



# MURANG'A UNIVERSITY OF TECHNOLOGY

## SCHOOL OF BUSINESS AND ECONOMICS

### DEPARTMENT OF COMMERCE

UNIVERSITY ORDINARY EXAMINATION FOR DIPLOMA IN  
BUSINESS MANAGEMENT

2017/2018 ACADEMIC YEAR

**FIRST YEAR FIRST SEMESTER EXAMINATION**

BCA 050-INTRODUCTION TO FINANCIAL ACCOUNTING

DURATION: 2 HOURS

DATE: 16<sup>TH</sup> APRIL 2018

TIME: 2.00-4.00PM

#### **Instructions to Candidates:**

1. Answer **Question 1** and **Any Other Two** questions.
2. Mobile phones are not allowed in the examination room.
3. You are not allowed to write on this examination question paper.

## **SECTION A – ANSWER ALL QUESTIONS IN THIS SECTION (30 Marks)**

### **QUESTION ONE**

- a) Discuss any five users of accounting information. (10 marks)
- b) Explain five key characteristics of accounting information (5 marks)
- c) Write short notes on the following accounting terms
  - i. Business entity (2 marks)
  - ii. Purchases (2 marks)
  - iii. Sundry creditors (2 marks)
  - iv. Sundry debtors (2 marks)
  - v. Expenses (2 marks)
- d) Summarize the steps of the accounting cycle or process (5 marks)

## **SECTION B – ANSWER ANY TWO QUESTIONS IN THIS SECTION**

### **QUESTION TWO**

- a) Write up the accounting effects on the following transactions to complete a double entry In the books of book limited for the month of June 2016.

June 1: Started business with Ksh 50,000 in the bank

June 2: Bought motor van paying by Cheque Ksh 1200,000

June 5: bought fixture worth Ksh 40,000 on credit from creative furniture limited

June 8: bought a motor van on credit from motor cars limited Ksh 800,000

June 12: took Ksh 10,000 out the bank and put it into the cash till

June 15: bought fixtures paying by cash Ksh 60,000

June 19: paid motor cars limited by Cheque Ksh 800,000

June 21: a loan of Ksh 100,000 cash is received from Juma Anderson

June 25: paid Ksh 80,000 of the cash in hand into the bank account

June 30: bought more fixtures paying by cheque Ksh 30,000

(10 marks)

- b) Discuss any five source documents that are used as evidence in predation of books of original entry (10 marks)

### QUESTION THREE

- a) You are to enter up the sales journal from the following details. post the items to the relevant accounts in the sales ledger and then show the transfer to the sales account in the general ledger

**2017**

March 1: Credit sales to Michael I 18,700

March 3: Credit sales to L Kago 16,600

March 6: Credit sales to W Chege 1,200

March 10: Credit sales to J Munyi 5,500

March 17: Credit sales to F Williams 28,900

March 19: Credit sales to R wood 6,600

March 27: Credit sales to S Simon 2,800

March 31: Credit sales to Unga sons 7,800

(12 marks)

- b) Explain four limitations of financial accounting

(8 marks)

### QUESTION FOUR

- a) Discuss any five accounting concepts helps on accountant to prepare financial statements that conforms to the accounting standard (10 marks)

- b) The following trial balance has been drawn up from the accounts of end tapes printers.

Trial balance balance as at 31<sup>st</sup> December 2016

	<b>Dr. (Ksh.)</b>	<b>Cr (Ksh)</b>
Sales		292,500
Purchases	103,500	
Salaries And Wages	18,700	
Office Expenses	2,500	
Insurance	1,100	
Electricity	600	
Stationery	2,400	
Advertising	3,500	
Telephone	800	
Rates	3,500	

Discount Allowed	100	
Discount Received		200
Returns Inward	1,500	
Returns Outward		3,500
Stock At 01 Jan 2016	46,000	
Premises	80,000	
Stock as at 31 <sup>st</sup> Dec 2016	41,000	
Fixtures and Fittings	5,000	
Debtors	4,800	
Creditors		7,500
Cash in Hand	200	
Cash at Bank		
Bank Overdraft		12,000
Capital		11,000
Drawings	14,000	
<b>Total</b>	<b>328,700</b>	<b>328,700</b>

**Required**

- i. Prepare on income statements for the year ended 31<sup>st</sup> December 2016 (5 marks)
  
- ii. Prepare a statement of financial position as at 31<sup>st</sup> December 2016.  
(5 marks)

**Total: (20 marks)**