# MACHAKOS UNIVERSITY

**University Examinations for 2016/2017 Academic Year**

**SCHOOL OF BUSINESS AND ECONOMICS**

**DEPARTMENT OF BUSINESS ENTREPRENEURSHIP AND MANAGEMENT SCIENCES**

**FIRST YEAR FIRST SEMESTER EXAMINATION FOR DIPLOMA IN EDUCATION**

**FUNDAMENTALS OF ACCOUNTING**

**DATE: 31/5/2017** **TIME: 2:00 – 4:00 PM**

**INSTRUCTIONS:**

**1.Answer question one(1) compulsory and any other two question.**
**2.any form of examination irregularity leads to automatic disqualification.**
**3.Additional instructions are contained in the answer booklet**

**QUESTION ONE (COMPULSORY) (30 MARKS)**

The following transactions took place during the month of April 2017

April 1. Commenced business with cash 12,000
“ 2. lodged into bank sh.9,000
“ 3.purchased goods sh.500
“ 3.bought goods sh. 2,900
“ 10.drew from bank for office use sh. 1106
“ 13. Sold good to Ranza sh.600
“ 14. Goods returned by Ranza sh.75
“ 15. bought goods from rafiki trader’s sh. 4100
“ 18. Returned some goods to rafiki traders sh.140
“ 19. received cash from Ranza allowing discount sh. 500
“ 28. paid rafiki traders in full sh. 3800
“ 31.recieved interest from bank sh. 100

Required:

a) Post to the ledgers, balance off the accounts and prepare a balance sheet. (20 marks)

b) Define accounting and explain briefly its main branches (10 marks)

**QUESTION TWO (20 MARKS)**

Accounting data / information is intended for various users, discuss the main users in the economy. (20 marks)

**QUESTION THREE (20 MARKS)**

Kitesh has given you the following balances extracted from his books as at 30$^{th}$ sept 2016

Cash sh. 1200
Bank sh. 11,000
Stock 1.9.2015 sh.21, 000
Debtor's sh. 8,000
Creditor's sh.10, 000
Return inwards sh. 500
Sales sh. 56,000
Purchases. Sh. 20,500
Capital sh. 14,900
Salaries sh.4, 000
Water & electricity sh. 600
Postage sh. 200
Drawings sh. 900
Stock 30.9.2016 sh. 13,500
Furniture & fitting sh. 7,500
Motor van sh. 35,000
Loan sh. 30,000
Rent receipts sh. 1,200
Office rent sh.1, 700

Required:

Trading profit & loss account and a balance sheet as at year end (20 marks)

**QUESTION FOUR (20 MARKS)**

STATE and BRIEFLY Explain any five accounting principles (20 marks)

**QUESTION FIVE (20 MARKS)**

Write up two column cash book for Jasso traders from the details below and balance off the cash book as at end of March 2017. (20marks)

March 1. Bal b/f cash sh.2500 bank sh.15, 800
" 2. Sold goods for cash sh. 3,400
" 3. Bought goods by cheque sh.3, 000
" 5. Paid rent by cash sh.3000
" 7.cashed cheque for cash sh.4000
" 8. Paid George by cheque sh.6000
" 9. Received cheque from Robert sh. 3500
" 11.paid general expenses on cash sh.800
" 15.paid wages in cash sh.2000
" 18. Bought goods and paid by cheque sh.4600
" 19. Sold goods and received cheque sh.2800
" 20. Paid expenses in cash sh.500
" 22. Received cheque from smith sh.1500
" 25. Paid cheque to Adams sh.2200
" 28.paid wages by cheque sh.3500
" 30.sold goods for cash sh.2000
" 31. Banked cash keeping a balance of cash in hand of sh1000