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KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY
UNIVERSITY EXAMINATION, 2022/2023 ACADEMIC YEAR
SPECIAL EXAMS

DIPLOMA IN BUSINESS ADMINISTRATION
DBA 022-PRINCIPLES OF ACCOUNTING

Date: 2nd August 2022
Time: 2.30pm - 4.30pm

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

QUESTION ONE (COMPULSORY) (30 MARKS)

- a) Define the following terms (6 marks)
- i) Assets
 - ii) Liabilities
 - iii) Capital
- b) Explain the going concern concept and its usefulness in accounting (4 marks)
- c) Explain any three source documents clearly stating their uses (6 marks)
- d) Differentiate between a ledger and a journal as used in accounting (4 marks)
- e) Differentiate between Carriage inwards and carriage outwards (4 marks)
- f) Explain any three users of accounting information

QUESTION TWO (30 MARKS)

- a) Write up the journals in the books of Jomaka to record the following transactions (10 marks)
- June 1 Started business with 50,000 in the bank.
“ 2 Bought motor van paying by cheque 12,000.
“ 5 Bought Fixtures 4,000 on credit from Office Masters Ltd.
“ 8 Bought a van on credit from Motor Cars Ltd 8,000.
“ 12 Took 1,000 out of the bank and put it into the cash till.
“ 15 Bought Fixtures paying by cash 600.
“ 19 Paid Motor Cars Ltd by cheque 8000.
“ 21 A loan of 10,000 cash is received from J Marcus.
“ 25 Paid 8,000 of the cash in hand into the bank account.
“ 30 Bought more Fixtures paying by cheque 3,000.
- b) Explain any five qualities of good accounting information (10 marks)

QUESTION THREE (20 MARKS)

From the following trial balance of Kazi traders draw up a trading and profit and loss account for the year ended 30 September 2012, and a balance sheet as at that date (20 marks)

	Dr	Cr
	KSH	KSH
Stock 1 October 19x8	23,680	
Carriage outwards	2,000	
Carriage inwards		3,100
Returns inwards	2,050	
Returns outwards		3,220
Purchases	118,740	
Sales		186,000
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		126,360
	<u>332,890</u>	<u>332,890</u>

QUESTION FOUR (20 MARKS)

a) The following balances have been extracted from the books of Central traders At 30 June 2014:

	KSH
Sales	47,600.00
Purchases	22,850.00
Office expenses	1,900.00
Insurance	700.00
Wages	7,900.00
Rates	2,800.00
Heating and Lighting	1,200.00
Telephone	650.00
Discounts allowed	1,150.00
Opening stock	500.00
Returns inwards	200.00
Returns outwards	150.00
Premises	40,000.00
Plant and Machinery	5,000.00
Motor Vehicles	12,000.00
Debtors	12,500.00
Bank balance	7,800.00
Creditors	3,400.00
Loan-long term loan	10,000.00

Capital	60,000.00
Drawings for the year	4,000.00
Closing stock	550.00

Required:

Construct a trial balance, from the above list of balances (14 marks)

b) Explain any three types of errors that are common in accounting (6 marks)

QUESTION FIVE (20 MARKS)

a) Explain any three errors that can affect the accounts (9 marks)

b) The following transactions relate to umoja traders in a given month

- Opening cash and bank balances were ksh 8,000 and 42,000 respectively
- Received a cheque of ksh 120,000 from a debtor
- Transferred ksh 42,000 to petty cash
- Paid utilities in cash ksh 4,800
- Paid mary ksh 22,000 by cheque
- Paid wages in cash 3,200
- Bought office supplies 6,200 in cash
- Made cash sales ksh 48,000 and deposited ksh 40,000 to the bank
- Made purchases of ksh 18,000 on credit
- Paid ksh 14,500 by cheque to david

Required: Prepare a two column cash book and determine the cash and bank balances at the end of the month (11 marks)