



MAASAI MARA UNIVERSITY

REGULAR UNIVERSITY EXAMINATIONS

2018/2019 ACADEMIC YEAR

FIRST YEAR SECOND SEMESTER

**SCHOOL OF BUSINESS AND ECONOMICS
CERTIFICATE IN HUMAN RESOURCE
MANAGEMENT**

COURSE CODE: CHR 109

COURSE TITLE : INTRODUCTION TO ACCOUNTING

DATE: 29TH APRIL 2019

TIME: 8.30AM - 10.30AM

INSTRUCTIONS TO CANDIDATES

Answer Question **ONE** and any other **THREE** Questions

This paper consists of 4 printed pages. Please turn over.

QUESTION ONE

a) Explain any five users of accounting information (10 marks)

b) On 1st July 2010 Boss started a business with capital sh.165,000 in cash and sh.140,000. in the bank. The following transactions took place during the month of July.

July 2: rented shop premises by paying sh.12,000 cash for the month.

July 3: bought stock of goods for sh.110,000 cash.

July 5: took cash to the bank sh.18,000.

July 6: cash sales sh.15,000.

July 8: credit sales to Kate sh.12,000.

July 12: bought stock of goods by cheque sh.14,000.

July 13: cash sales sh.13,000.

July 18: credit purchases from Juma shs.17,000.

July 20: received a cheque from Kate shs.11,000.

July 22: paid Juma his account in cash shs.16,800 having deducted cash discount of shs.1200.

July 25: one of the customers who had bought goods for cash returned some goods worth shs.1200 and a cash refund were made.

July 30: credit purchases from Juma shs.14,000.

July 21: returned goods to Juma shs.11,500.

July 31: transferred all the money to the bank except 5,000.

Required

a) Prepare the cash book to reflect these transactions. (15 marks)

b) Explain any five documents used in accounting (5 marks)

Question two

a) Explain the various classifications of accounts (10 marks)

b) Identify and explain any five principles of accounts (10 marks)

Question three

a) The balance in the cash book of Mr Kimia as at 30th June 2007 was shs 50,000 (Dr) . On the same date the balance as per the bank statement was shs 71,000 (cr).

On examining the bank statement and the cash book the following differences were discovered.

a) Cheques totaling to shs 45,000 issued did not appear in the bank statement

- b) Bank charges for the month amounted to shs 1,500
- c) A standing order to CIC insurance company of shs 2,500 had been paid by the bank but not entered in the cash book.
- d) Dividend income amounting to shs 10,000 collected by the bank did not appear in the cash book
- e) Cheques totaling to shs 30,000 deposited on the last day of the month were credited by the bank on 3rd July 2007.

Required prepare

- i) Updated cash book **[6 marks]**
- ii) A bank reconciliation statement **[6 marks]**
- b) Explain any four causes of differences between the cash book and bank balance **[4 marks]**

Question four

- a) What are accounting principles? **[2 marks]**
- b) Identify and explain any five accounting principles **[10 marks]**
- c) what is the purpose of preparing a petty cash book **[3 marks]**

Question five

The following trial balance has been drawn up from the accounts of Endpages bookshop.

Trial balance as at 31 December 2012

	Dr	Cr	
	£	£	
Sales		151,500.00	
Purchases	103,500.00		
Salaries and wages	18,700.00		
Office expenses	2,500.00		
Insurance	1,100.00		
Electricity	600.00		
Stationery	2,400.00		
Advertising	3,500.00		
Telephone	800.00		
Rates	3,000.00		
Discount allowed	100.00		
Discount received		200.00	
Rent received		2,000.00	
Returns inwards	1,500.00		
Returns outwards		3,500.00	
Stock at 01 Jan 2012	46,000.00		
Premises	80,000.00		
Stock as at 31 Dec 2012	41,000.00		
Fixtures and fittings	4,800.00	7,500.00	
Debtors and Creditors	200.00	12,000.00	
Cash in Hand		11,000.00	
Cash in bank	14,000.00		
Capital			
Drawings	_____	<u>41,000.00</u>	
Stock as at 31 Dec 2012	<u>328,700.00</u>	<u>328,700.00</u>	

Required
Prepare a Trading and profit and loss account for the year ended

31 December 2012 and a balance sheet as at that date.

(15 marks)

.....**END**