



THE CATHOLIC UNIVERSITY OF EASTERN AFRICA

A. M. E. C. E. A

MAIN EXAMINATION

JANUARY-APRIL 2024

FACULTY OF SCIENCE

P.O. Box 62157
00200 Nairobi - KENYA
Telephone: 891601-6
Ext 1022/23/25
Fax: 254-20-891084
email: exams@cuea.edu
directorofexams@cuea.edu

DEPARTMENT OF COMPUTER AND INFORMATION SCIENCE

DIPLOMA IN INFORMATION TECHNOLOGY

DIT 001: BASIC ACCOUNTING

DATE: APRIL 2024

Duration: 2 Hours

INSTRUCTIONS: Answer Question ONE and any other TWO Questions

Q1.

- a) Discuss the accounting principles and concepts . (10 Marks)
b) Sammy started business with capital of khs 100,000 cash in bank khs40,000 on hand khs 35,000 stock 25,000 .

Date

Ksh

1. Bought goods from Kibet	35,000
2. bought goods from James	40,000
3. sold goods to Susan	45,000
5. sold goods to Miriam	60,000
6. goods returned to Kibet	2,000
7. Mariam returned goods	1,500
8. Sold to kimani	50,000
9. bought stationery cash	1,000
10. paid Kibet by cheque in full	55,000
17. received cheque from Miriam in full settlement	30,000
19. bought goods cash	60,000
20. sold goods cash	65,000
23. withdrew cash for his use	2,000
26. took goods for his use	3,000
28. carriage inward	1,000
29. paid telephone cash	2,000
30. paid electricity cash	1,000
30) carriage outward	1,500

Additional information

Closing stock khs 15,000

REQUIRED

- i) Enter the above in ledgers and books of prime entry .
- ii) Extract the trial balance

iii) Prepare trading profit and loss account and the balance sheet.

(20 Marks)

Q2.

The trial balance extracted from the books of Sam on 31/12/2018 is as follows.

	Dr	Cr
	Khs	Khs
Capital		290,000
Land and building	200,000	
Equipment at cost	50,000	
Depreciation provision for equipment		20,000
Fiting at cost	50,000	
Depreciation provision fittings		23,000
Stock	28,500	
Salaries and wages	77,000	
Purchases	302,000	
Administrative expenses	40,000	
Cash in bank	10,000	
Cash at hand	48,000	
Debtors	50,000	
Creditors		28,500
Sales		500,000
Carriage out ward	2,000	
Carriage inward	1,000	
Return inward	1,500	
Return out ward		2,000
Discount allowed	3,000	
Discount received		1,500
Bad debts written	2,000	Total
<u>865,000</u>	<u>865,000</u>	

Additional information

- i) Closing stock was valued at kshs 50,000
- ii) Wages paid in advance shs3,000
- iii) Administrative expenses outstanding shs 2,500
- iv) Depreciation to be charged 5% on cost of equipment and 10% on cost of fittings.
- v) 5% provision for doubtful debts to be created

Required

- i) Trading profit and loss account for the period ending 31/12/18 (13 Marks)
- ii) Balance sheet as at 31/12/18 (7 Marks)

Q3.

- a) Discuss your understanding of accounting standards ,there advantages and disadvantages (10 Marks)

b) Describe the desirable characteristic of accounting statements and financial reports. **(10 Marks)**

Q4.

- a) a) Discuss the roles and application of journal proper in accounts. **(10 Marks)**
b) The balance in the cash book of kim as at 31/7/18 was shs 180,000 .On the same date the balance as bank statement was shs300,000.

On examining the bank statement and the cash book the following were observed

- i) cheque totaling shs 48,000 had been paid into the on 31/7/17 but was not credited by the bank until 1/7/17
ii) A standing order to General motors of shs4,800
iii) Revenue income amounting to shs 78,000 collected by the bank did not appear in the cash book
iv) Unpresented cheques to the bank for payment by suppliers amounts to shs98,400
v) Bank charges amounted to shs 3,600

Required

- i) Adjusted cash book. **(5 Marks)**
ii) Bank reconciliation statements. **(5 Marks)**

END