



MACHAKOS UNIVERSITY

University Examinations for 2019/2020 Academic Year

SCHOOL OF PURE AND APPLIED SCIENCES

DEPARTMENT OF MATHEMATICS AND STATISTICS

FIRST YEAR THIRD SEMESTER EXAMINATION FOR

CERTIFICATE IN SUPPLIES CHAIN MANAGEMENT

1903/106,1906/106-FINANCIAL ACCOUNTING

DATE: 18/12/2020

TIME: 11.30-2.30 PM

INSTRUCTIONS

This paper consists of part A and B;

Part A is compulsory

Part B choose only 4 questions.

Answers should be provided in English

PART A

1. Explain the meaning of the following as used in financial accounting
 - i. Capital Expenditure
 - ii. Revenue expenditure (2 marks)
2. Explain two uses of accounting information in a business organization. (2 marks)
3. Identify the ledger accounts to which balances from the following books of original entry are posted:
 - a) purchases journal
 - b) sales journal
 - c) sales returns journal
 - d) purchases returns journal (2 marks)
4. The following information relates to Wangu enterprises for the month of January 2020

	ksh
1 January 2020: purchases ledger balance	89,720 (credit)
Totals for the month:	
Purchases	235,890

Returns outwards	38,430
Cheques paid to suppliers	220,550

- Prepare purchases ledger control account (2 marks)
5. Highlight two features of a balance sheet (2 marks)
6. The following transactions relates to Ijara traders for the month of September,2018
September

- 3;sold goods for ksh 64,000to Haria traders on credit
10;sold goods for ksh 88,000 to mamboline limited on credit.

- Prepare a sales journal to record these transactions. (2 marks)
7. State the difference between ‘receipts and payments account’ and ‘income and expenditure account’ (2 marks)
8. The document shown below was issued by wakim traders to Tamara traders

Wakim Traders
P.O. Box 1730,machakos
To Tamara Traders
P.O. Box 1810,kitui Date:20/2/2019

We have credited your account as follows:

	Amount(ksh)
10 copies of stationery returnedby you to us	16,000

Signature.....

- Outline two circumstances which may have led to issue of the above document (2 marks)
9. on 31 december 2017,Tom had a capital of ksh 1,000,000.on 1 january 2017,his capital was ksh ksh 650,000.during the year 2017,he made drawings amounting to ksh 108,000 and also invested ksh 750,000 in the business.

Determine Tom’s profit or loss for the year ended 31 dec 2017.

10. The following information was provided by the treasurer Of abeingo football club as at 18 December,2018

	Ksh
Assets	12,064,000
Liabilities	9,718,000

- Determine the accumulated fund (2 marks)

11. Explain the meaning of the following terms in relation to a cash book

Cash discount

Contra entry

Bank overdraft

(3 marks)

12. The following balances were obtained from the books of accounts of kaswanga traders on 31 dec ,2018:

	Ksh
Land and buildings	200,000
Current assets	420,000
Furniture	60,000
Motor car	240,000
Capital	480,000

Prepare a trial balance as at 31 december,2018

(4 marks)

13. Determine the missing figures represented by the letters

(2 marks)

business	capital	assets	liabilities
A	55,000	116,000	Q
B	93,000	R	150,000

14. Define the terms as used in bank reconciliation:

a) Standing Order

b) Unpresented cheques

(2 marks)

15. State Two Causes Of Depreciation Of Fixed Assets

(2 marks)

16. Explain the meaning of, imprest system, as used in petty cash book

(2 marks)

17. The following balances were extracted from books of Jbali Traders as at 31 december,2017

	Ksh
Machinery	150,000
Motor vehicles	200,000
Stock	40,000
Creditors	25,000
5 year Abib bank loan	100,000
Capital	265,000

Prepare balance sheet as at December 2017

(4 marks)

18. Explain the meaning of the following accounting concepts

a) Dual aspect concept

b) Accruals concept

(2 marks)

Part B

19. the following balances were extracted from the trial balance of Kitui millers as at 31 December 2018:

	Ksh
Capital	283,200
Drawings	8,000
Cash at bank	30,000
Machinery	360,000
Debtors	42,700
Creditors	20,000
Stock 1 january 2018	40,000
Sales	570,000
Purchases	325,000
Returns inwards	10,000
Returns outwards	15,000
Carriage inwards	4,000
Carriage outwards	5,000
Rent expense	18,000
Salaries and wages	40,000
Discount received	9,000
General expenses	14,500

The stock as at 31 December 2018 was valued at ksh 35,000.

Prepare

a) Income statement for the year ended at 31 December 2018

b) Statement of financial position as at 31 December 2018

(15 marks)

20. a) The following is the balance sheet of Kato traders as at 1 April 2019.

