



UNIVERSITY EXAMINATIONS
PART – TIME EXAMINATIONS
EXAMINATION FOR THE AWARD OF THE DEGREE OF
BACHELOR OF EDUCATION (ARTS)
LEVEL 1 BLOCK 2
SESSION EXAMINATION 2021/2022
[JULY, 2022]

BUST 121: FUNDAMENTALS OF ACCOUNTING

STREAM: L1 B2

TIME: 2 HOURS

DAY: MONDAY 1.30 PM – 3.30 PM

DATE: 4/07/2022

INSTRUCTIONS

- 1. Do not write anything on this question paper.***
 - 2. Answer question ONE [COMPULSORY] and any other TWO questions.***
- QUESTION ONE**

- Briefly explain the four functions of accounting information (8mks)
- Analyze five users of accounting information (8mks)
- Highlight four limitations of accounting information (6mks)
- Examine four concepts of accounting (10mks)

QUESTION TWO

- The following information was provided by the petty cashier of Uchumi Supermarket as at 31st December 2017.

1st Dec. The petty cashier was given a float of kshs 30000

6th Dec. paid the following expenses: stamps, kshs 1000, foolscaps kshs 500, bus fare kshs 300, Diesel kshs.200, cleaners wages kshs 500 and brooms kshs 500.

10th Dec paid the following creditors:

Marion kshs.3000

Benard kshs.2000

20th Dec paid the following expenses

Diesel kshs. 200, Brooms kshs.500, Erasers, kshs.500, fabricating oil, kshs 600, bus fare , kshs.1000. foolscaps kshs.500 and oil kshs. 600.

30th Dec paid the following expenses: cleaners wages kshs. 300, envelopes kshs. 600, stamp duty kshs.200, brooms, 300, foolscaps kshs.100 and motor expenses kshs. 200.

Required

Prepare analytical petty cash with the following analysis postage, stationery, cleaning, transport, motor expenses and ledger and open up individual ledger accounts
(10marks)

- b) The following information relates to Ukulima limited located in Kapsabet. It was provided by assistant accountant in charge cash receipts and payments for the month of May.

1st May. The balances brought forward from the previous month was kshs.50,000 in cash and kshs. 120,000 in bank.

2nd May, sold goods on credit to the following: Moraa, kshs.50,000, Ochieng kshs. 60,000, Martin kshs. 40,000 and Abigael kshs. 60,000.

6th May, purchased goods on credit from the following: Kepha, kshs. 20,000, Nyauntu, kshs. 30,000 and Kosgei kshs.30,000 and Tomno , kshs. 20,000.

10th May, Paid the following expenses through cash. Rent , kshs. 20,000, insurance kshs. 30,000, and electricity kshs. 40,000.

15th May Obtained a bank loan through cash kshs. 100,000.

20th May, The following creditors paid amount due to them through a cheque in each case deducting a 5% cash discount.

Moraa kshs. 40,000, Ochieng kshs. 50,000, Martin ksh. 40,000 and Abigael kshs.50,000.

21st May. The business paid the following creditors amounts owed to them in each case deducting a 20% cash discount. Kosgei kshs. 20,000, Nyauntu kshs. 20,000 and Tomno kshs. 20,000.

28th May. Took kshs. 10,000 from the business cash account to the bank.

29th May. Withdrew kshs. 20,000 from the bank for personal use.

30th May. Withdrew ksh. 30,000 from the bank for business use.

Required

Prepare a three column cash and individuals discounts accounts **(10mks)**

QUESTION THREE

- a) The following information was provided by corner mbaya properties for the month of May 2017

On 1st May: started a business with ksh.200, 000 in bank and 50,000 cash

6th May: Sold goods on credit to the following Ndubai kshs. 60, 000, Ameneka, kshs, 40,000, Zawadi kshs. 20,000.

10th May: Sold goods for cash kshs. 30,000

15th May: purchased goods on credit from the following Maria kshs. 55, 000 and Isabella kshs. 33,000.

20th May: purchased a motor car on credit from kshs. 70,000 from associated motors.

21st May: Paid the following expenses through cash: rent kshs. 10,000, insurance kshs.12, 000

26th May: purchased goods on credit from the following: Isabella, kshs, 20,000, Maria , kshs. 25,000

28th May: paid the following credits in each deducting a 10% cash discount through a cheque: Isabella kshs. 40,000, Maria kshs. 60, 000

29th May: took kshs. 10,000 from the business to the bank.

30th May: received a cheque from the following debtors in each case deducting a 10% cash discount. Zawadi kshs. 50, 000, Amenika, kshs. 40,000, Ndubai kshs. 60,000.

Required

Prepare ledger accounts and extract a trial balance for the month of May. **(20mks)**

QUESTION FOUR

Use the following figures to extract a balance sheet using a vertical format method.

	Kshs.
Land	300000
Building	500000
Cash in bank	300000
Cash at hand	10000
Bank Overdraft	30,000
Creditors	60,000
Debtors	50000

Bills payable	10000
Bills receivable	70000
Bank loan	100000
AFC loan	300000
Net profit	100000
Drawings	40000
Preliminary expenses	20000
Fixtures and fittings	50000
Plant and machinery	120000
Motor vehicle	90000
Equipments	70000
Furniture	50000

Depreciation

Equipment	20000
Furniture	10000
Buildings	30000
Fixtures and fittings	10000

Capital?

QUESTION FIVE

The trial balance of **MS.Chebet** as at **31stOctober2017** is as follows:

	Sh. '000	sh. '000
Capital		
25,000		
Bank loan		
8, 000		
Land and buildings (net book value)	68, 000	
Plant and machinery (net book value)	18, 000	
Motor vehicles (net book value)	2, 000	

Stock	6,000	
Debtor and creditors 23,000		20,000
Cash at bank	4, 100	
AFC loan		6, 000
Cooperative loan		7, 000
Carriage in	400	
Advertising 450		
Discount Received		45, 000
Provision for depreciation		
Motor vehicle		10, 000
Equipment		20, 000
Plant and machinery 000		10,
Furniture		20, 000
Rent received		4, 000
Administrative expenses	7, 000	
Advertising expenses	4, 000	
Rates	3, 000	
Warehouse expenses	1, 550	
Salary and wages	2, 000	
Bills receivable and payable 35, 000	40, 000	
Purchase and sales 000	70, 000	150,
Sale returns & purchase returns 20, 000	40, 000	
Furniture	100, 000	
Bankoverdraft		<u>500</u>
	<u>383,500</u>	<u>383, 500</u>

Additional information:

- a. Depreciate all fixed assets except land at 20% cost
- b. Provide provision for bad debts at 15% debtors.
- c. Closing stock kshs 50, 000
- d. The following expenses were prepaid.

Salaries and wages 1000

Warehouse expenses 500

- e. The following expenses were accrued

Administrative kshs 2, 000

Advertising kshs, 1, 000

Required:

- i. Profit and loss account
- ii. Balance sheet as at 31st October 2017 for Ms. Chebet. (20mks)