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University Examinations 2012/2013

FIRST YEAR, FIRST SEMESTER EXAMINATION FOR CERTIFICATE IN BUSINESS
ADMINISTRATION

CBA 0105/CDS 0105: FUNDAMENTALS OF ACCOUNTING

DATE: APRIL 2014

TIME: 1½ HOURS

INSTRUCTIONS: Answer all questions

QUESTION ONE – (30 MARKS)

- (a) A. Smith whose financial position on January 1, 2013 is as below, decided to open a set of books, show the journal entries (8 marks)

	Sh.
Cash in hand	1,500
Cash at bank	12,000
Furniture & fittings	25,000
Stock of goods	18,000
<u>Debtors</u>	
P. Black	1,800
R. Button	2,300
<u>Creditors</u>	
A. Thomas	2,100
Capital	58,500

- (b) Discuss the main functions of accounting. (10 marks)
- (c) The following trial balance was extracted from the books of A. White, a trader, as at 31st December 2013. (12 marks)

Trial Balance

	Sh	Sh
Capital		40,000
Purchases / sales	43,000	75,000
Freehold land and building	15,000	
Plant & machinery	9,000	
Motor vehicles	6,000	
Wages and salaries	8,900	
Rent and rates	4,300	
Motor vehicle expenses	1,250	
Repairs to buildings	7,500	
General expenses	3,550	
Discount allowed	1,250	
Discount received		1,072
Debtors /Creditors	13,500	8,500
Drawings	3,000	
<u>Provision for depreciations:</u>		
i. Plant & machinery		4,500
ii. Motor vehicles		2,928
Stock at start	7,500	
Balance of Bank	<u>8,250</u>	
	<u>132,000</u>	<u>132,000</u>

Additional information

- 1) Stock at 31st December,2013,Sh.8,500
- 2) Provision for depreciation on plant and machinery at the rate of 10% as cost and motor vehicle 20% on written down value.
- 3) The expenditure on repairs to buildings is to be capitalized Sh. 5,000

Required:

Prepare a trading and profit and loss account for the year ended 2013.

QUESTION TWO – (20 MARKS)

Record the following transactions for the month of November for M.S suppliers. Balance off all the accounts and extract a trial balance as at 30th November,2013. (20 marks)

November 1, started business with Ksh.175,000 in cash,

November 2, put Ksh 140,000 of the cash into the bank account.

November 3,Bought goods for cash worth Ksh. 7,500

November 4, Bought stationery on credit Ksh 17,000 from Nzomo.

November 5, Bought goods on credit from Isaac Ksh 18,000, Philips Sh.24,500,Muiru Ksh.9,500,Tinga Ksh. 8,000

November 8, bought furniture from Irungu suppliers on credit Ksh 24,000

November 12, paid salaries and wages Ksh.6,000 cash.

November 14, Returned goods to Timothy Sh 3,000, Philip Shs 2,000

November 15, Bought an old motor van by cheque Kh 35,000

November 16, Received loan from Henry by chequeKsh 30,000

November 17, Goods returned to us by Njeri Ksh 1000 , Muiru Ksh 2,000

November 18, Cash sales Ksh 4,500

November 21, sold goods on credit to Pauline Sh.5,750 , OnyangoKsh.5,000,Tinga ksh 17,000

November 24, we paid the following by cheque Ksh 22,500, Timothy ksh 2,500

November 25, received a cheque from Pauline Sh, 5,750, Onyango ksh 12,500

November 28, Received a further loan from Henry Ksh 10,000 cash

November 30, Received kshs 25,000 from Tinga in cash

QUESTION THREE

a) Mr. Waweru starts business as at April 1 2012 with cash Sh.50,000. The following transactions took place during April 2011

April 1 – Opened a bank account with K.C.B paying in Sh 45,000

April 2 – Bought goods for cash Sh.1,000

April 3 - Bought motor vehicle and paid by cheque Sh.20,000

April 5 – Bought goods for sh.5,000 and paid by cheque

April 7 – Sold goods for cash Sh.2,000

April 10 – Paid expenses Sh. 5,000 in cash

April 15 – sold good and received a cheque for 3,500

April 16 – Paid cash into Bank sh. 2,000
April 17 –bought goods for cash Sh. 1,500
April 20 – paid wages to an assistant Sh. 1,000 in cash
April 22 – cashed cheque for office cash Sh 1,500
April 30 –paid expenses Sh.800 in cash

Required:

- Show the entries into cash account and bank account placed together. (14 marks)
- (b) Discuss the users of accounting information. (6 marks)