



MAASAI MARA UNIVERSITY
REGULAR UNIVERSITY EXAMINATIONS
2022/2023 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:

TIME:

INSTRUCTIONS TO CANDIDATES

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

This paper consists of 5 printed pages. Please turn over.

QUESTION ONE

a) From the following particulars relating to material A, show how the value of the issues should be arrived at using FIFO method. **(10 Marks)**

Date	Particulars
1-1-2023	Opening stock 1000 units at Sh. 5 each
3-1-2023	Purchases 900 units at Sh. 6 each
7-1-2023	Issued 1200 units
11-1-2023	Purchased 800 units at Sh. 6.20 each
13-1-2023	Issued 1000 units

b) State and explain the advantages and disadvantages of First in first out (FIFO) **(8 Marks)**

c) Briefly explain the branches of accounting. **(7 Marks)**

QUESTION TWO

a) Discuss the process of coming up with a ledger account. **(8 Marks)**

b) Define what appropriation account is and create a format followed when preparing the account. **(7 Marks)**

QUESTION THREE

Given the following details of Peterson enterprise for the year 2023.

Year 2023

March 2 Credit sales to E. Kamau	Sh 12,800
“2 Credit purchases to H Opati	Sh 9,600
“4 Credit sales to J Omondi	Sh 11,700
“7 Credit sales to N. Kimanzi	Sh 20,700
“8 Credit sales to P. Amino	Sh. 4,900
“12 credit Credit purchases from M. Kibaki	Sh 7,200

“13 Credit sales to E. Kamau	Sh 42,000
“13 Credit Credit purchases from G. Njenga	Sh. 9,700
“15 return Return inwards from J Hadija	Sh. 200
“16 return Return outwards to K Nyongesa	Sh.1, 200
“20 credit Credit purchases from H. Opati	Sh. 11,200
“21 credit Credit purchases from E. Joe	Sh 4,900
“23 credit Credit purchases from O. Mbiyu	Sh. 4,500
“27 bought Bought motor vehicle cash	Sh 20,000
“30 Sales to E Williams	Sh. 10,600

Required:

a) Enter the following in the sales journal, purchases journal, and then post them to the relevant ledger accounts. **(10 Marks)**

b) Difference between unadjusted and adjusted trial balance. **(5 Marks)**

QUESTION FOUR

The following information was extracted from the financial statements of A Ltd. and B Ltd. in respect of the year ended 30 September 2023:

**Statement of comprehensive income extracts for the year
ended 30 September 2023:**

	A Ltd.	B Ltd.
	Sh. ‘000’	Sh. ‘000’
Sales	497,000	371,000
Cost of sales	258,000	153,000
Operating profit	138,000	79,000
Interest expense	19,000	-

Statement of financial position extracts

as at 30 September 2023

	A Ltd.	B Ltd.
	Sh. '000'	Sh. '000'
Non-current assets	142,000	92,000
Current assets:		
Inventory	100,000	87,000
Debtors	46,000	42,000
Cash at bank	40,000	44,000
Current liabilities	98,000	108,000
Long-term loan	33,000	-
Shareholders' funds	197,000	157,000

Required:

a) For each company, compute the following ratios:

- (i) Acid test ratio. **(2 marks)**
- (ii) Inventory turnover. **(2 marks)**
- (iii) Average collection period. **(2 marks)**
- (iv) Return on capital employed. **(2 marks)**
- (v) Debt-equity ratio. **(2 marks)**

b) Mogire, Waituka, and Kipkorir are in partnership. Mogire does the accounting work while Waituka offers legal services and each earns a salary of Sh 10,000 per month. The profit or loss is shared equally. The profit for the month was Sh 110,000.

Required:

Show the relevant accounts for the partnership.

(5 Marks)

QUESTION FIVE

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

Trial balance as at 31 December 2023

	Dr Sh.	Cr Sh.
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		
Rent received		200.00
Returns inwards	1,500.00	2,000.00
Returns outwards		
Stock at 01 Jan 2015	46,000.00	3,500.00
Premises	80,000.00	
Stock as at 31 Dec 2015	41,000.00	
Fixtures and fittings	5,000.00	
Debtors and Creditors	4,800.00	
Cash in Hand	200.00	7,500.00
Cash in bank		
Capital		12,000.00
Drawings	14,000.00	11,000.0
Stock as at 31 Dec 2015	<u>328,700.00</u>	<u>41,000.00</u>
		<u>328,700.00</u>

Required

Prepare a trading profit & loss account and statement of financial position for the year ended 31 December 2023. **(15 Marks)**

.....**END**