



MACHAKOS UNIVERSITY

University Examinations for 2019/2020 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF BUSINESS ADMINISTRATION

FIRST YEAR SECOND SEMESTER EXAMINATION FOR

DIPLOMA IN BUSINESS MANAGEMENT

DIPLOMA IN SUPPLY CHAIN MANAGEMENT

2906/102: FINANCIAL ACCOUNTING

2903/102: FINANCIAL ACCOUNTING

DATE: 24/3/2020

TIME: 8.30-11.30 AM

INSTRUCTIONS: Attempt all questions

1. Explain each of the following accounting concepts: (12 marks)
 - a) Historical cost concept
 - b) Substance – over – form concept
 - c) Money measurement concept
 - d) Going concern concept
2. a) Explain the purpose of each of the following accounting documents: (8 marks)
 - i. Debit note;
 - ii. Credit note;
 - iii. Invoice;
 - iv. Statement of account.
- b) The following transactions were obtained from the books of account of Manex Wholesalers for the month ended 31 July, 2011.
 - July 1. Started business with Kshs 4,500,000 in the bank
 5. Bought goods worth Kshs 2,400,000 on credit from Magic Traders;
 - 10: Paid Kshs 124,000 for the rent by cheque
 - 15: Withdrew Kshs 445,000 from the bank for business use;
 - 20: Bought a motor vehicle on credit from Ufanisi Motors worth Kshs 1,200,000

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23: Sold goods worth Kshs 1,350,000 on credit to Melly Traders

24: Paid Ksh 2,400, 000 by cheque to Magic Traders.

- i. Record the transactions above in their respective Ledger accounts;
- ii. Balance off the accounts as at 31 July, 2011

3. a) The following balances were extracted from the books of account of Mageto Holdings as at 30 November, 2011

	Kshs '000
Gross Profit	
Inventor (31 November, 2011)	1,170
Accounts payable	350
Capital	410
Provision for depreciation on equipment (01.12.10)	790
Equipment	900
Accounts receivable	500
Insurance	147
Rent and rates	160
Wages and salaries	446
Bank balance	370
Provision for doubtful debts	18
Drawing	165
Discounts received	24
Long term loan	300

Additional information

Equipment it to be depreciated at 25% on reducing balance basis;

Loan interest owing amounted to Kshs. 20,000

Rent paid in advance amounted to Kshs. 40,000

Provision for doubtful debts to be adjusted to 5% of accounts receivable.

Prepare:

- i. an income statement for the year ended 30 November, 2011;
- ii. A statement of the financial position as at 30 November, 2011. (12 marks)

- b) The following cash transactions were extracted from the books of Toyet Traders for the month ended 31 August, 2011

August Debit balances brought forward:

- 1. – Cash at bank – Kshs. 280,000
- Cash in hand – Kshs. 46,000
- 5: Paid postage Kshs. 5,000 in cash
- 10: Received payment in form of cheque from the following debtors
 - Wambua Kshs. 57,000
 - Wafula Kshs. 66,500

The debtors have already been allowed a 5% discount

- 15: Cash sales Kshs. 12,000
- 20: Bought furniture worth Kshs. 34,000 and paid by cheque
- 23: Paid to the following suppliers by cheque
 - Kandenyi Kshs 75,200k
 - Nyaga Kshs 47,000

The suppliers have already allowed a 6% cash discount;

- 30: Paid Kshs 25,000 for rent by cheque

Prepare a three – column cashbook to record the transactions above. (8 marks)

4. a) Mark Transporters Limited depreciates its motor vehicles on straight line basis at the rate of 20% per year. A full year's depreciation is charged in the year of purchase and no depreciation is charged in the year of disposal.

