The Co-operative University of Kenya

END OF SEMESTER EXAMINATION FEBRUARY 2021

EXAMINATION FOR THE DIPLOMA IN HUMAN RESOURCE MANAGEMENT

(YR I SEM I)

UNIT CODE: DMBA 1101

UNIT TITLE: PRINCIPLES OF ACCOUNTING / FINANCIAL ACCOUNTING 1

DATE: 24TH FEBRUARY, 2021 **TIME: 2:00 PM – 5:00 PM**

INSTRUCTIONS:

Answer question ONE and any other TWO Questions

ORDINARY EXAM I

Question One

Explain any three (3) users of accounting information. (6 marks)

Question Two

Using relevant examples differentiate between:

a) Non-current and current liabilities (2 marks)
b) Non-current and current assets (2 marks)
c) Calendar and fiscal year. (1marks)

Question Three

Classify the following items into non-current and current asset; current liabilities and capital. Premises, office equipment, debtors, fixtures and fittings, cash, stock, bank- overdraft, goodwill, accrued, expenses, prepaid expenses and initial investments to start the business. (5 marks)

Question Four

Explain four (4) qualities that a good accounting information should possess in order to be useful to the users (4 marks)

Question Five

List any three limitations of accounting information (3 marks)

Question Six

State and explain the two main financial statements drawn by accountants (5 marks)

Question Seven

State any six (4) source documents used in accounting (2 marks)

ORDINARY EXAM II

Question one

The accounting profession has for a long time relied on certain accounting conventions to guide accounting practice. Yet the application of the sane conventions has been the source of criticism of the quality and relevance of information contained in financial reports.

Required:

Explain the meaning and justify the use of any five accounting principles and concepts. (10 marks)

Question Four

Explain any five (5) **reasons** why firms prepare financial statements (10 marks)