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**KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY**  
**UNIVERSITY EXAMINATION, 2023/2024 ACADEMIC YEAR**  
**FOR THE CERTIFICATE IN HUMAN RESOURCE MANAGEMENT**  
**CHR 202: FUNDAMENTAL OF ACCOUNTING**

Date:

Time:

**INSTRUCTIONS TO CANDIDATES**

**ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS**

**QUESTION ONE (30 MARKS)**

- a) Define accounting and highlight the importance of accounting to users of financial accounting information. (6 Marks)
- b) For accounting information to be useful to users it must contain certain characteristics. Identify and explain four characteristics of accounting information. (8 Marks)
- c) The following information is available for Kings Enterprises as at 31 December 2022

	Shs
Motor vehicle	250,000
Creditors	90,000
Loan	100,000
Debtors	140,000
Furniture and Equipment	195,000
Cash in hand	5,000
Cash at Bank	104,000
Stock	105,000
Capital	??

- i) Using the accounting equation calculate the value of capital. (4 Marks)
- ii) Prepare statement of financial position. (6 Marks)
- d) Identify and explain three source documents used in accounting. (6 Marks)

**QUESTION TWO (20 MARKS)**

- a) State the rules of double entry. (3 Marks)
- b) The following transactions relate the business of Moses for the month of October 2022
- Oct 1. Started business with Sh 50,000 in the bank
  - Oct 3. Bought goods on credit from Michael Sh 30,000
  - Oct 4. Sold goods worth sh 24,000 and money deposited directly into the bank
  - Oct 10. Sold goods on credit to James Sh 20,000
  - Oct 14. Paid wages by cheque Sh 5,000
  - Oct 17. Paid rent by cheque sh 5,000
  - Oct 20. Received cheque of Sh 15,000 from James
  - Oct 26. Paid Michael Sh 28,000 by cheque

**Required**

- i) Ledger accounts and balance off the accounts (12 Marks)
- ii) Trial balance as at 31 October 2022 (5 Marks)

**QUESTION THREE (20 MARKS)**

The following Trial balance was extracted from books of Queens Business as at 31 December 2022

	Debit	Credit
	Sh	Sh
Stock 1 January 2022	11,840	
Carriage inwards	1,550	
Return inwards	1,025	
Purchases	57,760	
Sales		93,000
Salaries and wages	19,310	
Rent	1,520	
Insurance	390	
Motor expenses	3,320	
Office expenses	1,080	
Lighting and heating expenses	830	
General expenses	1,570	
Premises	25,000	
Motor vehicles	9,000	
Fixtures and fittings	1,750	
Debtors	19,480	
Creditors		8,655
Cash at bank	3,410	
Drawings	6,000	
Capital		63,180
	<b>164,835</b>	<b>164,835</b>

Stock at 31 December 2022 Sh 14730

**Required**

- i) Statement of profit and loss for the year ended 31 December 2022. (10 Marks)
- ii) Statement of Financial Position as at 31 December 2022. (10 Marks)

**QUESTION FOUR (20 MARKS)**

a) Abdi had the following transactions for the month of November 2022

- Nov 1 Balance brought forward cash Sh 30,000 debit and Bank Sh. 95,000 debit
- Nov 2 Cash sale Sh 31,000
- Nov 3 Deposited Sh 50,000 form cash till into the bank
- Nov 4 Received Sh 19,400 cheque from Ben a debtor
- Nov 5 Paid for postage stamps cash Sh 8,000
- Nov 6 Bought office equipment by cheque sh 31,000
- Nov 7 Paid Robert by cheque Sh 9,400
- Nov 9 Withdrew Sh 15,000 cash from bank for business use
- Nov 12 Cash sale Sh 43,000
- Nov 13 Paid wages in cash Sh 40,000
- Nov 20 Received Sh 17,400 cheque from Brown a debtor.
- Nov 28 Paid general expenses in cash Sh 3,500
- Nov 30 Paid insurances by cheque Sh 32,000

**Required**

Two column cash book

(12 Marks)

- b) Differentiate the following terms;
- i) Revenue and Capital (2 Marks)
  - ii) Assets and expenses (2 Marks)
  - iii) Real accounts and nominal accounts (2 Marks)
  - iv) Current liabilities and non-current liabilities (2 Marks)

**QUESTION FIVE (20 MARKS)**

- a) The following information relates to the business of Mbaruk Enterprises for the month of June 2022
- June 2 Credit sales to Dock Sh 24,000, Ryan Sh 12,600, Soul Sh 9,400 and Trip Sh 10,700
  - June 4 Credit Purchases from Clerk Sh 21,600, Lock Sh 32,200, Turner Sh 6,400, Rill sh 13,000
  - June 6 Credit sales to Coates Sh 18,200, Job sh 20,300, Mann sh 9,900
  - June 11 Goods returned to us by Dock Sh 1,900, Trip Sh 3,200
  - June 18 Credit purchases from Top Sh 23,000, Gray Sh 31,000, Low Sh 40,500, Able Sh 18,000
  - June 20 Credit sales to Uphill Sh 179,000
  - June 24 Goods returned inwards by Job Sh 1,600
  - June 25 Goods returned outward to Sh Gray Sh 1,500, Low Sh 2,500 and Able Sh 1,800
  - June 30 Credit sales to Kane Sh 30,200
  - June 31 Credit Purchases from Turner Sh 17,400, Burns Sh 23,000

**Required**

- i) Sales journal (5 Marks)
  - ii) Purchases journal (5 Marks)
  - iii) Return inward journal (2 Marks)
  - iv) Return outward Journal (2 Marks)
- b) Explain the following concepts and conventions used in accounting
- i) Going concern Concept (2 Marks)
  - ii) Accrual concept (2 Marks)
  - iii) Money Measurement concept (2 Marks)