1 January 2010: Motor vehicles account balance – Kshs. 4,500,000

Provision for depreciation on motor vehicles account balance – Kshs 1,600,000

1 June 2010 Bought a motor vehicle for Kshs 800,000

10 September 2011: Sold a motor vehicle which had cost Kshs. 500,000

On 24 May, 2008, for Kshs 240,000

30 November 2011: Bought a motor vehicle for Kshs 1,200,000

For the years ended 31 December , 2010 and 2011, prepare a:

- i. Motor vehicles account
- ii. Provision for depreciation on motor vehicles account
- iii. Motor vehicles disposal account

iv. Balance sheet extracts as at 31 December 2010 and 2011 (12 marks)

b) Classify each of the following costs into revenue or capital expenditure.

i. Cost of software for use in a computer

ii. Cost of fitting partitions in a shop

iii. Repairs to a motor vehicle

iv. Furniture bought for resale by a furniture dealer

v. Cost of paper used in a computer

vi. Cost of transporting building materials for a new building

vii. Cost of adding air conditioning to the computer room

viii. Cost of replacing a car engine (8 marks)

5. a) The following information relates to the sales ledger and purchases ledger accounts of Suppa Solutions Limited for the month ended 30 November, 2011.

Balances as at 1 November 2011:

	Kshs.
Purchases Ledger	: 475,000 (Credit)
	: 48,000 0 (Debit)
Sales Ledger	: 656,000 (Debit)
	: 67, 000 (Credit)

Transactions during the month:

Bad debts	56,000
Returns outwards	37,000
Credit sales	950,000
Discount allowed	65,000
Returns inwards	34,000
Credit purchases	670,000
Discount received	74,000
Payment to creditors	560,000
Cash sales	150,000k
Receipts from debtors	820,000
Cash purchases	190,000
Dishonored cheques	54,000

Balances as at 30 November, 2011

Purchases Ledger	:	480,000 (Credit)
	:	55,000 (Debit)
Sales Ledger		693,000 (Debit)
		75,000 (Credit)

- i) Prepare:
- i) Sales ledger control account
 - ii) Purchases ledger control account
- ii) Advise the management on which ledger an error might have occurred (12 marks)
- b) Mushroom Supplies operate a petty cashfloat of Ksh 60,000 per month. The float is reimbursed at the end of the month. The following payments were made in the month ended 30 September, 2012 by the petty cashier.

		Kshs
September 2:	Bus fare	1,200
6:	Typist's wages	5,000
10.	Office Stationery	4,000
15:	Musa – a creditor	7,000
20:	Petrol for van	3,000
22:	Messenger's wages	6,000
24:	Wario – a creditor	3,500
25:	Office tea	2,400
29:	Taxi fare	4,600

Prepare a petty cash book for the month, with analysis columns for:

- Ledger accounts
- Wages
- Traveling
- Office expenses



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DEPARTMENT OF BUSINESS ADMINISTRATION

FIRST YEAR SECOND SEMESTER EXAMINATION FOR

CERTIFICATE IN SUPPLY CHAIN MANAGEMENT

CERTIFICATE IN BUSINESS MANAGEMENT

1903/106: FINACIAL ACCOUNTING

1906/106: FINACIAL ACCOUNTING

DATE: 27/3/2020

TIME: 2.30-5.30 PM

INSTRUCTIONS: Attempt all questions

SECTION A

- 1 List four users of accounting information. (2 marks)
- 2 List two types of cash book (2 marks)
- 3 For each expenditure stated below, indicate whether it is a capital or a revenue expenditure. (2 marks)
 - i) Repainting of classroom _____
 - ii) Purchase of stationery _____
 - iii) Renovation of hostel _____
 - iv) Payment of electricity _____
- 4 The following information relates to Meta Traders for the year ended 31 December:

	2011	2012
	Ksh	Ksh
Gross profit	342,000	517,000
Expenses	186,000	493,000

 - a) For each of the years ended 31 December, 2011 and 2012, compute the net profit.
 - b) Advise the proprietor on pos[sible cause of the change in net profit. (3 marks)
- 5 Highlight the purpose of a sales journal. (1 mark)

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6 State the meaning of each of the following terms

- a) Asset
- b) Liability

7 Molan Retailers had the following balances as at 31 March, 2013

	Ksh
Capital	100000
Bank	15,000
Inventory	32,000
Creditors	13,000
Debtors	66,000

Prepare a trial balance as at 31 March, 2013

(3 marks)

SECTION B

8 Tahidi Enterprises had the following balances as at March, 2013

	Ksh
Mali – Debtor	106,000
Turi – Creditor	62,500
Bank	144,000
Furniture	92,500

During the month of March, the following transaction took place;

2013

March 1 Withdrew Ksh 30,000 from the bank for office use;

6 Received a cheque of Ksh 86,000 Mali

12 Cash sale Ksh 37,000;

20 Bought goods on credit from Turi Ksh. 150,000

25 Returned goods worth Ksh 2,000 to Trui;

27 Paid Turi ksh 210,000 by Cheque

i. Prepare ledger accounts to record the transactions above

ii. Balance off the bank account

iii. Comment on the bank balance obtained in (ii) above

(14 marks)

Jirani Traders had the following balances as at 1 July, 2013

	Ksh.
Cash in hand	16,000
Cash at bank	58,000

The following transaction took place during the month of July, 2013.

