



THE CATHOLIC UNIVERSITY OF EASTERN AFRICA

A. M. E. C. E. A

MAIN EXAMINATION

P.O. Box 62157
00200 Nairobi - KENYA
Telephone: 891601-6
Fax: 254-20-891084
E-mail: academics@cuea.edu

AUGUST – DECEMBER 2018 TRIMESTER

FACULTY OF SCIENCE

DEPARTMENT OF COMPUTER AND LIBRARY SCIENCE

REGULAR PROGRAMME

DIT 001: BASIC COMPUTING

Date: DECEMBER 2018

Duration: 2 Hours

INSTRUCTIONS: Answer Question ONE and any other TWO Questions

- Q1. a) i) Accounting is a systematic process that involves three major tasks. Briefly describe each of these tasks. **(3marks)**
- ii) Discuss in details the term financial statement and give at least two examples. **(4marks)**
- b) Discuss three functions of a source document. **(3marks)**
- c) i) What do you understand by the term “double entry system” in book keeping. **(2marks)**
- ii) Differentiate between the following terms giving at least one example on each:
- i) Current Assets and Fixed assets
 - ii) Longterm liabilities and current assets
 - ii) Capital and Drawings
 - iv) Return inwards and return outwards
 - v) Balance sheet and trial balance **(10marks)**

- d) Explain the following accounting errors giving at least an example in each case:
- i) Compensating error
 - ii) Complete reversal of entries
 - iii) Single entry error **(6marks)**
- e) Explain the importance of maintaining a petty cash book in an organisation. **(2marks)**

Q2. The following transactions took place in Omollo's business during the month of December 2016.

- 1/12/2016 He started a business with Shs.10,000 cash in hand and Shs 15,000 in bank
- 2/12/2016 Bought furniture worth shs 2,000 and paid by cheque
- 3/12/2016 Bought stock worth shs7,000 on credit from Beatrice
- 5/12/2016 Deposited part of the cash in hand shs3,000 into the business bank a/c
- 6/12/2016 Bought stock worth shs 1,500 and paid by cheque
- 10/12/2016 Made a part payment to Beatrice shs2,000 using a cheque
- 15/12/2016 The owner converted a personal premise worth shs 12,000 into a business premises
- 20/12/2016 Received a cheque of shs5,000 from Wamalwa as a loan
- 23/12/2016 Withdrew shs2,000 cash from the business for own use.
- 30/12/2016 Bought more stock from Beatrice worth shs4,000 on credit basis
- 31/12/2016 Bought equipment worth shs2,000 and paid by cheque.

Required:

- a) Open the relevant ledger accounts and post the above transactions **(8marks)**
- b) Balance off the accounts as at 31/12/2016. **(5marks)**
- c) Prepare (extract) the trial balance as at 31/12/2016 **(5marks)**

d) State 2 uses of a trial balance.

(2marks)

Q3. The following trial balance was extracted from the books of J.J business as at 31/12/2017

Item	Debit SHS	Credit SHS
Capital		30,955
Drawings	8,420	
Cash in bank	3,115	
Cash in hand	295	
Debtors	12,300	
Creditors		9,370
Stock 1/1/2017	23,910	
Motor van	4,100	
Office equipment	6,250	
Sales		130,900
Purchases	92,100	
Return inwards	550	
Carriage outwards	215	
Return outwards		307
Carriage outwards	309	
Motor expenses	1,630	
Rent expenses	2,970	
Telephone expenses	405	
Wages and salaries	12,810	
Insurance expense	492	
Office expense	1,377	
Sundry expense	284	
	171,532	171,532

Additional Information:

- i) Value of closing stock as at 31/12/2017 was Shs.27,475
- ii) Bad debts to be written off Shs.400
- iii) Unpaid insurance expenses as at 31/12/2017 was Shs.1,000
- iv) Prepaid rent expenses was Shs.970

Required:

Using the VERTICAL format, prepare

- i) Trading, Profit and loss account for the year ended 31/12/2017

(10marks)

ii) Balance sheet as at 31/12/2017. **(6marks)**

b) Clearly differentiate between the following terms:

i) Receivable Income and Income received in advance

ii) Bad debts and Provision for doubtful debts **(4marks)**

Q4. a) List down three types of ledger accounts and indicate the content in each of the ledger. **(6marks)**

b) The following financial statement was extracted from the books of Maria traders for the year ended 31st December 2016.

