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UNIVERSITY EXAMINATIONS 2023/2024

FOURTH YEAR SECOND SEMESTER EXAMINATION FOR DEGREE OF BACHELOR OF SCIENCE
IN FOOD SCIENCE TECHNOLOGY

BFC 3125: INDUSTRIAL BOOKKEEPING

DATE: APRIL 2024

TIME: 2 HOURS

INSTRUCTIONS: Answer Question ONE and any other TWO questions.

QUESTION ONE (30 MARKS)

- a) Describe briefly five concepts that are key to preparations of accounting statements (10marks)

The Trial Balance of Equator Hospital as at 30th June 2012 is as follows:

	Kshs'000'	Kshs'000'
Share Capital		20,000
Trade Debtors	9,900	
Trade Creditors		4,440
Purchases	107,340	
Sales		144,000
Discount Allowed	150	
Discount Received		390
Freehold Buildings (Cost)	15,000	
Fixtures & Fittings (Cost)	19,200	
Provision for Depreciation:		
Buildings		1,500
Fixtures & Fittings		7,680



Stocks (1 st July 2011)	12,600	
Returns Outwards		2,400
Selling & Dist. Expenses	5,010	
Salary Expenses	3,900	
Insurance Premiums	2,000	
Administration Expenses	1,680	
Bad Debts Written Off	120	
Provision for Doubtful Debts		540
Bank Overdraft		750
Goodwill	4 800	
Total	<u>181 700</u>	<u>181 700</u>

Additional information:

- Debtors balance as at 30th June 2012 includes debt due from kajwang, Kshs. 600,000. Mr.kajwang has since been declared bankrupt. The Hospital has decided to write off the debt.
- Provision for doubtful debts to be increased to Kshs. 1,000,000 as at 30th June 2012 3. Prepaid salaries as at 30th June 2012 isKshs. 120,000.
- Insurance premiums paid are for the period 1st January 2012 to 31st December 2012
- Accrued Administration expenses as at 30th June 2012 is Kshs. 210,000
- Depreciation is provided on the cost of non-current assets as follows:
 - _ Freehold Buildings - 2% pa
 - _ Fixtures & Fittings - 10% pa
- Stocks as at 30th June 2012 is Kshs.5.600.000

Required:

- Trading, Profit & Loss Account for Equator Hospital for the period ended 30th June 2012 (12Marks)
- Balance Sheet as at date. (8 Marks)

QUESTION TWO (20 MARKS)

- What is a Trial Balance? (2marks)



(b) The following information relates to Waking'o business for the month of January 2017

- January 1 Started business with Kshs 5,000,000 in the bank "
- 2 Bought motor van paying by cheque ksh. 700,000
- " 5 Bought fixtures Ksh 40,000 on credit from yellow marts ltd
- " 8 Bought a van on credit from TT CAR DEALERS Ltd kshs 800,000
- “12 Took ksh 100,000 out of the bank and put it into the cash till
- „15 Bought fixtures paying by cash Ksh 50,000
- " 15 Purchased goods worthy 100,000 on credit from mm limited
- „17 Cash sales amounts to ksh 80,000
- „19 Paid TT CAR DEALERS by cheque ksh 800,000
- " 21 A loan of ksh 100,000 cash is received from equity bank
- " 25 Paid kshs 800,000 of the cash in hand into the bank account
- " 30 Paid salaries ksh 20,000 by cash

Required;

- (i) Open ledger accounts and post the above transactions (12marks)
- (ii) Prepare a trial balance as at 30th January 2017 (6marks)

QUESTION THREE (20MARKS)

(a) The following information and balances are extracted from the books of a sole proprietor in the month of March 2020

Mar 1 Balances brought forward: Cash Shs. 23,000; Bank Shs. 475,600

- " 2 The following paid their accounts by cheque, in each case deducting 5 percent discounts
- " 4 Paid rent by cheque Shs. 12,000
- " 6 J Cotton lent us Shs. 100,000 B black Shs. 36,000; P Towers Shs.48,000, C Rowse Shs.30,000
- “10 Paid motor expenses in cash Shs. 4,400
- “12 H Hankins pays his account of Shs.7,700, by cheque Shs.7,400, deducting Shs.300cash discount.
- “15 Paid wages in cash Shs.16,000
- “18 The following paid their accounts by cheque, in each case deducting 5 percent cash discount.
- "21 Cash withdrawn from the bank Shs.35,000 for business use.
- " 24 Cash Drawings Shs. 12,000
- " 25 Paid T Briers his account of Shs. 14,000 by cash Shs. 13300, having deducted cash discount



" 29 Bought fixtures paying by cheque Shs. 65,000

" 31 Received commission by cheque Shs. 8,800

Required

Prepare a three- column cashbook from the above details with discount in the relevant column. (14Marks)

(b) Describe the errors that are not detected by the Trial Balance? (6marks)

QUESTION FOUR (20MARKS)

a) What is a bank reconciliation statements (3marks)

b) Describe four main reasons that explain why a bank statement balance and a cash book may differ (6marks)

(c) Mr. Otieno, a sole trader received his bank statement for the month of June 2001. At that date the statement showed a credit balance of Kshs 49,320 whereas his cashbook showed a debit balance of Kshs 36,080. After a lengthy investigation into the cause of the difference the following were discovered;

i. Cheques totaling Kshs 61,450 issued by Otieno did not appear in the bank statement ii. The bank credited cheques totalling Kshs 39,450 deposited on the last day of the month on 5th July.

iii. Bank charges for the month amounted to Kshs 2,410

iv. The bank returned a cheque for Kshs 6,050 deposited by Otieno to the bank on 23rd June unpaid on 4th July.

v. The bank made payments of Kshs 8000 to otieno's landlord and another of Kshs 2000 to an insurance company as part of Otieno's standing orders with bank

vi. A debtor remitted Kshs 9,700 directly to Otieno's account.

Required

Prepare a statement reconciling the cashbook balance and the bank statement balance as at 30th June 2001 (11 marks)

QUESTION FIVE(20MARKS)

(a) Accounting process is based on four fundamental accounting assumptions. Describe each of the assumptions highlighting its significance to the accounting process (8marks)

(b) Describe the meaning of the following accounting terms (12marks)

(i) Accounting cycle

(ii) Double entry



- (iii) Cost accounting
- (iv) Source documents
- (v) A cash book
- (vi) Books of original entry
- (vii) A ledger

