



# MACHAKOS UNIVERSITY

University Examinations for 2019/2020 Academic Year  
SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF ACCOUNTING, BANKING AND FINANCE

FIRST YEAR FIRST SEMESTER EXAMINATION FOR

2906/102: DIPLOMA IN HUMAN RESOURCE MANAGEMENT

2903/102: DIPLOMA IN BUSINESS MANAGEMENT

FINANCIAL ACCOUNTING

DATE: 12/11/2019

TIME: 8.30-11.30 AM

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## INSTRUCTIONS:

*Attempt all the questions*

1. a) State /the accounting equation (4 marks)
- b) List and explain four users of financial information (16 marks)
2. a) State the account to be debited and the account to be credited. (4 marks)

Transaction	Debit	Credit
i. Bought fixtures of credit From Bela Ltd	_____	_____
ii. Banked money from the Cash till	_____	_____
iii. Paid Waso traders by Cheque	_____	_____
iv. Received commission by Cheque.	_____	_____

- b) The following transactions relate to Mbali Traders for the month of March 2013.

March 1	Bought goods on credit from Sifa Traders ksh 14,000;
2	Sold goods on credit to B.Asha ksh 3,200; S fatuma Ksh 6,500
7	Returned goods to Sifa Traders worth Ksh 180

- 15 Bought goods on credit from Mega wholesalers for Ksh 28,000 and received a trade discount of 5%
- 22 Sold goods on credit to Tela Ltd Ksh 15,000
- 25 S. fatuma returned goods worth ksh300
- 27 Sold goods on credit to T. Zawandi for ksh 5,100
- 29 Bought goods on credit from Keta Ltd Ksh 17,400
- 31 T. Zawandi returned goods worth ksh 450.

**Required:**

Open T Accounts, Enter the transactions and balance off the accounts (16 marks)

3. Oweno Retailers had the following balances at 31 December 2012.

	Ksh
Purchases	238,700
Return outwards	9,200
Electricity	26,200
Salaries and wages	237,000
Stock – 1 Jan 2012	62,500
Sales	750,000
Carriage inwards	12,500
Advertising	152,000
Stationery	14,000

The stock as at 31 December 2012 was Ksh 43,700

Prepare a income statement and loss account for the year ended 31<sup>st</sup> December 2012 (20 marks)

4. The following balances were extracted from the book of account of Eleza Traders as at 31 December 2012.

	Ksh
Wages and salaries	235,000
Capital	500,000
Carriage outwards	14,000
Account receivable	125,600
Sales	676,400
Purchases	492,300
Account Payable	167,300
Loan from bank	150,000
Carriage inwards	27,600

Discounts received	18,400
Discount allowed	7,500
Cash in hand	3,200
Bank overdraft	45,200
Equipment	520,000
Inventory – 1 January 2012	59,500
Electricity	16,300
Drawings	50,000
Commission received	13,700

Prepare a trial balance as at December 2012 (20 marks)

5. The following expenditures relate to mtama Limited for the month of March 2013.

	Ksh
Building renovations	120,000
Equipment repairs	172,000
Purchase of goods	96,000
Water and electricity	27,000
Salaries	295,000
Purchase of Motor vehicle	520,000

For the march 2013, determine:

- i) Capital expenditure; (10 marks)
- ii) Revenue expenditure. (10 marks)