

**W1-2-60-1-6**

**JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY**

**UNIVERSITY EXAMINATIONS 2014/2015**

**SPECIAL/SUPPLEMENTARY YEAR I SEMESTER I EXAMINATON FOR THE DEGREE OF BACHELOR OF COMMERCE/BUSINESS INFORMATION TECHNOLOGY**

**HBC 2101: /HBT 2103: INTRODUCTION TO ACCOUNTING /FINANCIAL ACCOUNTING**

**DATE:AUGUST 2015 TIME: 2 HOURS**

**INSTRUCTIONS:** Answer question one and any other two questions.

**QUESTION ONE**

a. Discuss any five uses of accounting information. (5 marks)

b. Wanjohi extracted a trial balance for the business as on 31 December 2014 but is ?? to Agnes. Upon investigation, the following errors were discovered :

i. Computer repairs of sh 1840 were debited to the computer account.

ii. sh8190 discounts received were credited to discounts allowed accounts.

iii. Stock at close was undervalued by sh 2000.

iv. Sh 14050 commission received was debited to the sales account.

v. Drawings sh 940 was ?? to capital account.

vi. A cheque of sh 3170 paid to Ben was entered in the cash book but not in his personal account.

vii. A cheque of shs 2120 from Kan credited to Ken.

Required

a. Journal entries to record the above errors. (10 marks)

b. Suspense account. (10 marks)

c. If the net profit had previously been calculated as sh 10000 for the year ending 21 December 2014, show the calculation as if the corrected net profit. (5 marks)

**QUESTION TWO**

a. Discuss the reasons for preparing the control accounts. (4 marks)

b. The following details were obtained from the books of Nyali bridege enterprises as at 31 December 2014.

|  |  |
| --- | --- |
|  | Sh |
| Balance b/d debtors - Dr | 20040 |
| -Cr | 56 |
|  |  |
| Creditors – Dr | 12 |
| Creditors -Cr | 14860 |
| Payments to creditors | 93685 |
| Cheques from debtors | 119930 |
| Purchases on credit | 95580 |
| Sales on credit | 124600 |
| Bad debts written off | 204 |
| Discounts allowed | 3480 |
| Discounts received | 2850 |
| Returns inwards | 1063 |
| Returns outwards | 240 |
| Balance c/d – debtors - cr | 37 |
| -creditors – Dr | 26 |
| Inter ledger transfers | 438 |

Required

i. Sales ledger control accounts. (8 marks)

ii. Purchases ledger control accounts. (8 marks)

**QUESTION THREE**

a. Explain any five causes of the difference between the cash book balance and the bank statement balance. (5 marks)

b. The following details were obtained from the books of Kenyan enterprises for the month ended 31 December 2014.

Bank Statement.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | Dr | Cr | Balance |  |
|  |  |  | Sh | Shs | sh |
| Dec 1 | Balance |  |  | 4200 | % |
| 8 | hacleaod | 184 |  | 4384 | % |
| 16 | Cheque |  | 292 | 4092 | % |
| 20 | mulna | 160 |  | 4252 | % |
| 21 | Cheque |  | 369 | 3883 | % |
| 31 | Frank |  | 88 | 3795 | % |
| 31 | TYF | 32 |  | 3827 | % |
| 31 | Bank charges | 19 |  | 3846 | % |

The cashbook for the month of December 2014

|  |  |  |  |
| --- | --- | --- | --- |
| Dr |  |  | cr |
|  | Sh |  | sh |
| Phillip | 292 | Bal B/d | 4200 |
| Forker | 369 | Macleold | 184 |
| Hane | 192 | Milne | 160 |
| Bal c/d | 4195 | Porter | 504 |
|  | 5048 |  | 5048 |

Required

i. Write the cash book update. (10 marks)

ii. Draw a bank reconciliation statement us on 31 December 2014. (5 marks)

**QUESTION FOUR**

The following details were obtained from the books of Joy enterprise for the month of December 2014.

|  |  |  |
| --- | --- | --- |
| 1. | Cash balance b/d | 4500 |
|  | B Balance b/d | 4500 |
| 2. | Wanjala paid by cheque less cash discount of sh 70 | 2100 |
| 8. | Wanjohi a creditor was paid by cheque deducting a cash discount of sh 470 | 2670 |
| 11 | Withdrew each from bank for business use | 1800 |
| 16 | Wafula a debtor paid his account by cheque deducting discount of sh 250 | 4430 |
| 25 | Paid off expenses by Cash | 1200 |
| 28 | Brenda a debtor paid her account deducting discount sh 20 | 780 |
| 29 | Ben a creditor was paid by cheque deducting a discount of sh 25 | 670 |
| 30 | Hellen a creditor was paid by cheque deducting a discount of sh 210. | 6790 |

Required

i. ?? column cash book (16 marks)

ii. General ledger extracts for discounts. (4 marks)

**QUESTION FIVE**

a. Explain any five qualities of accounting information. (5 marks)

b. The following trial balance was extracted from the books of Jayrose.

Trial Balance as at 31 Dec 2014.

|  |  |  |
| --- | --- | --- |
|  | Dr | Cr |
|  | Sh | Sh |
| Stock | 1000000 |  |
| Provisions for bad debts |  | 8000 |
| Salaries | 300000 |  |
| Rates | 60000 |  |
| Telephone | 10000 |  |
| Shop fittings | 400000 |  |
| Motor van | 300000 |  |
| Debtors | 98000 |  |
| Creditors |  | 70000 |
| Bad debts | 2000 |  |
| Capital |  | 1790000 |
| Bank | 30000 |  |
| Drawings | 180000 |  |
| Sales |  | 4000000 |
| Purchases | 3500000 |  |
| Sales returns | 50000 |  |
| Purchases returns |  | 62000 |
|  | 5930000 | 5930000 |

Additional information

i. Closing stock sh 1200000

ii. Accrual balance sh 50000

iii. Prepaid rates sh 5000

iv. Provision for bad debts 10% of debtors

v. Telephone account outstanding sh 2200

vi. Depreciation

shop fittings 10% p.a

motor van 20% p.a

Required

i. Income statement for the year ended 31 December 2014 (8 marks)

ii. Statement financial position as at 31 December 2014. (7 marks)