



FACULTY OF BUSINESS MANAGEMENT
END OF SEMESTER EXAMINATIONS - APRIL 2025

PROGRAMME: MBA

YEAR/SEM: YEAR 1/SEMESTER 1

COURSE CODE: MBA 710

NAME: ACCOUNTING AND FINANCE IN DECISION MAKING

DATE: 2025-04-16

TIME: 2:00-5:00PM

INSTRUCTIONS TO CANDIDATES:

1. Read the instructions very carefully
2. The time allowed for this examination is STRICTLY three hours
3. Read each question carefully before you attempt and allocate your time equally between all the Sections
4. Write clearly and legibly. Illegible handwriting cannot be marked
5. Number the questions you have attempted
6. Use of appropriate workplace examples to illustrate your answers will earn you bonus marks
7. Any examination malpractice detected will lead to automatic disqualification.

DO NOT WRITE ANYTHING ON THE QUESTION PAPER

Section A SECTION A IS COMPULSORY: ATTEMPT ALL THE QUESTION IN THIS SECTION

Question 1:

You work as an accountant for a small business called Jimmy's Enterprise. The following trial balance has been compiled on 28 February 2025:

	Â£Dr	Â£ Cr
Sales		428000
Purchases	162000	
Accounts receivable	22000	
Accounts payable		16000
Stationery expenses	7000	
Cash	1000	
Bank	4000	
Rent, rates and insurance	34000	
Advertising expenses	19000	
Inventory (01 03 24)	23000	
Payroll costs	110000	
Communication expenses	17000	
Energy costs	26000	
Interest paid	2000	
Drawings	27000	
Premises	250000	
Equipment at cost	80000	
Depreciation a/c (01 03 24)		30000
Long-term loan		40000
Capital a/c (01 03 24)		270000
	784000 =====	784000 =====

Additional information

- 1) Inventory was valued at Â£28000
- 2) Insurance expenses prepaid amounted to Â£2000
- 3) Payroll costs owing amounted to Â£3000
- 4) Equipment is to be depreciated at 25% pa on cost

Required:

- (a) Prepare the statement of comprehensive income for the year ended 28 February 2025. **[16 marks]**
- (b) Prepare the statement of financial position as at 28 February 2025. **[12 marks]**
- (c) Identify and explain any six roles of accounting (**12 marks**)

Section B CHOOSE ANY THREE QUESTIONS FROM THIS SECTION

Question 1:

a The following transactions were extracted from the books of Arizona co.Ltd.
2024

June 1 Started business with £16,000 in the bank.

June 2 Bought van paying by cheque £6,400.

June 5 Bought office fixtures £900 on time from Old Ltd.

June 8 Bought van on time from Carton Cars Ltd £7,100.

June 12 Took £180 out of the bank and put it into the cash till.

June 15 Bought office fixtures paying by cash £120.

June 19 Paid Carton Cars Ltd by Internet transfer from the bank account.

June 21 A loan of £500 cash is received from B. Berry.

June 25 Paid £400 of the cash in hand into the bank account..

June 30 Bought more office fixtures paying with the business debit card £480.

Required

- Post the above transactions into the relevant ledgers and balance off the account. **(15 marks)**
- Extract a trial balance. **(5 marks)**

Question 2:

The following is a summary of the petty cash transactions of Jockfield Ltd for May 2024:

May 1 Received from Cashier £300 as petty cash float

May 2 Postage £18

May 3 Travelling £12

May 4 Cleaning £15

May 7 Petrol for delivery van £22

May 8 Travelling £25

May 9 Stationery 17

May 11 Cleaning £18

May 14 Postage £5

May 15 Travelling £8

May 18 Stationery £9

May 18 Cleaning £23

May 20 Postage £13

May 24 Delivery van 5,000 mile service 43

May 26 Petrol 18

May 27 Cleaning £21

May 29 Postage £5

May 30 Petrol £14

You are required to:

- (a) Rule up a suitable petty cash book with analysis columns for expenditure on cleaning, motor Expenses, postage, stationery, travelling.
- (b) Enter the month's transactions.
- (c) Enter the receipt of the amount necessary to restore the imprest and carry down the balance for the commencement of the following month. . (20 marks)

Question 3:

Write up a two-column cash book for a XYZ's shop from the following details, and balance it off as at the end of the month:

2024

July 1 Started in business with capital in cash £10,000.

July 2 Paid rent by cash £1,000.

July 3 G. Broad lent us £12,000, paid by cheque.

4 We paid J. Fine by cheque £1,800.

July 5 Cash sales £800.

July 7 F. Love paid us by cheque £200.

July 9 We paid A. Moore in cash £300.

July 11 Cash sales paid direct into the bank £600.

July 15 P. Hood paid us in cash £700.

July 16 We took £4,000 out of the cash till and paid it into the bank account.

July 19 We repaid R. Onions £2,000 by cheque.

July 22 Cash sales paid direct into the bank £1,200.

July 26 Paid motor expenses by cheque £460.

July 30 Withdrew £320 cash from the bank for business use.

July 31 Paid wages in cash £1,200.

Required: Prepare

- a) Prepare XYZ's shop Two column cash book (15 marks)
- b) Balance off the cash book and carry down the balances (05 marks)

Question 4:

With examples explain the use of each of the following source documents in accounting

- i. Good received note (2marks)
- ii. invoice (2marks)
- iii. Receipts (2marks)
- iv. Payment voucher(2marks)
- v. Credit note (2marks)

b) Identify and discuss any five books of original entry. (10 marks)

Question 5:

- a) Explain any three circumstances under which a Bank may dishonor a cheque. (5 Marks)
- b) 2. Explain any two circumstances under which goods initially purchased may be returned (5 Marks)
- c) 3. Describe the main components of a set of financial statements that may be prepared by the entity at the reporting date. (5 Marks)
- d) 4. Briefly explain three types of errors that may be disclosed in the trial balance. (3 Marks)
- e) 5. Explain the difference between a credit note and a debit note. (2 Marks)

Question 6:

The following are transactions were extracted from the books of Cynthia co ltd. in the month of May 2024

May 1 Credit purchases; R. Burton ugx 250,000 c. Malthus ugx 145,000 M. Adelman ugx 355,000.

May 5 Credit sales; S. David ugx 410,000, T. White ugx 340,000, P. Black ugx 270,000.

May 7 Credit purchases; A. Thomas ugx 147,000 , R. Burton ugx 100,000, C. Malthus ugx 190,000.

May 9 Goods returned by us to R. Burton ugx 35,000 ,C. Malthus ugx 50,000

May 10 Goods returned to us by; T. White ugx 25, 000, P. Black ugx 30,000

May 12 Credit purchases, A. Thomas ugx 186, 000 R. Burton ugx 250,000 C. Malthus ugx 80,000.

May 15 Credit sales; T. White ugx 150, 000 S. David ugx 220, 000.

May 18 Goods returned by us to; A. Thomas ugx 20,000, C. Malthus ugx 10,000

May 25 Goods returned to us by T. White ugx 18,000.

Required:

Enter up the sales, purchases and returns daybooks from the following details. Then post the individual items to the relevant accounts in the sales and purchases ledger and transfer the totals of the various daybooks to the accounts in the general ledger (20 marks)