank- Sh. 800,000, paid by cheque.

Oct 4: Paid Njoroge by cheque Sh. 55,000

Oct 5: Cash sales made Sh. 100,000

Oct 7: Milo, owe of debtor paid by cash Sh.50, 000

Oct 9: Paid Dennis (creditor) in cash 32,000

Oct 11: Cash sales paid direct into the bank Sh. 74,000

Oct 15: Jeff (creditor) paid as by cheque Sh. 95,000

Oct 16: Repaid Equity loan by cheque Sh.200, 000

Oct 19: Took Sh.30, 000 out of the cash till and paid it into the bank accounts.

Oct 22: Paid machinery expenses by cheque Sh. 25,000

Oct 26: Withdrew Sh. 150,000 cash from the bank for business use.

Oct 31: Paid salaries in cash Sh. 108,000.

QUESTION FIVE [20MARKS]

The balances and transactions affecting the control accounts of Jaribu Ltd. for the month of November 2015 are listed below:-

Balances on 1 November 2015:

Sales ledger	9,123,000	(debit)
	211,000	(credit)
Purchases ledger	4,490,000	(credit)
	88,0000	(debit)

Transactions during November 1997:

Purchases on credit	18,135,000
Allowances from suppliers	629,000
Receipts from customers by cheques	27,370,000
Sale on credit	36,755,000
Discount received	1,105,000
Payments to creditors by cheques	15,413,000
Contra settlements	3,046,000
Bills of exchange receivable	6,506,000
Allowances to customers	1,720,000
Customers cheques dishonoured	489,000
Cash received from credit customers	4,201,000
Refunds to customers for overpayments	53,000
Discounts allowed	732,000
Balances on 30 November 2015	

Sales ledger	136,000	(credit)
Purchases ledger	67,000	(debit)

Required:

a. The sales ledger control accounts and [10marks]

b. Purchases ledger control accounts for the month of November 2015 and show the respective debit and credit closing balances on 30 November 2015. [10marks]

1,229,000