



# 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

1906/106: CERTIFICATE IN BUSINESS MANAGEMENT

1903/106: SUPPLY CHAIN MANAGEMENT

FINANCIAL ACCOUNTING

DATE: 15/11/2019

TIME: 2.30-5.30 PM

## INSTRUCTIONS:

*Attempt all the questions*

1. a) Complete the following using the accounting question

|      | Assets  | Liabilities | Capital |            |
|------|---------|-------------|---------|------------|
|      | Sh      | Sh          | Sh      |            |
| i)   | 55,000  | 16,000      | ?       |            |
| ii)  | ?       | 17,200      | 34,400  |            |
| iii) | 36,100  | ?           | 28,500  |            |
| iv)  | 119,500 | 15,400      | ?       |            |
| v)   | 88,000  | ?           | 62,000  | (10 marks) |

b) Classify the following items into liabilities and assets. (10 marks)

- |                   |                  |            |
|-------------------|------------------|------------|
| i) Motor vehicles | ii) Premises     | iii) Stock |
| iv) School dam    | v) Owing to Bank |            |

c) Complete the columns to show the effects of the following transactions (10 marks)

|     |                                       | Effects upon |             |         |
|-----|---------------------------------------|--------------|-------------|---------|
|     | Transactions                          | Assets       | Liabilities | Capital |
| i)  | We pay a creditor sh.310              |              |             |         |
| ii  | Bought fixtures sh 175 in cash        |              |             |         |
| iii | Bought on credit                      |              |             |         |
| iv  | J.Mutuku lends the business sh. 3,000 |              |             |         |
| v   | Debtor pays no sh 500 in cash         |              |             |         |

2. Write up the following transactions in appropriate accounts (20 marks)

July 1 Started business with sh.50,000 in the Bank and sh 10. Cash

2. Bought stationary by cheque sh 2100

3. Bought goods on credit from T.Mumo sh 21,000

4. Sold goods for cash 34,000

5. Paid insurance for cash sh.2900

6. Bought a computer on credit sh 7000

7. Paid expenses by cheque sh 3,200

8. Sold goods on credit to Keli sh 6,300

9. Paid wages by cash sh 2100

10. Returned goods to T.Mumo sh 5,000

3. The following balances were extracted from the books of Mr. Mutinda on 31/12/2018 land and Building 5,000,000

|                |           |
|----------------|-----------|
| Stock of goods | 2,000,000 |
| Debtors        | 3,000,000 |
| Creditors      | 2,000,000 |
| Stationary     | 1,200     |
| Unpaid Rent    | 50,000    |
| Cash at Bank   | 250,000   |
| Cash in bank   | 50,000    |

**Required**

i) Calculate the capital (10 marks)

ii) Draw up statement of financial position as at Dec 31, 2018 (10 marks)

4. List and Explain five users of final accounts (20 marks)