

LAIKIPIA



UNIVERSITY

# UNIVERSITY EXAMINATIONS

2<sup>ND</sup> SEMESTER 2023/2024 ACADEMIC YEAR

FIRST YEAR EXAMINATION FOR THE DEGREE OF  
BACHELOR OF COMMERCE

BCOM 123: PRINCIPLES OF ACCOUNTING

***STREAM:***

***TIME: 2 HRS***

***DAY: MONDAY [8.30-10.30 A.M]***

***DATE: 15/04/2024***

**THIS QUESTION PAPER CONSISTS OF SEVEN (7) PAGES**

**PLEASE DO NOT OPEN UNTIL THE INVIGILATOR SAYS SO.**



**INSTRUCTIONS:****Answer questions one and any other two****QUESTION ONE**

a) The following balances were extracted from the books of Bashir Ltd as at 30 June 2019 and 2020

	<b>2019</b>	<b>2020</b>
<b>Non-current assets</b>	<b>“000”</b>	<b>“000”</b>
Cost	85,000	119,000
Accumulated depreciation	(26,000)	(37,000)
	59,000	82,000
<b>Current assets</b>		
Inventories	34,000	40,000
Trade receivables	26,000	24,000
Cash at bank	10,000	14,500
	70,000	77,500
<b>Total assets</b>	<b>129,000</b>	<b>159,500</b>
Equity and liabilities		
Capital reserves		
Ordinary share capital(sh.100 par value)	26,000	
Share premiums	12,000	13,000
Retained earnings	<u>31,000</u>	<u>53,500</u>
	69,000	94,500
<b>Non current liability</b>		
10% debentures	20,000	10,000
	2009	2010
	Sh.”000”	Sh. “000”
<b>Current liability</b>		
Trade payables	15,000	23,000
Taxation	12,000	15,000
Dividends	<u>13,000</u>	<u>17,000</u>
	40,000	55,000
<b>Total equity and liabilities</b>	<b><u>129,000</u></b>	<b><u>159,500</u></b>

**Additional information**

There were no disposals of non-current assets during the year ended 30.06.2010,sh.10 million of the 10% debentures were redeemed on 31/12/2010. During the year ended 30/06/2010, a



dividend of 17 million was proposed. Taxation for the year ended 30/06/2010 was agreed at sh.15,000,000.

**Required**

Cashflow statement for the year ended 30 june 2010.

**(10 marks)**

b) During the month of march 2010, The petty cashier of Laikipia traders made the following payments after receiving an imprest of sh.12,000 from the general cashier.

Travelling 3500

Date “March 2010”	Expense	amount
3	Travelling	3500
6	Office expenses	1000
8	Postage	1200
15	Staff tea	800
19	Stationery	2000
22	Office expenses	800
24	Staff tea	1000
26	Sundry expenses	700
31	Benson –creditor	900

**Required**

Prepare a petty cashbook using the following analysis columns

Office expenses, postage, stationery, staff tea, sundry expenses, ledger accounts **(10 marks)**

**QUESTION TWO**

The following list of balances as at 30 September 2020 has been extracted from the books of B and S, trading in partnership, sharing the balance of profits and losses in the proportion 2:1 respectively.

	Sh
Stationery	3500
Sales	322,100
Inventory 1/10/2022	23,000
Purchases	208,200
Rent	10,300
Electricity	8,700
Salaries	36,100
Telephone charges	2,900



Motor vehicle running costs		5620
Discount allowable		950
Discount receivable		370
Sales returns		2,100
Purchase returns		6,100
Carriage inwards		1,700
Carriage outwards		2,400
Furniture at cost		26,000
Provision for depreciation		11,200
Motor vehicle at cost		46,000
Provision for depreciation		25,000
Provision for doubtful debts		300
Drawings	B	24,000
	S	11,000
Current account balances 1/10/2022	B	3,600
	S	2,400
Capital account balances 1/10/2022	B	33,000
	S	17,000
Receivables		9,300
Payables		8,400
Bank		7,700

**Additional information:**

Kshs.10, 000 is to be transferred from B's capital account to a newly opened B Loan Account on 1 July 2020. Interest at 10 per cent per annum on the loan is to be credited to B. S is to be credited with a salary at the rate of Sh.12, 000 per annum from 1 April 2020.

