

CHUKA



UNIVERSITY

**UNIVERSITY EXAMINATIONS
EMBU CAMPUS**

**EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF EDUCATION
(PRIMARY OPTION)**

PECO 431: ECONOMIC ACCOUNTING**STREAMS: SB****TIME: 2 HOURS****DAY/DATE: THURSDAY 06/12/2018****2.30 P.M – 4.30 P.M****INSTRUCTIONS**

- **Answer question one and any other two only**
- **Do not write on question paper**

1. (a) The following trial balance was extracted from the books of John Mwambi on April 30th 2017.

	Dr	Cr
Particulars		
Sales		18,600
Purchases	11,556	
Stock 1 st may 2016	3,776	
Carriage outwards	326	
Carriage inwards	234	
Return inwards	440	
Return outwards		355
Salaries and wages	2,447	
Motor expenses	664	
Rent	576	
Sundry expenses	1,202	
Motor vehicles	2,400	
Fixtures and fittings	600	
Debtors	4,577	
Creditors		3,045
Cash at bank	3,876	
Cash at hand	120	
Drawings	2,050	

Capital		<u>12,844</u>
	34,844	34,844
	=====	=====

Closing stock was valued at ksh 4,998,000.

Required :

- (i) Income statement for the year ended 30th April 2017. [12 marks]
 - (ii) Statement of financial position as at that data. [8 marks]
 - (b) Describe any ten principles of taxation. [10 marks]
2. Matunda sura an intreprenuer at Embu stated business with 1,200,000 on 1st November 2018.

-other transaction during the month were as follows:

- 2nd Purchased stock for 80,000 in cash from Mungai.
- 4TH sold the stock for ksh 62,000 in cash to Kerambu.
- 7th paid rent for ksh 27,000 to land Lord.
- 12th purchased stock for credit from manyatta company ksh 120,000
- 15th purchased motor vehicle for cash 900,000
- 21st sold stock to Ontomwa on credit ksh 105,000
- 22nd purchased stock from Kamweru on credit ksh 90,000
- 24th sales of stock to Njeru on credit ksh 110,000
- 26th paid Manyatta company in cash ksh 120,000
- 28th received cash from Ontomwa ksh 100,000
- 29th paid Kamweru ksh 50,000

Required :

- (a) A cash book account [7 marks]
 - (b) Other respective ledger account balanced off as at 30 the November 2018. [9 marks]
3. (a) Describe the various functions of money. [10 marks]
- (b) Describe the role played by commercial banks in the economic development of a country. [10 marks]
4. (a) Describe the main divisions of public finance. [12 marks]
- (b) Explain the reasons why the government tax its citizens. [8 marks]