



The Co-operative University of Kenya

SUPPLEMENTARY / SPECIAL EXAMINATION AUGUST-2019

EXAMINATION FOR THE CERTIFICATE IN CO-OPERATIVE MANAGEMENT

UNIT CODE: CCM 1109

UNIT TITLE: FUNDAMENTALS OF ACCOUNTING II

DATE: 28TH AUGUST, 2019

TIME: 9:00 AM – 11:00 AM

INSTRUCTIONS:

- Answer question **ONE (compulsory)** and any other **TWO** questions

QUESTION ONE

- (a) Highlight the various users of accounting information (4 marks)
- (b) Capital refers to the owners contributions in a business. Highlight **FOUR** factors that can bring about changes in capital (4 marks)
- (c) Complete the columns to show the effects of the following transactions. Assets liabilities and complete the following table by indicating the account to be debited and the one to be credited. (8 marks)

- i. We paid a creditors sh.7,000 in cash
- ii. Bought fixtures sh.20,000 paying by cheque
- iii. The proprietor introduces another sh.50, 000 cash into the first
- iv. A debtor pays sh.5,000 by cheque
- (d) The following information was obtained from the books of Kwani Traders for the year ending 31st December, 2015 (10 marks)

	Sh.
Debtors balance on 1 st Jan 2015	12,000
Bad debts	1,000
Debtors balance in 31 st December,2015	36,000
Discount allowed	9,000
Return inwards	2,800
Cash received from debtors	149,000
Debtors dishonoured cheques	18,000
Discounts allowed	500

Determine the credit sales for the year ending 31st December, 2015

- (e) In the absence of a partnership deed, the partnership Act comes into effect of the situation. Highlight for contents of this Act (4 marks)

QUESTION TWO

- (a) Distinguish the difference between a statement of affairs and a balance sheet (4 marks)
- (b) Peter a business man has not been keeping a complete set of accounting records. From information given below, prepare a statement of affairs on 1st October, 2015 (6 marks)

Premises	250,000
Cash	20,000
Bank loan	170,000
Debtors	30,000
Stock	30,000
Creditors	25,000

Motor vehicle	280,000
Furniture	60,000
Bank	130,000

(c) Briefly explain what is meant by the term incomplete records (6 marks)

QUESTION THREE

On 1st January, 2015 Tamu club had the following assets

Bank	280
Snack bar stocks	800
Club house buildings	20,500

During the year to December 2015 the club received and paid the following amounts

Receipts	Sh.	Payments	Sh.
Subscriptions 2014	3,500	Rent	1,500
Subscriptions 2015	380	Extension to club house	8,000
Snack bar income	6,000	Snack bar purchases	3,750
Visitors fees	650	Secretarial expenses	240
Loan from bank	5,500	Interest on loan	260
Competition fees	820	Snack bar expenses	600
		Games equipment	2,000

Notes: The snack bar stock on 31st December, 2014 was sh.5, 900.

The games equipment should be depreciated by 20%

- (a) Prepare an income and expenditure account for the year 31st December, 2015. (10 marks)
- (b) Prepare a balance sheet as at 31st December, 2015 (10 marks)

QUESTION FOUR

- (a) Partnerships are businesses owned by a group of people. Highlight the reasons for their formation (8 marks)
- (b) Alex and peter have been in a partnership for one year sharing profit and losses in the ratio Alex 3/5th, Peter 2/5th. They are entitled to 5% per annum interest on capitals. Alex is to have a salary of sh.500. They charge interest drawings, Alex being charged sh.50 and Peter sh.100. The net profit before any distributions to the partners, amounted to sh.5, 000 for the year ended 31st December, 2016

Required:

Draw the appropriation account of partnership for the year ended 31st December, 2016. (12 marks)

QUESTION FIVE

- (a) Using examples,
- Distinguish the difference between direct and indirect costs (4 marks)
 - Explain THREE commonly used accounting ration (6 marks)
- (b) Arela business has a rate of stock turnover of 7times. Average stock is sh.12, 600. The margin is 331/3% of all selling prices. Expenses are 66% of gross profit (10 marks)
- Calculate:
- Cost of goods sold
 - Gross profit margin
 - Turnover
 - Total expenses
 - Net profit