	Business A		Business B	
Profit and Loss Account				
Sales		100,000		120,000
Less cost of goods sold				
Opening stock	25,000		22,500	
Add purchases	50,000		91,000	
	75,000		113,500	
Less closing stock	17,000	58,000	18,500	95,000
Gross profit		42,000		25,000
Less depreciation	1,000		3,000	
Other expenses	9,000	10,000	6,000	9,000
Net profit		32,000		16,000

Balance Sheet	Business A		Business B	
Fixed assests				
Equipment at cost	23,000		20,000	
Less depreciation to date	8,000	15,000	6,000	14,000
Current Assets				
Stock	15,000		17,500	
Debtors	25,000		20,000	
Bank	9,000		3,500	
	54,000		41,000	
Less current liabilities				
Creditors	5,000	49,000	10,000	31,000
		64,000		45,000
Financed by:				
Capital:				
Balance at start of year		38,000		36,000
Add net profit		32,000		16,000
		70,000		52,000

Less drawings		6,000		7,000
		64,000		45,000

Required:

Calculate the following ratios:

- i) Calculate the following ratios:
 - i) Gross profit as a percentage of sales
 - ii) Net profit as percentage of sales
 - iii) Gross profit mark up
 - iv) Expenses as a percentage of sales
 - v) Stock turnover
 - vi) Stock days
 - vii) Return on capital employed (F.A + C.A-C.L)
 - viii) Debtors turnover ratio
 - ix) Debt collection period
 - x) Creditors turnover
 - xi) Creditors payment period
 - xii) Current ratio
 - xiii) Acid test ratio
 - xiv) Debtors/sales ratio
 - xv) Creditors/purchases ratio **(15marks)**

NB: All sales and purchases were made on credit basis

- c) Drawing from your knowledge of accounting, considering the differences and similarities of the accounting ratios of A & B. Which business seems to be efficient? **(1mark)**
- Q5. a) Discuss three differences between managerial accounting and financial accounting. **(6marks)**

- b) Sawasawa Enterprise operates a petty cash book on the imprest system, with a cash float of Shs.7,000 per week. Reimbursement to the petty cashier is made at the beginning of each new week. On 4th November 2016, the petty cashier had a balance of Shs1,200 reimbursement was made on the same date. During the week ended 11th November 2016, the petty cashier made the following payments.

7/11/2016 Bus fare shs110,Postage shs.270
8/11/2016 Petrol shs 530, washing detergents shs.80
9/11/2016 Office repairs shs600, registered mail shs370
9/11/2016 Receipt books shs 840,petrol shs370
10/11/2016 Vehicle repairs shs 800, paid creditor (PK) shs700
11/11/2016 Cleaners wages shs200, biro pens shs230

Required:

Using analysis columns for postage, stationery, motor expenses, cleaning, miscellaneous and creditors, prepare a petty cash book and show the reimbursement on 14/11/2016. **(8marks)**

- c) i) State the Accounting Equation **(1mark)**
ii) Show the effect of the following transactions on the accounting equation. **(5marks)**

1/12/2016 Owner started business with Kshs.10,000 cash in hand
2/12/2016 Received a bank loan amounting to Kshs.20,000 cash
4/12/2016 Deposited Kshs.6,000 business cash into the bank account
5/12/2016 Bought business premises worth Kshs.8,000 and paid by cash
7/12/2016 Bought stock worth Kshs.7,000 from Wafula, partly paid for them Kshs. 3,500 by cash.

END