Inventory in hand at 30 September 2020 has been valued at cost at Kshs.32, 000. Telephone charges accrued due at 30 September 2020 amounted to Kshs.400 and rent of Kshs.600 prepaid at that date.

During the year ended 30 September 2020 S has taken goods costing Kshs.1, 000 for his own use.

Depreciation is to be provided at the following annual rates on the straight line basis:

Fixtures and fittings	10%
Motor Vehicles	20%

**Required:**

- i) Prepare a comprehensive income statement for the year ended 30 September 2020.

**(10 marks)**

- ii) Prepare a statement of financial position as at 30 September 2020 which should include summaries of the partner's capital and current accounts for the year ended on that date. **(10 marks)**

### QUESTION THREE

The following information was extracted from the books of Kayasa ltd as at 30<sup>th</sup> of dec 2010

	Sh. "000"
Land and buildings (netbook value)	5000
Plant and machines	8600
Motor vehicle (net book value)	2000
Inventory	6000
Ordinary share capital (sh.50 par value)	10000
10% preference share capital (sh.100 par value)	9000
10% debentures	8000
Corporation tax	500
Interim ordinary dividend paid	2000
Other operating expenses	1550
Distribution costs	6000
Administrative expenses	13000
Accounts payable	19,000
Other operating income	4,000
Gross profit	25,000
Debenture interest paid	400
Preference dividend paid	450
Accounts receivable	20,000
Cash at bank	4,100
Capital redemption reserve	6,000
Share premium	4,000
Revenue reserve(1/10/2009)	3,000

#### Additional information

The balance on the corporation tax account represents an over provision of tax for the previous year

Tax expense for the current year is estimated at sh.3,000,000

On 15<sup>th</sup> September 2010, the directors of the company proposed to pay the dividend due to the preference shareholders and to also pay a final dividend of sh.2,000,000 to the ordinary shareholders



A building whose net book value is sh.5,000,000 is to be revalued to sh.9,000,000

**Required**

Income statement for the year ended 30<sup>th</sup> September 2010. (10 marks)

Statement of financial position as at 30<sup>th</sup> September 2010. (10 marks)

**QUESTION FOUR**

Jimmy and bill are in partnership in which they6 share profits and losses equally. Interest is allowed on capital at 5% p.a. Jimmy is entitled to a salary of sh.500,000. The following trial balance is extracted from their books on 31/12/2021.

Trial balance as at 31/12/2021

	Dr sh.000	Cr Sh. 000
Premises	6000	-
Carriage	100	-
Bad debts	50	-
Purchases and sales	16000	28000
Returns	80	60
Salaries	1400	-
Rates and taxes	400	-
Insurance	140	-
Cash in hand	700	-
Stock 1/1/2021	3500	-
Fixtures and fitting	4500	-
Wages	2600	-
Capital; Jimmy	-	6000
Billy	-	6000
Current: Jimmy	100	-
Billy	-	150
Drawings; Jimmy	800	-
Billy	900	-
Debtors and creditors	8000	5000
Provision for bad debts	-	250
discounts	100	20
Office expenses	110	-
	45,480	45,480

Additional information

1. Stock on 31/12/2021 was sh.2,800,000

2. Sh.60,000 of the carriage is for carriage inwards
3. Depreciate fixtures and fittings by 10% p.a
4. Wages accrued sh.400,000
5. Provision for bad debts to equal 10% of debtors.

You are required to prepare in vertical format:

- a) Income statement and an appropriation account for the year ending 31/12/2021 **(10 marks)**
- b) Partner's current accounts. **(4 marks)**
- c) A statement of financial position as at 31/12/2022. **(6 marks)**

