



GRETSA UNIVERSITY - THIKA

UNIVERSITY EXAMINATIONS JANUARY-APRIL 2025 SEMESTER

BACHELOR OF COMMERCE

COURSE CODE: BCAC 100

COURSE TITLE: FINANCIAL ACCOUNTING 1

DATE: 2025

TIME:

INSTRUCTIONS TO CANDIDATES

1. SECTION A IS **COMPULSORY**.
2. SECTION B: ANSWER ANY OTHER **TWO** QUESTIONS.
3. **DO NOT** WRITE ANYTHING ON THIS QUESTION PAPER AS IT WILL BE AN EXAM IRREGULARITY.
4. ALL ROUGH WORK SHOULD BE AT THE BACK OF YOUR ANSWER BOOKLET AND CROSSED OUT.

CAUTION: All exam rooms are under CCTV surveillance during the examination period.

SECTION A: COMPULSORY

Question One

- a) Accounting is a process that begins with the identification of information from the source documents, recording the information in the books of original entry among others. As an upcoming accountant, you are required to;
- i) Explain the following source documents
 - i. Receipts [2 Marks]
 - ii. Local purchase order [3 Marks]
 - iii. Debit note. [3 Marks]
 - iv. Credit note [3 Marks]
 - v. Invoice [3 Marks]
 - b) Explain four assumptions used in the preparation of financial statements. [8 marks]
 - c) Explain four elements of financial statements [8 marks]

SECTION B: ANSWER ANY THREE QUESTIONS

Question Two

- a) Explain the following accounting FOUR uses of the journal [4 marks]
- b) Amuah traders have provided you with the following cash transactions for the month of March 2023:
- March:

- 1 Balances as at bank Sh.3, 840,000 and Sh.2,400,000 cash in hand.
- 1 Paid rent amounting to Sh.240,000 in cash.
- 2 Made annual payment for internet amounting to Sh.38,400 in cash.
- 4 Paid electricity expenses of Sh,24,000 in cash.
- 8 Sold goods and was paid in cash amounting to Sh.592,000.
- 10 Received payment of Sh.89,200 through cheque Wayne Limited.
- 11 Deposited Sh.1,088,000 into the bank account from the business.
- 13 Made payment through cheque amounting TO Sh.2,220,500 to Coal Waters Ltd
- 20 Paid for advertisement amounting to Sh.115,200 in cash.
- 29 Sent a cheque for own use amounting to Sh.480,000

31 Drew a cheque for own use amounting to Sh.480,000

31 Deposited Sh.1,240,800 cash into the bank from the business.

Required:

- i) Two column cash book duly balance as at 31 March 2023. **[6 Marks]**
 - ii) Ledger accounts for the above transactions **[10 Marks]**
- i) |

Question three

- a) | There are various types of errors in financial accounting. Some errors affect the trial balance and some errors do not affect the trial balance.

In light of the above, Explain:

- i) Five errors affecting the trial balance. **[10 marks]**
- ii) Four errors not affecting the trial balance. **[10 marks]**

Question Four

- a) | On 3 April 2023, Mutua Mule, a sole trader received this bank statement for the month of March 2023. As at that date, his bank balance was Sh.7,913,500 while his cash book balance was Sh11,832,500.

His accountant investigated the matter and discovered the following discrepancies:

1. Bank charges of Sh.15,000 had not been entered in the cash book.
2. Cheques drawn by Mutua Mule amounting to Sh.112,500 had not been presented by the bank.
3. Receipts amounting to 132,500 had not been entered in the cash book.
4. A cheque amounting to Sh.492,500 deposited in the bank on 31 March 2023 had not yet been credited by the bank.
5. Standing order payments amounting to Sh.310,000 had not been entered into the cash book.
6. A payment amounting to 749,000 had been entered as Sh.794,000 in cash book.
7. A cheque amounting to Sh.75,000 received on 12 March 2023 was dishonoured by the bank and returned. No record had been made in the cash book.
8. Mutua Mule's opening cash balance of Sh.1,646,250 had been brought forward as a debit balance instead of a credit balance.

Required:

- I. Adjusted cash book. [10 marks]
- II. Bank reconciliation statement as at 31 March 2023 [10 marks]

Question 5

- a) Explain the following terms as used in accounting
- i) Subsidiary books [4 marks]
- ii) Double entry concept [3 marks]
- iii) Trial balance [3 marks]
- b. Explain the Accounting process [10 marks]