



MASENO UNIVERSITY
UNIVERSITY EXAMINATIONS 2013/2014

**SECOND YEAR FIRST SEMESTER EXAMINATIONS FOR THE
DEGREE OF BACHELOR OF SCIENCE IN AGRIBUSINESS
MANAGEMENT WITH INFORMATION TECHNOLOGY
(MAIN CAMPUS)**

AAB 211: FINANCIAL ACCOUNTING

Date: 28th November, 2013

Time: 2.30 - 4.30 p.m.

DATE:

TIME: 2 HRS

MESENO UNIVERSITY
SCHOOL OF AGRICULTURE AND FOOD SECURITY
DEPARTMENT OF AGRICULTURAL ECONOMICS AND RURAL DEVELOPMENT.

Instructions.

Answer four questions. Question one and two are compulsory

SECTION A. ANSWER ALL QUESTIONS

1. a. Identify and describe the principles of financial accounting (8 marks)
Briefly describe the importance, benefits, and limitations of financial accounting (4marks)
 - b. Identify and describe four accounting convention (4 marks)
 - c. Discuss the features of trading account and its role in preparation of the final account. (4 marks)
2. The following trial balance has been extracted from the books of Saeed & co. on 30-06-2012. From this, prepare an income statement and balance sheet for the year ended 30-06-2012. (20 marks)

	Dr	Cr
Sales		200000
Purchases	180000	
purchase return		2500
Office salaries	3500	
Furniture & Fixture	16000	
Office Equipment	11000	
Rent	5000	
Accounts Payable(creditors)		28000
Sales Salaries	3000	
Freight & custom duty on purchases	6000	
Repair of office equipment	2000	
Accounts Receivable(debtors)	52000	
Freight on sales	1000	
Capital		41500
Cash in hand 37,000	37000	
Loan from bank(for three years)		50000
Bank charges	5000	
Interest on loan	5000	
Grand Total	322000	322000

SECTION B. ANSWER TWO QUESTIONS

3. Following information of Ahmad & Company is given. Prepare a cost of goods sold statement.

Stock levels	O/S Rs.	C/S Rs.
Raw material	150,000	115,000
Work in process	50,000	55,000
Finished goods	120,000	100,000

Purchase of raw material during the period Rs. 100,000

Transportation charges of items purchased Rs. 5,000

REQUIRED.

Prepare a cost of goods statement (15 marks)

4. a. Describe the policies used by firms when issuing stock (7.5 marks)
b. Briefly describe the process of business flow transaction (7.5 marks)
5. a). Discuss the concept of closing stock and its valuation process.(5 marks)
b). Discuss the direct expenses included on the debit side of trading account in detail. (5 marks)
c). Discuss the process of tallying Trading account. (5 marks)