GRETSA UNIVERSITY - THIKA

UNIVERSITY EXAMINATIONS

JANUARY-APRIL 2026 SEMESTER

BACHELOR OF COMMERCE

COURSE CODE: BCAC 100

COURSE TITLE: FINANCIAL ACCOUNTING 1

DATE : APRIL 2026 **TIME: 2 HOURS**

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;

b) Explain the following source documents

i. Goods received note (GRN). **[2 Marks]**

ii. Goods remittance advise note. **[2 Marks]**

iii. Debit note. **[2 Marks]**

iv. Purchase order **[2 Marks]**

v. Invoice **[2 Marks]**

c) Wendy Dani is sole proprietor. The following trial balance was extracted from her books as at 31 March 2023:

	Sh.”000”	Sh.”000”
Sales		40,000
Purchases	35,000	
Sales returns and purchases returns	500	620
Inventory (1 April 2022)	10,000	
	Sh,”000”	Sh.”000”
Allowance for doubtful debts		80
Salaries and wages	3,000	
Rates	600	
Phones and internet expenses	100	
Furniture and fittings (cost)	4,000	

Motor van (cost)	3,000	
Accounts receivable and accounts payable	980	700
Bad debts written off	20	
Capital		17,900
Bank balance	300	
Drawings	1,800	
	59,300	59,300

Additional information:

As at 31 March 2023, inventory was Valued at Sh.12,000,000.

Required:

a) Statement of profit or loss for the year ended 31 March 2023. **[10 Marks]**

b) Statement of financial position as at 31 March 2023. **[10 Marks]**

SECTION B: ANSWER ANY THREE QUESTIONS

Question Two

a) Explain the following accounting concepts:

i. Substance over form. **[2 Marks]**

ii. Completeness **[3 Marks]**

iii. Neutrality. **[2 Marks]**

iv. Prudence. **[4 Marks]**

c) 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.38,400in 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.89,200through cheque Wayne Limited.

11 Deposited Sh.1,088,000 into the bank account from the business.

13 Made payment through cheque amounting TO Sh.2,2202,500 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:

Two column cash book duly balance as at 31 March 2023. **[9 Marks]**

a)

Question three

a) There are various types of errors in financial accounting. Some errors affect the.

trial balance and some errors di nit 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

		£
The following information was extracted from XY ltd		
2023		
June 1	Purchases ledger balances	36,760
	Totals for June:	
	Purchases journal	422,570

	Returns outwards journal	10,980
	Cheques paid to suppliers	387,650
	Discounts received from suppliers	8,870
June 30	Purchases ledger balances	?

Prepare a sales ledger control account from the following:

2003		£
June 1	Debit balances -Sales ledge	64,200
	Totals for May:	
	Sales journal	128,000
	Cash and cheques received from debtors	103,700
	Discounts allowed	3,950
	Debit balances in the sales ledger set off against credit balances in the purchases ledger	1,450
May 31	Debit balances – sales ledger	?
	Credit balances -Sales ledger	500

Required

i) Sales ledger control account **[10 Marks]**

ii) Purchases Ledger Control account **[10 Marks]**

Question 5

a) Explain the following terms as used in accounting

i) Accounting equation **[6 Marks]**

ii) Double entry concept **[2 Marks]**

iii) Trial balance **[2 Marks]**

b. Explain the elements of financial statements **[10 Marks]**