



# **GRETSA UNIVERSITY - THIKA**

## **UNIVERSITY EXAMINATIONS JANUARY – APRIL 2019 SEMESTER**

### **CERTIFICATE IN ACCOUNTING**

**COURSE CODE: CIAC 001**

**COURSE TITLE: FUNDAMENTALS OF FINANCIAL ACCOUNTING**

**DATE: 10 APRIL 2019**

**TIME: 8.00 AM – 10.00 AM**

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#### **INSTRUCTIONS TO CANDIDATES**

1. SECTION A IS **COMPULSORY**.
2. SECTION B: ANSWER ANY OTHER **THREE** QUESTIONS.
3. **DO NOT** WRITE ANYTHING ON THIS QUESTION PAPER AS IT WILL BE AN EXAM IRREGULARITY.
4. ALL ROUGH WORK SHOULD BE AT THE BACK OF YOUR ANSWER BOOKLET AND CROSSED OUT.

**CAUTION:** *All exam rooms are under CCTV surveillance during the examination period.*

## SECTION A: COMPULSORY

### Question One

- a) Explain the contents of accounting equation **[8 marks]**
- b) Explain the different users of accounting information **[12 marks]**
- c) Kimani started a business on 1<sup>st</sup> may 2018 with the following transactions taking place in the month

2018

- May 1 Started business with £2,000 in the bank.
- 2 Purchased goods £175 on credit from M Rooks.
- 3 Bought furniture and fittings £150 paying by cheque.
- 5 Sold goods for cash £275.
- 6 Bought goods on credit £114 from P Scot.
- 10 Paid rent by cash £15.
- 12 Bought stationery £27, paying in cash.
- 18 Goods returned to M Rooks £23.
- 21 Let off part of the premises receiving rent by cheque £5.
- 23 Sold goods on credit to U Foot for £77.
- 24 Bought a motor van paying by cheque £300.
- 30 Paid the month's wages by cash £117.
- 31 The proprietor took cash for himself £44.

You are required to prepare the Journal entries to record the above information **[8 marks]**

- d) Explain the different users of accounting information **[12 marks]**

## SECTION B: ANSWER ANY THREE QUESTIONS

### Question Two

- a) Explain the various uses of a General Journal **[10 marks]**
- b) Accounting is a process that involves identification of accounting information to analysis of financial reports explain **[10 marks]**

### Question Three

- a) Differentiate between two column cash book and a three column cash book **[6 marks]**
- b) Differentiate between discount allowed and discount received **[4 marks]**
- c) Differentiate giving at least three examples the short term and the long term liabilities **[10 marks]**

#### Question Four

a) The following information was extracted from the books of JK LTD

2016 May 1 started farm with capital in cash shs25000

2 bought goods on credit from d. ellis shs5400 c. mendes shs 870 k.gipson shs2500 d. booth shs7600 and l lowe shs6400

4 sold goods on credit to c. bailey shs 4300 , shsb hudg 6200 , h. spencer shs17600

6 paid rent by cash shs1200

10 h. spenser paid us 15000 f by cheque

12 we paid the following by cheque k Gipson shs2500 d. elis shs5400

15 paid carriage by cash shs2500

18 bought goods on credit from c. mendes shs4300 and d . booth shs1100

21 sold goods on credit to b . hudgets shs6700

31 paid rent by cheque shs1800

Required

a) Ledger entries to record the above information [14 marks]

b) A trial balance [6 marks]

#### Question Five

a) The management of Waumini Initiative have invited you to give an overview of the nature of accounting. Prepare a half page essay of the presentation you can make

[8 marks]

b) Explain the following terms

i) Accrual concept [2 marks]

ii) Materiality concept [3 marks]

iii) Going concern [2 marks]

iv) Business entity [2 marks]

v) Substance over form [3 marks]