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**PRINCIPLES OF ACCOUNTS
AND PRACTICE OF MANAGEMENT**

Oct./Nov. 2015

Time: 3 hours

Candidate's Signature: _____

Date: _____



THE KENYA NATIONAL EXAMINATIONS COUNCIL

**DIPLOMA IN DIETETICS MANAGEMENT
MODULE III**

PRINCIPLES OF ACCOUNTS AND PRACTICE OF MANAGEMENT

3 hours

INSTRUCTIONS TO CANDIDATES

Write your name and index number in the spaces provided above.

Sign and write the date of the examination in the spaces provided above.

This paper consists of TWO sections, A and B.

Answer ALL the questions in section A and any THREE questions from section B in the spaces provided in this question paper.

Each question in section A carries 4 marks while each question in section B carries 20 marks.

Candidates should answer the questions in English.

For Examiner's Use Only

SECTION A

Question	1	2	3	4	5	6	7	8	9	10	TOTAL SCORE
Candidate's Score											

SECTION B

Question	11	12	13	14	15	TOTAL SCORE
Candidate's Score						

Grand Total

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This paper consists of 16 printed pages.

Candidates should check the question paper to ascertain that all the pages are printed as indicated and that no questions are missing.

SECTION A (40 marks)

Answer ALL the questions in this section in the spaces provided.

1. State **four** parties who may be interested in the financial statements of a company. (4 marks)

2. Explain the following accountancy terms:

(a) accrued expenses; (2 marks)

(b) an invoice. (2 marks)

3. Outline **four** essential features of good objectives. (4 marks)

4. State **four** objectives of manpower planning. (4 marks)

5. Highlight **four** errors affecting the trial balance. (4 marks)

6. Identify the type of error made in each of the following cases: (4 marks)

(a) Sales of Sh. 2,440 were recorded in the books as Sh. 4,420.

(b) Cash received Sh. 3,200 from Mwasimba Juma was entered in the accounts of Mwasimba John.

(c) Purchases on credit from Kamau were debited to Kamau's account and credited to purchases account.

(d) Motor vehicle expenses were debited in the motor vehicle account.

7. State **four** benefits of policies. (4 marks)

8. Explain the following:

(a) product branding; (2 marks)

10. Identify two assumptions on which McGregor's Theory X of motivation is based.

(4 marks)

SECTION B (60 marks)

Answer any **THREE** questions from this section in the spaces provided after question 15.

11. (a) The following balances were obtained from the books of Kikwetu Traders as at 31st March 2009:

	KSh.
Buildings	300,000
Capital	720,000
Motor vehicle	200,000
Loan from IBB bank	100,000
Stock	115,000
Creditors	80,000
Debtors	125,000
Cash at bank	160,000

The following transactions then took place:

- April 2nd Paid a cheque of Sh. 25,000 to a creditor.
- 4th Bought goods on credit Sh. 45,000.
- 6th A debtor paid Sh. 15,000 by cash.
- 7th Re-paid Sh. 50,000 by cheque to IBB bank.
- 8th Bought a motor vehicle for Sh. 280,000 from Mbinja Motors on credit.
- 10th Invested additional capital of Sh. 130,000 by depositing personal savings in the business bank account.

Prepare the balance sheet as at 12th April 2009 after the above transactions.

(10 marks)

(b) Explain five reasons why managers do not delegate authority to subordinates.

(10 marks)

12. (a) Mwaura is a retailer. Prepare his Trading Profit and Loss account for the year ended 31st December 2008.

Trial balance
As at 31st December 2008

	Debit	Credit
	Sh.	Sh.
Purchases	85,000	
Returns outwards		4,550
Carriage outwards	2,500	
Sales		152,500
Capital		75,000
Drawings	10,500	
Bank overdraft		7,550
Salaries	9,600	
Creditors		6,480
Stock	12,500	
Debtors	13,760	
Cash	3,475	
Rent received		330
Stationery	2,125	
Telephone expenses	4,750	

Additional information:

- (i) Closing stock Sh. 35,000.
- (ii) Telephone bill Sh. 500 is outstanding for December 2008.
- (iii) Rent Sh. 300 is due for December 2008 but not yet received.

(10 marks)

- (b) Explain five reasons why employees may resist change in an organization.

(10 marks)

13. (a) Explain five characteristics of effective control systems.

(10 marks)

- (b) Outline the steps involved in the decision making process.

(10 marks)

14. (a) "Co-ordination is the very essence of management". Explain five reasons why co-ordination is necessary.

(10 marks)

- (b) Explain five objectives of advertising.

(10 marks)

15. (a) Explain the following terms:
- (i) cash float; (2 marks)
 - (ii) imprest system; (2 marks)
 - (iii) carriage outward; (2 marks)
 - (iv) un-presented cheques; (2 marks)
 - (v) capital reserve. (2 marks)

(b) The following information was extracted from the records of Kaima Limited.

Receipts:

February 4th	2,600 units @ Sh. 40
9th	4,000 units @ Sh. 45
15th	3,000 units @ Sh. 50

Issues:

February 7th	7,000 units
20th	6,200 units

The opening stock was 10,000 units valued @ Sh. 30 per unit.
Prepare a store ledger card under the Last In First Out (LIFO) method.

(10 marks)
