



# MURANG'A UNIVERSITY OF TECHNOLOGY

## SCHOOL OF PURE AND APPLIED SCIENCE

DEPARTMENT OF APPLIED SCIENCE

UNIVERSITY SUPPLEMENTARY/SPECIAL EXAMINATION

2017/2018 ACADEMIC YEAR

**THIRD YEAR SECOND SEMESTER EXAMINATION FOR DEGREE OF  
BACHELOR OF SCIENCE IN MATHEMATICS AND COMPUTER SCIENCE**

HRD 2115 – ACCOUNTS AND FINANCE

DURATION: 2 HOURS

DATE: 20<sup>TH</sup> APRIL, 2018

TIME: 2.00 – 4.00 P.M.

### **Instructions to Candidates:**

1. Answer **Question 1** and **Any Other Two** questions.
2. Mobile phones are not allowed in the examination room.
3. You are not allowed to write on this examination question paper.

## SECTION A – ANSWER ALL QUESTIONS IN THIS SECTION

### QUESTION ONE

- a) Explain the functions of financial accounting to an organisation (7 marks)
- b) Discuss various accounting concepts and convention (7 marks)
- c) The following are transactions that took place in the year 2016

January 1 <sup>st</sup>	Received cash from John	Shs.60,000
January 2 <sup>nd</sup>	Bought goods for cash	Shs.20,000
January 3 <sup>rd</sup>	Sold goods to John on credit	Shs.25,000
January 4 <sup>th</sup>	Paid carriage on behalf of John	Shs.5,000
January 5 <sup>th</sup>	Invoiced goods to John	Shs.12,000
January 6 <sup>th</sup>	Goods returned from John	Shs.16,000
January 7 <sup>th</sup>	Goods bought for cash from Daniel	Shs.6,000
January 8 <sup>th</sup>	Received cash on account of John	Shs.10,000
January 9 <sup>th</sup>	Sold goods to Jackson	Shs.6,000

Required:

- i. Journalize the above transaction (6 marks)
- ii. Post them into respective ledger accounts (10 marks)

## SECTION B – ANSWER ANY TWO QUESTIONS IN THIS SECTION

### QUESTION TWO

- a) From the following trial balance which was extracted from the books of Murang'a traders on 31-12-2016

Murang'a Traders Trial Balance As at 31-12-2016		
Particulars	Dr	Cr
Premises	2,000,000	
Debtors	30,000	
Creditors		40,000
Cash at bank	100,000	
Purchases	200,000	
Sales		500,000

Opening stock	60,000	
Discount allowed	10,000	
Discount received		6,000
Salaries and wages	70,000	
Commission received		12,000
Return outwards	2,500	
Electricity paid	10,000	
Return inwards	8,000	
Carriage inwards		22,000
Capital		1,978,300
Furniture	40,000	
	2,558,300	2,558,300

**Additional information**, closing stock was KShs.32,000

Required:

- i. Trading account (6 marks)
  - ii. Profit and loss account (9 marks)
- Discuss the scope of financial accounting (6 marks)

### QUESTION THREE

Peter was not keeping proper books of accounts but the following information was available for the year 2015.

Particulars	01.01.2015	31.12.2015
Motor vehicle	290,000	360,000
Cash in hand	50,000	90,000
Cash at Bank	40,000	65,000
Bank overdraft	25,000	40,000
Creditors	40,000	50,000
Debtors	35,000	30,000
Stock	38,000	70,000
Fixture & Fittings	20,000	40,000
Premises	110,000	170,000
Bank loan	35,000	55,000

### **Additional information**

During the year, Peter did the following:

- i. Withdraw Shs.3,000 from the business for private use (1.4 marks)
- ii. Sold a private bicycle for Shs.2,500 and banked the proceeds in the business bank account (6 marks)

### **QUESTION FOUR**

Kamau, Njoroge and Njuguna are in partnership business, their capital were Shs.300,000, Shs.200,000 and Shs.100,000 respectively.

Their partnership agreement provides the following:

1. Interest on capital at 4% per annum
2. Interest charges on drawing at 5% per annum
3. Kamau and Njoroge to receive salaries of Shs.22,000 each per annum
4. Profits and losses to be shared among the partners as follows: Kamau  $\frac{6}{10}$ , Njoroge  $\frac{3}{10}$  and Njuguna  $\frac{1}{10}$

The following information was available for the year ended 31<sup>st</sup> December 2016.

- a) Current account balances on 1<sup>st</sup> January, 2016 were:
  - Kamau - credit balance of Shs.7,200
  - Njoroge - credit balance of Shs.1,200
  - Njuguna - Debit balance of Shs.1,500
- b) During the year quarterly drawings were as follows:
  - Kamau Shs.2,400, Njoroge Shs.1,800 and Njuguna Shs.1,800.
- c) Net profit for the year ended 31<sup>st</sup> December 2016 was Shs.110,600
- d) You were required to prepare the following:
  - i. Profit and Loss appropriation account for the year ended 31<sup>st</sup> December, 2016
  - ii. Partners current accounts

### **QUESTION FIVE**

- a) Examine the characteristics of accounting (5 marks)
- b) The following information was obtained from the books of Jackson traders for the year ended 31.12.2016.

Particulars	Shs.
Cash sales	1,000,000
Debtors balance on 1 <sup>st</sup> January, 2016	90,000
Bad debts	12,000
Debtors balance on 31 <sup>st</sup> December 2016	70,000
Discount allowed	22,000
Returned inwards	13,000
Cash received from debtors	200,000
Debtors dishonoured cheques	16,000
Discount disallowed	11,000

Determine the total sales for the year ending 31st December 2016

(15 marks)