



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL OF BUSINESS & ECONOMICS
COURSE OUTLINE FOR DEGREE OF MASTER OF BUSINESS ADMINISTRATION Y2S2
KISII CAMPUS-PART TIME

COURSE CODE: MBA 803

COURSE TITLE: FINANCIAL ACCOUNTING

EXAM VENUE: STREAM: (MBA)

DATE: EXAM SESSION:

TIME: 2 HOURS

Instructions:

- 1. Answer ALL questions**
- 2. Candidates are advised not to write on the question paper.**
- 3. Candidates must hand in their answer booklets to the invigilator while in the examination room.**

Question One

- a) Explain the meaning of accounting? (2 marks)
- b) Discuss the differences between Management Accounting and Financial accounting (4 marks)
- b) Discuss the desirable characteristics of financial accounting reports (4 marks)
- c) Keli Enterprises Ltd has a business that has been trading for some time. You are given the following information as at 01.01.2015

	£
Buildings	11,000
Furniture & Fittings	5,500
Motor Vehicles	5,800
Stocks as at 1/01/2015	3,500
Purchases	5,000
Debtor	5,600
Cash a bank	1,500
Cash in hand	400
Creditors	2,500
Capital	30,800
Loan	5,000

You are required to prepare a Balance Sheet as at 31 December 2015 (6 marks)

- d) Discuss Four limitations of financial accounting records (4 marks)
- e) Explain the functions of **ICPAK** as outlined by the Accountants Act (10 marks)

Question Two

‘Financial accounting systems are understood and based on basic fundamental ideas upon which the whole intellectual structure rests. This represents the accounting axioms.’ Lee 1981. Discuss the above statement outline the accounting axioms, application and relevance in financial accounting reporting. (20 marks)

Question Three

- a) Discuss the objectives of financial accounting (8 marks)
- b) Accounting is based on concepts that guide its framework and working. Discuss this statement outlining the fundamental accounting concepts in practice (12 marks)

Question Four

- a) Accounting information is produced in form of financial statement. These financial statements provide information about an entity financial position, performance and changes in financial position. Discuss this statement outlining the users of financial accounting information (8 marks)
- b) Mude Ltd has the following assets and liabilities as on 31 April 2002:

	£
Creditors	15,800
Equipment	46,000
Motor Vehicle	25,160
Stock	24,600
Debtors	23,080
Cash at bank	29,120
Cash in hand	160

During the first week of May 2002 Moody:

- Bought extra equipment on credit for £5,520.
- Bought extra stock by cheque £2,280.
- Paid creditors by cheque £3,160.
- Debtors paid £3,360 by cheque and £240 by cash.
- Moody put in extra £1,000 cash as capital.

Required:

- Determine the capital as at 1st May 2002 (5 marks).
- Draw up a balance sheet after the above transactions have been completed (7 marks).