

RESIT/

CHUKA



UNIVERSITY

SPECIAL EXAMINATION

**FIRST YEAR EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF COMMERCE,
BACHELOR OF ENTREPRENEURSHIP AND ENTERPRISE MANAGEMENT, BACHELOR OF
COOPERATIVE MANAGEMENT AND BACHELOR OF HOTEL MANAGEMENT**

BCOM 111: PRINCIPLES OF ACCOUNTING I**STREAM: BCOM, BEEM, BCOP, BCHM Y1S1****TIME: 2 HOURS****DAY/DATE: THURSDAY 04/11/2021****11.30 A.M – 1.30 P.M****INSTRUCTIONS:****ANSWER QUESTIONS ONE AND ANY OTHER TWO
QUESTION ONE**

- a) Discuss any five users of Accounting information [10marks]
- b) Explain the following accounting concepts
- | | |
|----------------------------|----------|
| Going Concern | [3marks] |
| Business Entity Assumption | [3marks] |
| Nominal accounts | [2marks] |
| Historical cost principle | [2marks] |
| Historical Cost Principle | [2marks] |
- c) Explain four qualitative characteristics of accounting information [8marks]

QUESTION TWO

The following trial balance was extracted from the books of Angel, a sole trader in Chuka Town as at 31.12.2010

	Sh	Sh
Capital 1.1.10		3,165,6
		20
Purchases	923,600	
Sales		1,968,1
		60
Purchases return		5,600
Sales return	16,160	
Discount allowed	18,200	

Discount received		14,080
Wages and salaries	622,000	
Rent	49,000	
Insurance	35,600	
General expenses	81,200	
Trade debtors	368,000	
Trade creditors		322,400
Bank overdraft		80,400
Stock 1.1.10	122,000	
Land and building at cost	1,700,000	
Plant and machinery	1,230,000	
Motor vehicle	562,000	
Drawings	208,200	
Cash in hand	40,200	
Provision for depreciation, motor vehicle		112,400
Plant and machinery	_____	<u>307,500</u>
		=
	5,976,160	5,976,1
	=====	60
		=====
		==

Additional Information:

1. Stock in trade on 31.12.10 amounted to sh. 148,400
2. Rates paid in advance as at 31.12.10 allowed to sh. 7000
3. Outstanding electricity bill as at 31.12.10 (this included in general expenses) amounted to sh 3580
4. Depreciation is to be provided on motor vehicles, plant and machinery at 20% and 25% respectively on reducing balance method.

Required:

- (a) A trading, profit and loss account for the year ended 31.12.10 [12 marks]
- (b) A balance sheet as at 31.12.10 [8 marks]

QUESTION THREE

- (a) Discuss the benefits of maintaining control accounts. [5 marks]
- (b) The following information has been extracted from the books of Kimani traders limited for the month of April 2002.

Purchases ledger bal. 1 st June	Dr	350
	Cr	18,46
		0
Sales ledger balances	Dr	47,60
		0

	Cr	1,350
Credit purchases		39,400
Credit sales		68,940
Cash purchases		20,600
Cash sales		4,400
Return inwards		2,500
Return outwards		890
Receipts from trade debtors		52,600
Payment to trade creditors		38,640
Discount received		4,750
Discount allowed		6,990
Bad debts written off		1,240
Interest charged to debtors		360
Debtors cheque dishonoured		870
Purchases ledger credits transferred to sales ledger		1,230
Purchases ledger balance 30 th June	Dr	480
Sales ledger balances 30 th June	Cr	1,690

Required:

- (i) Purchases ledger control account [8 marks]
- (ii) Sales ledger control account [7marks]

QUESTION FOUR

(a) Explain any FIVE errors that cannot be disclosed by balancing of a trial balance [10 marks]

(b) The following transaction took place in Lewis business during the month of January 2018;

- January 1 Lewis introduced capital into the business bank account with Sh.94,000
- 2 He received a cheque from Peter worth Sh.11,500
- 4 He made cash sales worth Sh.10,200
- 6 Paid rent by cash worth Sh.3,500
- 7 He banked Sh.5000 of cash held by business
- 15 He made cash sales which paid direct inot the bank account with Sh.4000
- 23 William paid Lewis by cheque Sh.27,700
- 29 He withdrew Sh.12,000 from the bank for business use
- 30 Made credit sales worth Sh.12,000
- 30 Paid wages in cash worth Sh.11,800

Required:

Prepare a **two column cashbook** for the month of January, 2018 in Lewis business [10 marks]