Balance sheet as at 1 April 2019

Assets:	ksh	capital and liabilities	
Equipment	200,000	capita	415,000
Furniture	82,000	moko(creditor)	27,000
Stock	140,000		
Cash	20,000		
	442,000		442,000

The following transactions took place during the month of April 2019:

April 4: the proprietor sold his personal assets for ksh .30,000, receiving a payment by cheque, which he invested in the business

10: purchased goods for ksh. 20,000 from mwenge on credit

19: returned goods worth ksh ksh. 3,000 to mwenge.

30: sold goods for ksh. 12,000 in cash

i. Prepare ledger accounts to show the opening balances

ii. Record the transactions in the relevant ledger accounts and balance them off

(9 marks)

b) Explain three factors that may influence accounting information compilation and reporting procedures

(6 marks)

21. a) On 1 June 2018, Mango ent had cash in hand ksh. 87,000 and cash at bank ksh. 250,000

During the month ,the following transactions took palce:

June 2: cash sales ksh. 50,00

3: paid salaries ksh.101,000 by cheque

6: received a cheque for ksh. 76,800 fro Meru traders, after allowing a cash discount of 4%

12: bought office furniture for ksh.85,000 by cheque

16: settled Tim supplier's account of ksh. 40,000 in cash after deducting a cash discount of ksh 800

18: received a cheque for ksh,150,000 in respect for sales

21: paid wages ksh.24,000 in cash

22: withdrew ksh.30,000 from the bank foe office use

30: deposited all cash in the bank except ksh. 25,000

Prepare a three column cash book.

(9 marks)

b) Lantata traders bought motor vehicle KCA 616A on 1 January 2017 for ksh. 1,500,000 and KCP 800B on 30 september 2018 for ksh. 2,000,000. provision for depreciation is provided at the rate of 10% per annum on pro-rata basis,using straight line method.

For each of the years ended 31 december 2017 and 2018, prepare;

i. Motor vehicles account

ii. Provision for depreciation on motor vehicles account (6 marks)

22. A manufacturing firm operates on an imprest system, with a cash float of ksh. 10,000 per week. on 1 June 2019,the petty cashier had a balance of ksh. 4,000.on 5 June 2019,she received a reimbursement from the main cahier to restore the cash float

The following payments were made during week;

June 8: paid Amos , a creditor ksh. 800

9: paid for envelopes ksh. 300

10: paid for washing powder ksh. 480

11: bought postage stamps for ksh. 280

12:paid for soap detergent ksh. 750

14: paid for milk ksh. 450

15: paid for printing paper for ksh. 430

Prepare a petty cash book using the following analysis column:

-Cleaning

-Stationery

-Postage

-Staff Tea

-Ledger

(15 marks)

23. On 1 august 2019, the cashbook (bank column) of Moyo Traders showed a debit balance of ksh. 132,000while the bank statement showed a debit balance of ksh. 29,800. upon investigation, the following discrepancies were revealed:

1. unpresented cheques amounting to ksh. 47,900

2. bank charges amounted to ksh. 1,800

3. The bank had made a standing order of ksh. 27,500

4. The bank had collected dividends of ksh. 14,600 on behalf of Moro traders

5. A cheque of ksh. 48,000 was dishonoured by the bank

6. Uncredited cheques amounted to 147,000

Prepare

- a) Updated cashbook
- b) Bank reconciliation statement (15 marks)
- 24 a) classify each of the following payment as either capital expenditure or revenue expenditure
- i. Interest on loan to purchase a company's motor car
 - ii. Spare parts for motor vehicle
 - iii. Fuel for motor vehicle
 - iv. Driver's wages
 - v. Replacement of motor vehicle seats
 - vi. Replacement of motor vehicle tyres (6 marks)
- b) the following information was extracted from the books of Kalanzo traders on 31 august 2012;

2012	£
August 1:sales ledger-debit balances	3816
1:sales ledger-credit balances	22
31:transactions for the month;	
Cash received	104
Cheque received	6,239
Sales	7,090
Bad debts written off	306
Discount allowed	298
Returns inwards	664
Cash refunded to customer who had overpaid his account	37
Dishonoured cheques	29
Interest charged by us on overdue debt	50
At the end of the month;	
Sales ledger-debit balances	3,429
Sales ledger-credit balances	40

Required.

- Prepare sales ledger control account (9 marks)
- 25 a) Explain the use of each of the following source documents;
- i. Quotation
 - ii. Credit note

- iii. Purchases order
 - iv. Cash receipt (8 marks)
- b) Explain the meaning of the following accounting concepts;
- i. Realization concept
 - ii. Going concern concept
 - iii. Dual aspect concept (7 marks)