



# THE MOMBASA POLYTECHNIC UNIVERSITY COLLEGE

(A Constituent College of Jkuat)

## *Faculty of Engineering and Technology*

### DEPARTMENT OF COMPUTER SCIENCE & INFORMATION TECHNOLOGY

CERTIFICATE IN INFORMATION TECHNOLOGY – CIT 10A

**EIT 1108: FINANCIAL APPLICATIONS**

**END OF SEMESTER EXAMINATIONS**

**SERIES: AUGUST/SEPTEMBER 2011**

**TIME: 2 HOURS**

#### **Instructions to Candidates:**

You should have the following for this examination

- *Answer booklet*
- *One floppy*

This paper consists of **TWO** sections **A & B**

Answer **TWO** questions in section **A** and any other **TWO** questions in section **B**

This paper consists of **FOUR** printed pages

**SECTION A –Answer all questions in this section (40 MARKS)**

**Question 1 (Compulsory)**

a) Explain the following accounting terms

- (i) Assets
- (ii) Liabilities
- (iii) Equity
- (iv) Revenue
- (v) Expenses

(10 marks)

b) The following list of assets and liabilities were extracted from the books of **Saeffa Trading Company** on 1<sup>st</sup> January 2010

	<b>Kshs</b>
Land and Building	2,400,000
Stock	550,000
Debtors	420,000
Creditors	770,000
Bank Overdraft	2,000,000
Furniture & Fittings	600,000
Cash at Bank	400,000
Cash at Hand	200,000
Motor vehicle	1,200,000
Net profit	1,000,000
Equity	2,000,000

**Required:**

From the above data prepare a balance sheet on that date

(10 marks)

**Question 2**

a) Distinguish between accounts receivables and accounts payables

(4 marks)

b) Differentiate between discount allowed and discount allowed

(2 marks)

c) Write up the accounts to record the following transactions:-

March – 1	Started business with kshs 10,000 in the bank	
March – 2	received a loan of Kshs. 10,000 in the bank	
March – 2	took kshs. 3,000 out of bank and put it into cash till	
March – 3	bought Machinery for cash kshs. 2,000	
March – 20	bought additional Machinery on credit from Smith for kshs. 5,000	
March – 22	paid part of the Barclays loan by Cheque of kshs. 5,000	
March – 30	repaid Smith Kshs. 500 from cash account	(14 marks)

### Question 3

- a) Distinguish between current and Fixed Assets, Current Liabilities and Non-current Liabilities (4 marks)
- b) Explain with examples the cash and accrual base accounting methods (6 marks)
- c) Discuss the benefits of using a computerized accounting package (10 marks)

### SECTION B (Answer and any other TWO questions)

#### Question 2

Use the case below to answer the questions that follow

**Colinco Ltd** is a firm that specializes on purchase and sale of hardware materials including cement, sand and building blocks. The activities are stock driven (i.e. buys and sells). The business operates **FOUR** departments which include sales, purchases, finance and administration.

Since its formation in January, 2010, the business has been maintaining books of accounts manually. The business financial year begins 1<sup>st</sup> January and ends 31<sup>st</sup> December. The Firm's are subject to 16% VAT, The Company uses Kenyan Shilling while transacting.

The Company Manager has hired you to set up and maintain the business books of accounting using **Quickbooks accounting system**.

#### **Required:**

Complete this case using the information provided. Organize and submit a back-up copy of the **Colinco Ltd**

#### **NOTE:**

- a) When creating the New Company, do not use or select the following options.
- Password or Access right
  - VAT
- b) Enter your student number where require

#### Question 1

- i) The business uses the following Address

NAME                      Colinco Ltd (type Number)

P.O. BOX 13222 – 80100  
TEL: 2222244  
E-MAIL: <http://www.colinco.org/>  
CITY: Mombasa  
COUNTRY: Kenya (10 marks)

ii) Industry: Construction Trade  
First month of the fiscal year is 1<sup>st</sup> January  
Enter the details of Bank Accounts  
National Bank of Kenya Account Number 0111222333  
Date the account was opened 1<sup>st</sup> January 2010  
Beginning Balance being kshs. 200,000 (10 marks)

### Question 3

a) Enter the details of the following two customers

#### (Customer one)

Name : Aljauf Bureau  
Contact Address: 403576 – 80100  
Telephone: 72233333  
Town: Mombasa  
Type: Sales  
Credit Limit: 120,000  
Term: 30 days net'  
Opening invoice balance: Invoice Number 8700  
Dated 20<sup>th</sup> Feb. 2010 of kshs 40,699

#### (Customer two)

Name: Mzee Building  
Contact Address: 411999 – 80100  
telephone: 99922211  
Town: Mombasa  
Types: Mombasa  
Credit Limit: 150,000  
term: 30 days net'  
Opening invoice balance: Invoice Number 76000  
dated 20<sup>th</sup> Feb. 2010 of kshs. 25,400

Compare and contrast

b) Enter the details of the following two suppliers

#### (Supplier one)

Name: Rashid Quarry Ltd  
Contact Address: 201089 – 80100  
Telephone: 4122228899  
Town: Mombasa  
Country: Kenya  
Type Purchases  
Credit Limit: 500,000  
Term: '30 days net'  
VAT Registration: 310001123

#### (Supplier two)

Name: CDA Kilifi Quarry Ltd  
Contact Address: 1322 – 80100  
Telephone: 412224406  
Town: Kilifi  
Country : Kenya  
Type: Purchases  
Credit Limit: 1,000,000  
Term: '30 days net'  
VAT Registration: 200999091(15 marks)

### Question 4

a) Enter the following entries into the system

- b) On 20<sup>th</sup> April 2011, Aljauf Bureau purchased a lorry of Sand costing kshs. 800,000. The invoice number for the order was 789900
- c) On 20<sup>th</sup> September, 2011 Mzee Building purchased 100 building blocks costing kshs. 500,000. The invoice number for the order was 790000
- d) On 16<sup>th</sup> Febraury, Colinco Ltd purchased cement for sale on credit from the supplier Rashid Quarry Ltd at a cost of ksh 450,000 (15 marks)

### Question 5

Enter the following balances for the following ledger accounts:

Account : 11701 – office equipment depreciation  
 Ref : opening balance  
 Date : 1<sup>st</sup> January 2010  
 Debit : 650,000

Account : 11700 – office equipment  
 Ref : opening balance  
 Date : 1<sup>st</sup> January 2010  
 Debit : 1,000,000

Account : 40430 – maintenance office equipment  
 Ref : opening balance  
 Date : 1<sup>st</sup> July 2010  
 Debit : 150,000

(15 marks)