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KIRIRI WOMEN'S UNIVERSITY OF SCIENCE AND TECHNOLOGY
UNIVERSITY EXAMINATION, 2024/2025 ACADEMIC YEAR
FIRST YEAR, SECOND SEMESTER EXAMINATION
FOR THE CERTIFICATE IN HUMAN RESOURCE
MANAGEMENT
CHR 202 FUNDAMENTALS OF ACCOUNTING

Date: 13TH AUGUST, 2024
Time: 2.30PM-4.30PM

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

QUESTION ONE (30 MARKS)

- a) You have been provided the following trial balances for Makena Enterprises as at 31 December 2024.

	Debit	Credit
	Sh	Sh
Capital		600,000
Sales		4,529,500
Discounts	20,500	15,750
Purchases	1,465,500	
Carriage inwards	80,000	
carriage outwards	67,500	
Returns	50,500	63,500
Salaries and wages	450,000	
Travelling	81,000	
Repairs and maintenance	11,750	
Advertising	25,250	
Telephone and internet	33,750	
Vehicle running expenses	42,000	
Interest expense	63,000	
Electricity	24,750	
Printing and Stationery	32,750	
Cash in hand	8,250	
Cash in bank	183,000	
Long term Loan		1,200,000
Shot term Loan		200,000
Opening Inventory	140,750	
Accounts receivable and payable	232,000	178,500
Land and Building	2,625,000	
Equipment	237,500	
Motor vehicle	750,000	
Furniture and fitting	162,500	
	6,787,250	6,787,250

Closing Inventory amounted to 126,600

Required:

- i.** Prepare statement of profit or loss for the year ended 31 December, 2023. **(10 Marks)**
- ii.** Prepare Statement of Financial Position as at 31 December, 2023. **(10 Marks)**
- iii.** The above statements will be used by users to make economic decisions. Identify the **THREE** users and explain how the above statements is useful to them. **(6 Marks)**
- iv.** List any **FOUR** documents that is the source of the above figures **(4 Marks)**

QUESTION TWO (20 MARKS)

- a)** Highlight features of the cash book **(4 Marks)**

- b)** Adams who runs an office supplies shop had the following transactions for the month of May 2024

May 1	Balance brought forward cash Sh 60,000 debit and Bank Sh. 190,000 debit
May 2	Cash sale Sh 62,000
May 2	Bought goods for Sh 110,000 cheque
May 3	Deposited Sh 100,000 form cash till into the bank
May 4	Received Sh 38,800 cheque from Bilha a debtor
May 5	Paid for wages cash Sh 16,000
May 6	Bought office furniture by cheque sh 72,000
May 7	Paid Robert by cheque Sh 18,800
May 9	Withdrew Sh 30,000 cash from bank for business use
May 12	Cash sale Sh 84,000
May 13	Paid rent in cash Sh 50,000
May 20	Received Sh 35,000 cheque from Paul a debtor.
May 28	Paid general expenses in cash Sh 7,000
May 29	Took Sh 50,000 cash for personal use
May 30	Paid insurances by cheque Sh 45,000

Required

Two column cash book **(10 Marks)**

- c)** Differentiate the following terms

- i.** Revenue and Capital **(2 Marks)**
- ii.** Nominal and real accounts **(2 Marks)**
- iii.** Invoices and quotations **(2 Marks)**

QUESTION THREE (20 MARKS)

- a) Financial accounting function is to prepare financial statements. Highlight **SIX** objectives of financial accounting in business entities. (6 Marks)
- b) Accounting is guided by accepted accounting principles referred to as accounting concepts. Name and explain any **THREE** accounting concepts that guide accountants. (6 Marks)
- c) Consider the following transactions for March 2024

1 Mar Kirwa Started a business with cash Sh 350,000 in the business bank account

8 Mar Bought equipment Sh.130,000 paying by cheque

12 Mar Bought goods Sh 110,000 paying by cheque

22 Mar Sold goods by cash Sh 50,000

26 Mar Sold Goods on credit to Deborah Sh 61,000

31 Mar Received cheque Sh 40,000 from Tiana

For each of the above transactions identify which account will increase and which account will reduce.

(6 Marks)

- d) Explain the difference between management accounting and financial accounting. (2 Marks)

QUESTION FOUR (20 MARKS)

- a) Identify **FOUR** rules of double entry (4 Marks)

- b) The following transactions relate to Jetro Enterprises for the month of July 2023.

July 1 Started business with Sh 150,000 in the bank and Sh 50,000 cash

July 2 Bought stationery by cash Sh 6,000

July 3 Bought goods on credit from Wekesa Sh 70,000

July 4 Sold goods for cash sh 64,000

July 5 Deposited Sh 100,000 cash into the bank account

July 7 Bought equipment by cheque Sh 40,000

July 8 Paid water expenses by cash Sh 2,500

July 10 Sold goods on credit to Muthoni Sh 52,500

July 11 Paid electricity expenses by cash Sh 3,600

July 14 Paid wages by cheque Sh 24,000

July 17 Paid rent by cheque sh 15,000

July 20 Received cheque of Sh 50,000 from Muthoni

July 26 Paid Wekesa Sh 55,000 by cheque

Required:

- i. Ledger accounts and balance off the accounts (12 Marks)
- ii. Trial balance as at 31 July, 2022 (4 Marks)

QUESTION FIVE (20 MARKS)

a) The following information relates to the business of Melek Enterprises for the month of May 2022

May 1 Credit purchases from Koech sh.30,800; Noah sh.50,000; Sally sh. 31000.

May 3 Credit sales to: Richard sh. 61,000; Philip sh. 43,000; Thomas sh. 38,000

May 5 Credit Purchases from: Martin sh. 20,000; James sh. 10,800; Edward sh.10,400;
Davido sh.16,600

May 8 Credit sales to: Richard sh.30,700; Philip sh. 20,500; Thomas sh. 10,850.

May 20 Credit sales to: Philip sh. 10,880; Peris sh.30,100

May 24 Credit Purchases from: Felix sh. 10,500; Hellen sh. 19,000.

Required:

Prepare the following.

- i. Purchases day book and purchases account only **(4 Marks)**
 - ii. Sales day book and sales account only **(4 Marks)**
- b) The owner of Queens Entreprises has not been maintaining proper books of accounts however the following balances were obtained as at 31 December 2023.

	Shs
Motor vehicle	300,000
Creditors	65,000
Short term loan	120,000
Debtors	130,000
Furniture and Equipment	150 ,000
Cash in hand	5,000
Cash at Bank	111,000
Stock	115,000

- i. Determine the capital of the business as at 31 December 2023 **(4 Marks)**
 - ii. Highlight four benefits of statement of financial position **(4 Marks)**
- c) Explain **TWO** importance of accounting standards **(4 Marks)**