



THE CATHOLIC UNIVERSITY OF EASTERN AFRICA

A. M. E. C. E. A

MAIN EXAMINATION

SEPTEMBER - DECEMBER 2023

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SCHOOL OF BUSINESS

DEPARTMENT OF ACCOUNTING AND FINANCE

CAC 111CMT 106: BASIC/ELEMENTS OF ACCOUNTING

DATE: DECEMBER 2023	Duration: 2 Hours
INSTRUCTIONS: Answer Question ONE and any other TWO Questions	

Q1.

The following trial balance was extracted from the books of Mr. Koech on 30th September 2023.

	Dr	Cr
Sales		18600
Purchases	11,556	
Stock 1 may 2022	3776	
Carriage outwards	326	
Carriage inwards	234	
Return inwards	440	
Return outwards		355
Salaries and wages	2447	
Motor expenses	664	
Rent	456	
Rates	120	
Sundry expenses	1202	
Motor vehicles	2400	
Fixtures and fittings	600	

Debtors	4577	
Creditors		3045
Cash at bank	3876	
Cash in hand	120	
Drawings	2050	
Capital		12844
	34844	34844

Stock at 30th april 2022 was shs 4998

Required

- Prepare his trading profit and loss account for the year ended 30th April 2023 **(14 Marks)**
- Balance sheet as at that date **(6 Marks)**
- Giving appropriate examples, describe the accounting process **(10 Marks)**

Q2.

Mr. Kosgei a retailer did not maintain a full set of books, on 1st January 2018 he had the following assets and liabilities

	Shs.
Equipment	4,500
Furniture and fittings	25,000
Motor vehicle	30,000
Stock in trade	25500
Trade debtors	4,800
Trade creditors	6,000
Expense creditors	1,450
Rates bill due	750
Insurance paid in advance	1,800
Loan form Gabriel	15,000

Required

- a) Prepare a statement of affairs as at 1.1. 2018 to ascertain his capital (10 Marks)
- b) Discuss the limitations inherent in accounting information (10 Marks)

Q3.

Mr. James cashbook at 30th June 2022 showed a debt balance of Shs. 2,500 while the bank statement received on the same day showed an overdrawn balance of Shs. 520. the difference was caused by the following factors;

- a. A cheque for Shs. 4100 had been received by James's cashier on the afternoon of 30th June 2022 but was not paid into the bank until 2nd July 2022.
- b. Bank charges amounting to Shs. 160 had not yet been entered in the cash book
- c. Two cheques paid to creditors for Shs. 880 and Shs. 360 had not yet been presented for payment.

Required

- i. Complete James's cash book. (10 Marks)
- ii. Prepare a Bank reconciliation statement as at 30th June 2022. (10 Marks)

Q4.

- a) a. Discuss the errors that do not affect the trial balance. (10 Marks)
- b) explain the component of the accounting equation. (10 Marks)

END