- July
- 1 Paid Ksh 12,000 for rent by cheque;
 - 2 Cash sales amounted to Ksh 18,000;
 - 4 Purchased goods worth Ksh 15,000 and paid by cheque;
 - 10 Received a cheque of Ksh. 28,900 from Suhel in settlement of his account
 - 15 Took Ksh 13,200 from the cash till and deposited it into the bank account;
 - 24 paid Sela Traders Ksh 9,000 by Cheque;
 - 31 Proprietor withdrew Ksh 5,000 from the cash till for Personal use.

Prepare a cash book for the month of July, 2013 (14 marks)

11. The following balances were extracted from the books of account of Pita Retailers as at 31 December 2012 (14 marks)

	Kshs
Sales	420,000
Telephone	2700
Motor vehicles	250,000
Returns inwards	7000
Returns outwards	3800
Carriage outwards	7600
Salaries and wages	105,000
Rent received	22,000
Purchases	247,500
Inventory – January 2012	62100
Discounts allowed	11400
Discounts received	2,700
Insurance	13,800

Additional information:

- Inventory as at 31 December 2012 was valued at Kshs 43,900
- i) Prepare an income statement for the year ended 31 December 2012
- ii) Advise the proprietor on the action to take on the performance of the firm

9 Sosen Retailers had the following transactions during the month of march 2013 (14 marks)

March 1 Credit sales to Bosi Kshs 30,00

5 Credit purchases from Wale Kshs. 14700

7 Credit sales to Chama Kshs 11500

12 goods returned by Bosi Kshs 2,000

15 Credit purchases from Laki Kshs 20,000 less 5% trade discounts

21 credit sales to Saba Kshs 41600

27 goods returned to Wale Kshs 1200

31 Goods returned by saba Kshs 4500

Prepare

- a) Sales journal;
- b) Purchases Journal
- c) Returns inwards Journal
- d) Returns outwards Journal



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..... YEAR SEMESTER EXAMINATION FOR

DIPLOMA IN HUMAN RESOURCE MANAGEMENT AND

BUSINESS MANAGEMENT

FINANCIAL ACCOUNTING

DATE:

TIME:

INSTRUCTIONS:

Section A Attempts all the questions in this section

1. Outline three uses of a cash book. (6 marks)
2. State the account to be debited and the account to be credited. (8 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.	_____	_____

3. State four uses of the general journal. (8 marks)

4. 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;
- ii) Revenue expenditure. (8 marks)

Section B Attempts any two questions in this section

5. a) Explain each of the following accounting concepts
 - i. Going concern concept;
 - ii. Acrual concept;
 - iii. Dual aspect concept. (9 marks)

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

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.

I. Prepare:

- i) Purchases journal
- ii) Sales journal

iii) Returns outwards journal

iv) Returns inward journal

(8 marks)

II. Post the totals of the journal to the ledger accounts.

(5 marks)

6. a) on 1 April 2013, the cashier of Mana Traders gave the petty cashier Ksh 9,000 as cash float.

During the week ended 5 April 2013, the petty cashier made each of the following payments:

2013			Ksh
April	1	Box files	1,400
	2	Petrol	2,500
	2	Cleaners wages	1,300
	3	Taxi Charges	600
	3	Mobile phone air time	890
	4	Brooms and brushes	720
	4	Photocopying papers	500
	5	Bus fare	290

Prepare petty cash book with the following analysis columns

- Travelling
- Stationery
- Cleaning
- Telephone

(20 marks)

7. 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	152,00
Stationery	14,000

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

Prepare an income statement and loss account for the year ended 31st December 2012

(20 marks)

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

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)