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KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY
UNIVERSITY EXAMINATION, 2023/2024 ACADEMIC YEAR
SECOND YEAR, FIRST SEMESTER EXAMINATION
FOR THE DEGREE OF BACHELOR OF SCIENCE
(BUSINESS ADMINISTRATION)

Date: 5th December, 2023
Time: 2.30pm –4.30pm

KAC 200 - INTERMEDIATE ACCOUNTING 1

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

QUESTION ONE (30 MARKS)

- a) The following information is available after the Cash Book of Windhoek Stores was compared with their Bank Statement at 28 February 2020. And the following noted:
- The Cash Book showed an overdraft of Ksh. 10 100,000
 - The Bank Statement showed a debit balance of Ksh. 10, 568,000
 - The deposit of Ksh. 7, 654,000 does not appear on the Bank Statement.
 - Cheques not yet presented for payment:
Cheques No. 511 amounting to Ksh. 805, 000
Cheques No. 516 amounting to Ksh. 690,000
 - The bank recorded the following in the current bank account of Windhoek Stores:
Credit card levy Ksh. 150,000
Service fee Ksh. 243,000
Interest on overdraft Ksh.163,000
 - A cheque for Ksh.260,000 received from P. Peters was dishonoured by the bank. Discount allowed on this cheque was K.h,30,000
 - A payment by a debtor, D. Sunshine, for Ksh, 3, 000,000 appears in the Bank Statement and not in the Cash Book.
 - The Bank Statement showed a debit order for Ksh.693,000 in favour of Deadsure for an insurance premium.
 - T. Strong, a tenant, deposited his monthly rent directly into the bank account, Ksh.4 200,000
- You are required to:**
- Make the necessary adjustments in the cashbook (5 marks)
 - Draw up the Cash Book of Windhoek Stores on 28 February 2020. (5 marks)
 - Make the necessary adjustments in the bank account (5 marks)
 - Draw up the Bank Reconciliation Statement on 28 February 2020 (5 marks)
- b) Describe the five (5) main elements of financial statements in accordance with the IASB's Conceptual Framework. (5 marks)
- c) Explain the main causes of differences between the bank balance as shown by the cashbook and the bank statement (5 marks)

QUESTION TWO (20 MARKS)

- a) Explain the main causes of differences between the bank balance as shown by the cashbook and the bank statement. (10 marks)
- b) Mr. Ojwang, a sole trader received his bank statement for the month of June 2021. At that date the statement showed a credit balance of Kshs 49,320 whereas his cashbook showed a debit balance of Kshs 36,080. After a lengthy investigation into the cause of the difference the following was discovered:
 - i) Cheques totalling Kshs 61,450 issued by Ojwang did not appear in the bank statement
 - ii) The bank credited cheques totalling Kshs 39,450 deposited on the last day of the month on 5th July.
 - iii) Bank charges for the month amounted to Kshs 2,410
 - iv) The bank returned a cheque for Kshs 6,050 deposited by Ojwang to the bank on 23rd June unpaid on 4th July.
 - v) The bank made payments of Kshs 8000 to Ojwang’s landlord and another of Kshs 2000 to an insurance company as part of Ojwang’s standing orders with bank
 - vi) A debtor remitted Kshs 9,700 directly to Ojwang’s account.

Required;

Prepare a statement reconciling the cashbook balance and the bank statement balance as at 30th June 2021 (10 marks)

QUESTION THREE (20 MARKS)

- a) Differentiate between perpetual and periodic inventory systems. (5 marks)
- b) The inventory records of Jet Ltd, indicate that the purchases, sales and inventory quantities for product PDQ for the month of March 2021 are as follows:

Date	Units	Unit Price
March1 Inventory	900	sh. 90
6 Issued	700	
10 received	1,000	92
18 issued	1,100	
22 received	2,000	95
31 issued	600	

Required;

Compute the cost of ending inventory on 31 March using the following methods for inventory valuation.

- i) First -in, first-out (10 marks)
- ii) Average method (5 marks)

QUESTION FOUR (20 MARKS)

- a) Explain the various types of intangible assets as indicated by IAS (5 marks)
- b) Describe the five main elements of financial statements in accordance with the IASB's Conceptual Framework. (5 marks)
- c) XYZ Inc. is a manufacturer of aerated drinks. It bought a bottling machine worth ksh.108, 000 in 2021. Titus, the plant supervisor, determined the technical feasibility test of the bottling machine. Titus believes it will last for 5 years with a salvage value of ksh 8000. Prepare a depreciated expense and accumulated depreciation schedule for each year using the reducing balance method. (10 marks)

QUESTION FIVE(20 MARKS)

- a) The following information is available after the Cash Book of Windhoek Stores was compared with their Bank Statement at 28 February 2020. And the following noted:
- i) The Cash Book showed an overdraft of Ksh. 10 100,000
 - ii) The Bank Statement showed a debit balance of Ksh. 10, 568,000
 - iii) The deposit of Ksh. 7, 654,000 does not appear on the Bank Statement.
 - iv) Cheques not yet presented for payment:
 - Cheques No. 511 amounting to Ksh. 805, 000
 - Cheques No. 516 amounting to Ksh. 690,000
 - v) The bank recorded the following in the current bank account of Windhoek Stores:
 - Credit card levy Ksh. 150,000
 - Service fee Ksh. 243,000
 - Interest on overdraft Ksh.163,000
 - vi) A cheque for Ksh.260,000 received from P. Peters was dishonoured by the bank. Discount allowed on this cheque was K.h,30,000
 - vii) A payment by a debtor, D. Sunshine, for Ksh, 3, 000,000 appears in the Bank Statement and not in the Cash Book.
 - viii) The Bank Statement showed a debit order for Ksh.693,000 in favour of Deadsure for an insurance premium.
 - ix) T. Strong, a tenant, deposited his monthly rent directly into the bank account, Ksh.4 200,000
- You are required to;
- i) Make the necessary adjustments in the cashbook (5 marks)
 - ii) Draw up the Cash Book of Windhoek Stores on 28 February 2020. (5 marks)
- b) Explain the various types of intangible assets as indicated by IAS. (10 marks)