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University Examinations 2013/2014

FIRST YEAR, FIRST SEMESTER EXAMINATION FOR THE CERTIFICATE IN
BUSINESS ADMINISTRATION/ CERTIFICATE IN PURCHASING & SUPPLIES
MANAGEMENT

CBA / CPS 0105: FUNDAMENTALS OF ACCOUNTING

DATE: DECEMBER 2013

TIME: 1½ HOURS

INSTRUCTIONS: Answer question *One* and any other *Two*.

QUESTION ONE (25 MARKS)

- a) With relevant examples, classify assets. (4 marks)
- b) Using the bookkeeping equation, calculate R. Maison Capital as at 31st December 2009: (5 marks)

	Shs.
Buildings	11,000
Furniture & Fittings	6,600
Motor Vehicles	5,600
Stock	8,500
Debtors	5,700
Cash at Bank	1,900
Creditors	3,600
Loan	5,000

- c) State the effects of the following transactions on Kunmwa assets and liabilities:
- Bought an extra Motor van worth Shs.1,800,000 from Motor cars limited on credit. (2 marks)
 - Sold fixtures worth Shs.120,000 to Kinyua and received payment via cheque. (2 marks)
 - Kunmwa put extra Shs.8,000 cash as capital (2 marks)
 - Paid motor cars Limited Shs.s1,000,000 as part settlement of the Motorvan by cheque. (2 marks)
 - Debtor (Milka) paid Shs.3,360 to settle her debt. (2 marks)
- d) Define the term ledger. State various types of ledgers. (5 marks)

QUESTION TWO (15 MARKS)

Graham is a sole trader. At 30th June 2008, the following balances have been extracted from his books.

	Shs.
Sales	47,600
Purchases	22,850
Office Expenses	1,900
Insurance	700
Wages	7,900
Rates	2,800
Heating & Lighting	1,200
Telephone	650
Discount allowed	1,150
Opening stock	500
Returns Inwards	200
Returns Outwards	150
Premises	40,000
Plant and machinery	5,000
Motor vehicles	12,000
Debtors	12,500
Bank balance	7,800
Creditors	3,400
Long term Loan	10,000
Capital	60,000
Drawings for the year	4,000
Closing stock	550

Required:

- i) Construct a trial balance, from the above list of balances. (15 marks)

QUESTION THREE (20 MARKS)

From the following trial balance of P. Daudi draw up a trading profit and loss account for the year ended 30th September 2010 and a balance sheet as at that date:

	DR. (Shs.)	CR. (Shs.)
Stock 1 st October 2009	23,680	
Carriage Outwards	2,000	
Carriage Inwards	3,100	
Returns Inwards	2,050	
Returns Outwards		3,220
Purchases	118,740	
Sales		186,000
Salaries and Wages	38,620	
Rent	3,040	
Insurance	780	

Motor Expenses	6,640	
Office Expenses	2,160	
Lighting and Heating expenses	1,660	
General expenses	3,140	
Premises	50,000	
Motor vehicles	18,000	
Fixtures and Fittings	3,500	
Debtors	38,960	
Creditors		17,310
Cash at Bank	4,820	
Drawings	12,000	
Capital	<u> </u>	<u>126,360</u>
	<u>332,890</u>	<u>332,890</u>

Closing stock is valued at kshs.29,460.

Required:

- i) Prepare P. Daudi Trading, profit and loss account as at 30th September 2010. (10 marks)
- ii) Extract a balance sheet as at 30th September 2010. (10 marks)

QUESTION FOUR (10 MARKS)

- a) Indicate the purpose of the following source document in Accounting (5 marks)
 - i) Sales invoice
 - ii) Credit note
 - iii) Purchases invoices
 - iv) Debit note
 - v) Petty cash voucher
- b) State the meaning of the following accounting concepts: (5 marks)
 - i) Substance over form concept
 - ii) Realization concept
 - iii) Materiality concept
 - iv) Separate entity concept
 - v) Consistency concept