



**KISII UNIVERSITY**  
**UNIVERSITY EXAMINATIONS**

**SPECIAL/SUPPLEMENTARY EXAMINATIONS**  
**FIRST YEAR EXAMINATION FOR THE AWARD OF THE DEGREE OF**  
**BACHELOR OF BUSINESS INFORMATION AND MANAGEMENT**  
**SECOND SEMESTER, 2024/2025**  
**(JANUARY-APRIL, 2025)**

**BINM 130: ACCOUNTING FOR BUSINESS**

**STREAM: Y1 S2**

**TIME: 2 HOURS**

**DAY: MONDAY, 09:00-11:00 AM**

**DATE: 11/08/2025**

---

**INSTRUCTIONS**

- 1. Do not write anything on this question paper.**
- 2. Answer Question ONE (Compulsory) and any other THREE Questions**

**QUESTION ONE (COMPULSORY) (25Marks)**

- a) Briefly explain the following terms:
  - i) Ledger accounts [2marks]
  - ii) The journal [2marks]
- b) Explain any three objectives of accounting. [3marks]
- c) Briefly distinguish between financial accounting and management accounting. [4marks]
- d) The following transactions were carried out by Jack Traders:  
  
January 1 The owner introduced additional capital of cash sh 300,000.  
2 Paid sh 15,000 as rent for January.  
4 Bought goods from Otieno for cash sh 90,000 and credit sh 30,000.

- 5 Sold goods for cash sh 25,000 and sh 10,000 on credit to John.
- 7 Owner withdrew cash sh 20,000 for personal use.
- 8 Paid Otieno on account sh 15,000.
- 10 Received sh 10,000 from John on account.

- Required:** i) Prepare journal entries for the transactions. [10marks]  
 ii) Post entries to the cash account. [4 marks]

### QUESTION TWO (15 MARKS)

The following balances are extracted from the books of Inuka Traders as at 31.12.2013.

	Sh
Stock at 1.1.2011	380,000
Purchases	1,800,000
Carriage inwards	60,000
Carriage outwards	40,000
Sales	3,960,000
Debtors	330,000
Creditors	125,000
Wages	280,000
Electricity and water	12,000
Rates	70,000
Cash at hand	246,000
Cash at bank	54,000
Notes receivable	56,000
Notes payable	75,000
Furniture and fittings (net book value)	80,000
Buildings (net book value)	600,000
Vehicle (net book value)	400,000
Land	200,000
Provision for bad debts 1.1.2011	15,000
Drawings	185,000
Other expenses	152,000
Capital 1.1.2011	1,000,000

The following adjustments are needed:

- i) Stock as at 31.12.2010 was sh 320,000.
- ii) Sh 33,000 was to be written off as bad debts.

- iii) Provision for bad debts is maintained at 10% of the balance of debtors.
- iv) Depreciation is charged as a percentage of net book value: 10% for furniture and fittings, 10% for vehicles and 5% for buildings.
- v) Prepaid rates were sh 200,000.
- vi) Profit for the year was sh. 1,310,300.

**Required:**

Prepare a balance sheet for the trader as at 31.12.2010. [15marks]

**QUESTION THREE (15 MARKS)**

The following balances were extracted from the ledger accounts of Fox Enterprises on 31.12.2015:

	Sh
Capital	6,000,000
Drawings	850,000
Stock at 1.1.2015	2,460,000
Purchases	4,080,000
Carriage inwards	420,000
Carriage outwards	205,000
Sales	21,100,000
Debtors	2,540,000
Creditors	1,600,000
Salaries and wages	4,200,000
Electricity and water	112,000
Insurance expenses	145,000
Furniture and fittings (at cost)	1,200,000
Machinery (at cost)	3,200,000
Provision for bad debts	120,000
Other expenses	610,000

The following adjustments need to be made:

- i) Stock on 31.12.2015 was valued at sh 3,240,000.
- ii) Sh 280,000 is to be written off as bad debts.
- iii) Provision for bad debts is to be maintained at 5% of debtors.
- iv) Machinery is to be depreciated at 20% and furniture and fittings at 10% of cost.

**Required:**

Prepare an income statement for Fox Enterprises for the year ended 31.12.2015.

[15 marks]

#### **QUESTION FOUR (15 MARKS)**

- a) Explain the purpose of each of the following: [4marks]
- i) A sales ledger control account
  - ii) A purchases ledger control account

b) The following is transaction information of Ajax Ltd for the month of May 2016.

	Sh
Sales ledger debit balances 1.5.2016	151,520
Total cheque receipts from customers	582,720
Total cash receipts from customers	98,880
Total credit sales for the month	823,200
Total returns inwards	23,680
Sales ledger debit balances 31.5.2016	269,440

**Required:**

Prepare a sales ledger control account as at 31.10. 2014. [11marks]

#### **QUESTION FIVE**

Discuss any five fundamental accounting concepts. [15 marks]