

**W1-2-60-1-6**

**JOMO KENYATTA UNIVERSITY**

**OF**

**AGRICULTURE AND TECHNOLOGY**

**UNIVERSITY EXAMINATIONS 2015/2016**

**EXAMINATIONS FOR BACHELOR OF SCIENCE IN ELECTRICAL AND ELECTRONICS ENGINEERING/ELECTRONIC AND COMPUTER ENGINEERING/MATHEMATICS AND COMPUTER SCIENCE**

 **HRD 2115: ACCOUNTS AND FINANCE**

**DATE: DECEMBER 2015 TIME: 2 HOURS**

**INSTRUCTIONS: ANSWER QUESTION ONE AND ANY OTHER TWO QUESTIONS**

**QUESTION ONE**

1. Explain the following terms as used in Accounts and Finance:
2. Accounting
3. Double entry
4. The accounting equation

[6 marks]

1. James set up a new business. Before he actually sells anything he

has bought motor vehicles of Shs.3,000, premises of Shs.7,000,

stock of goods of Shs.2,000. He still owes Sh.800. In respect

to them, he had borrowed Shs.4,000 from Evans. After the even

just describe and before he starts he had Shs.300 cash in hand and

Shs.600 cash at bank.

You are required to calculate the amount of his capital. [6 marks]

1. The following information was extracted from the books of ABC

traders for the year ended 31st December 2014.

1. Closing capital as at 31st December, 2014 Shs.4,000,000
2. Made profit of Shs.200,000
3. The proprietor invested into the business from her

personal use Shs.250,000

1. The proprietor withdrew in cash for her personal use Sh.60,000

Required:

Using initial capital formula, find the initial capital. [6 marks]

1. Describe any SIX users of Accounting Information. [6 marks]
2. Explain the following Accounting Assumptions:
3. Entity /Secrete entity/Economic Entity
4. Going-concern/Continuity
5. Monetary or unit of measure

[6 marks]

**QUESTION TWO (20 MARKS)**

1. A Ltd sells some goods on credit to B Ltd. at Shs.1,000 under the

terms of sale B Ltd will receive a discount of 5% if they pay the

amount due within one month. Be decides to take up the offer and

pay the amount within the given time. Record the above transaction

 in the Books of A and B. [6 marks]

1. XYZ is a sole trade. At 30th June 2015 the following balances

have been extracted from their books.

|  |  |
| --- | --- |
| Description | Amount (Ksh.) |
| Sales | 47,600 |
| Purchases | 22,850 |
| Office expenses | 1,900 |
| Insurance | 700 |
| Wages | 7,900 |
| Rates | 2,800 |
| Heating | 1,200 |
| Telephone | 650 |
| Discount allowed | 1,150 |
| Opening stock | 500 |
| Returns inwards | 200 |
| Returns outwards | 150 |
| Premises | 40,000 |
| Plant | 5,000 |
| Reichie | 12,000 |
| Debtors | 12,500 |
| Bank balance | 7,800 |
| Creditors | 3,400 |
| Long term loan | 10,000 |
| Capital | 60,000 |
| Drawings | 4,000 |
| Closing stock | 500 |

Required

Prepare a trial balance from the above list of balance. [10 marks]

1. Describe any FOUR purposes of a bank reconciliation statement. [4 marks]

**QUESTION THREE (20 MARKS)**

The following is a trial balance of ABC Ltd

|  |  |  |
| --- | --- | --- |
| Details | Dr(KShs.) | Cr(KShs.) |
| Stock 1st January 2009 | 2,368,000 |  |
| Carriage inwards | 200,000 |  |
| Carriage outwards | 310,000 |  |
| Returns inwards | 205,000 |  |
| Returns outwards |  | 322,000 |
| Purchases | 11,870,000 |  |
| Sales |  | 18,600,000 |
| Rent | 3,862,000 |  |
| Salaries | 304,000 |  |
| Insurance | 78,000 |  |
| Motor expenses | 216,000 |  |
| Lighting expenses | 166,000 |  |
| General expenses | 314,000 |  |
| Premises | 500,000 |  |
| Motor vehicles | 1,800,000 |  |
| Debtors | 3,896,000 |  |
| Fixtures | 350,000 |  |
| Creditors |  | 1,731,000 |
| Cash at Bank | 482,000 |  |
| Drawings | 1,200,000 |  |
| Capital |  | 8,132,000 |

Stock at 30th December, 2009 was Shs.2,946,000

Required

Draw up a statement of comprehensive income for the year

ended 31st December 2009 and Statement of Financial position

as at 31/12/2009. [20 marks]

**QUESTION FOUR (20 MARKS)**

1. Write up a two column cash book for the following details and balance

off as at the end of the month.

Oct. 1: Started business with capital in Cash Shs.1,000,000

Oct. 2: Paid rent by cash Shs.500,000

Oct. 3: Loan from Mary Shs.500,000. Paid by cheque

Oct. 4: Paid Peter by cheque Shs.65, 000

Oct. 5: Cash sales made Shs.98,000

Oct. 7: Mitter owe of debtor paid by cabs Shs.62,000

Oct. 9: Paid Den (creditor) in cash Shs.22,000

Oct. 11: Cash sales paid direct into the bank Shs.53,000

Oct. 15: George (creditor) paid by cheque Shs.65,000

Oct. 16: Repaid Mary by cheque Shs.100,000

Oct. 19: Took Shs.50,000 out of cash till and paid it into the bank accounts

Oct. 22: Paid motor expenses by cheque Shs.12,000

Oct. 26: Withdrew Shs.100,000 cash from the bank for business use

Oct. 31: Paid wages in cash Shs.97,000

 [10 marks]

1. Explain any FIVE objectives of Accounting. [10 marks]

**QUESTION FIVE (20 MARKS)**

1. Discuss the FIVE classes of ratios used in financial statement

analysis. [10 marks]

1. Describe the advantages and disadvantages of using ratios as a

tool for analysing financial statements. [10 marks]