



THE CATHOLIC UNIVERSITY OF EASTERN AFRICA

A. M. E. C. E. A

MAIN EXAMINATION

SEPTEMBER - DECEMBER 2023

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FACULTY OF ARTS AND SOCIAL SCIENCES

DEPARTMENT OF SOCIAL SCIENCES AND DEVELOPMENT STUDIES

REGULAR PROGRAMME

SDS 408: FINANCIAL ACCOUNTING TECHNIQUES

DATE: DECEMBER 2023

Duration: 2 Hours

INSTRUCTIONS: Answer Question ONE and any other TWO Questions

Q1.

- a) Explain the following accounting concepts
- i. Duality
 - ii. Going concern
 - iii. Realization
 - iv. Accrual
 - v. Matching
- (10 Marks)
- b) Distinguish between financial accounting and managerial accounting (5 Marks)
- c) Describe the principles governing accounting policies (5 Marks)
- d) A machine of cost Kshs 120,000 is depreciated straight-line assuming 10 year working life and zero residual value for three years. At the end of third year, the machine was revalued upwards by Kshs 6,000 the remaining useful life was reassessed at 9 years. Calculate the depreciation amount after the fourth year (10 Marks)

Q2.

- a) ABC Ltd. Is constructing a fixed asset. Following are the expenses incurred on the construction:

	Kshs
Materials	1,000,000
Direct Expenses	250,000
Total Direct Labour`	500,000
(1/10th of the total labour time was chargeable to the construction)	
Total office and administrative expenses	800,000
(5% is chargeable to the construction)	

Depreciation on the assets used for the construction of this assets 10,000

Calculate the cost of fixed assets. (10 Marks)

b) Explain trial balance and the errors that often come with its preparation. (10 Marks)

Q3.

a) The following transactions took place at ABC Ltd in the month of May. The amounts are in Kshs

Prepare a three column cash book.

May 1 st	Balance of cash in hand 14,000; bank overdraft at bank 5,000
4 th	Invested further capital 10,000 out of which 6,000 was deposited in the bank
6 th	Sold goods for cash 30,000
6 th	Collected from debtors of last year 80,000; Discount allowed to them 2,000
10 th	Purchased goods for cash 55,000
11 th	Paid Ram Vilas, our creditor 25,000; discount allowed by him ` 650
13 th	Commission paid to our agent 5,300
14 th	Office furniture purchased for cash 2,000
14 th	Rent paid ` 400; electricity charges paid 1,000
14 th	Drew cheque for personal use 7,000
17 th	Cash sales 25,000
18 th	Collection from Atal Bihari 40,000, deposited in the bank on 19 th April
19 th	Drew from the bank for office use 5,000
22 nd	Drew cheque for petty expenses 1,500
24 th	Dividend received by cheque 500, deposited in the bank on the same day
25 th	Commission received by cheque 2,300, deposited in the bank on 28th April
29 th	Drew from the bank for salary of the office staff 15,000
30 th	Deposited cash in the bank 10,000. (15 Marks)

b) With relevant examples, distinguish between Current asset and Non-Current assets. (5 Marks)

Q4.

Giving practical examples, discuss qualities of a good accounting information. **(20 Marks)**

Q5.

a) Discuss Financial Accounting and demonstrate its importance in a business organization.

(10 Marks)

b) The following information relate to Wambugu and sons Ltd for the year ending 30-12-2021.

Particulars`	Kshs
Opening stock	80,000
Purchases	860,000
Freight inward	52,000
Wages	24,000
Sales	1,440,000
Purchase Returns	10,000
Sales Returns	316,000
Sales Returns	100,000
Import duty	30,000

Prepare Trading Account of Wambugu and Sons Ltd for the year ending 30-12-2021.

(10 Marks)

END