



# MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY

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## UNIVERSITY EXAMINATIONS 2023/2024

FOURTH YEAR, SECOND SEMESTER EXAMINATION FOR THE DEGREE OF  
BACHELOR OF SCIENCE IN HEALTH RECORDS AND INFORMATION MANAGEMENT

### NNH 3150: BASIC ACCOUNTING IN HEALTH

DATE: APRIL 2024

TIME: 2 HOURS

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**INSTRUCTIONS:** Answer Question ONE and any other TWO questions.

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#### QUESTION ONE (30 MARKS)

- a) Explain the following accounting principles; (10 Marks)
- The Going concern concept.
  - Business entity concept.
  - Materiality.
  - Realisation.
  - Prudence concept
- b) Susan Wangui drew up the following trial balance as at 30 September 2022. You are to draft the income statement for the year to end 30 September 2022 and a balance sheet as at that date.



MUST is ISO 9001:2015 and



ISO/IEC 27001:2013 CERTIFIED

	<b>Dr</b>	<b>Cr</b>
	sh	sh
Capital		3,095,500
Drawings	842,000	
Cash at bank	311,500	
Cash in hand	29,500	
Creditors		937,000
Stock 30 September 2021	2,391,000	
Motor van	410,000	
Office equipment	625,000	
Sales		13,090,000
Purchases	9,210,000	
Returns inwards	55,000	
Carriage inwards	21,500	
Returns outwards		30,700
Carriage outwards	30,900	
Motor expenses	163,000	
Rent	297,000	
Telephone charges	40,500	
Wages and salaries	1,281,000	
Insurance	49,200	
Office expenses	137,700	
Sundry expenses	<u>28 400</u>	
	<u>17 153 200</u>	<u>17,153,200</u>

(20 Marks)



## QUESTION TWO (20 MARKS)

a) J J cash book bank column for the month of December 2015 was as follows:

Date	CHEQUE NO.	Details	Amount	Date	CHEQUE No.	Details	Amount
1/12		Balance b/d	50,000	3/12	121	Furniture	15,000
4/12	020	Musa	15,000	5/12	122	Salaries	16,000
6/12	039	Kimani	13,000	8/12	123	KKK	15,000
12/12	026	Otieno	16,000	26/12	124	Jogoo	12,000
18/12	186	Juma	20,000	20/12	125	Okumu	10,000
				31/12		Balance C/d	
		Totals	114,000		Totals		114,000

His bank statement was as follows:

Date	Details	Debit	Credit	Balance
1/12	Balance		50,000	50,000
3/12	121	15,000		35,000
4/12	020	-	15,000	50,000
5/12	122	16,000		34,000
6/12	Ledger fees	1,000		33,000
6/12	039	-	13,000	46,000
7/12	Interest .	2,000	3,000	49,000
15/12	Telcom	1,000		47,000
25/12	Communication			
31/12	Balance			46,000



**Required:**

- i. The adjusted cash book (12 Marks)
- ii. A bank reconciliation statement. (8 Marks)

**QUESTION THREE (20 MARKS)**

The following errors were discovered in the books of kiriga who is a sole trader

2019

- Jan 1 Extra capital of sh. 10,000 paid into the bank had been credited to Sales account.
- 2 Goods taken for own use sh. 700 had been debited to General Expenses.
- 3 Private insurance sh. 89 had been debited to Insurance account.
- 6 purchase of goods from C Kelly sh. 857 had been entered in the books as sh. 587. 7 Cash banked sh. 390 had been credited to the bank column and debited to the cash column in the cashbook.
- 8 Cash drawings of sh. 400 had been credited to the bank column of the cashbook.
- 9 Returns inwards sh. 168 from M McCarthy had been entered in error in J Charlton's account.
- 10 A sale of a motor van sh. 1,000 had been credited to Motor Expenses.

Required: prepare the journal entries necessary to correct the errors. (20 Marks)

**QUESTION FOUR (20 MARKS)**

On 1 st January 2022 Kimani had the following assets and liabilities.

	Shs.
Cash at bank	1,400,000
Stock	4,000,000



Debtors: Wario	1,500,000
Randu	960,000
Creditors: Jamein	1,300,00
Matoke	850,000
Office equipment	420,000
Motor van	3,200,000

His transactions during the month of January 2022 where as follows

- 2<sup>nd</sup> withdraw sh. 200,000 from the bank for office use
- 2<sup>nd</sup> purchased goods from Jamein sh. 250,000 on credit
- 4<sup>th</sup> Bought office stationery sh. 36,000 for cash
- 7<sup>th</sup> received cheque sh. 940,000 from randu in full settlement less sh. 20,000 cash discount.
- 12<sup>th</sup> sold goods to Wario sh. 1,400,000 on credit
- 14<sup>th</sup> paid salaries sh. 80,000 in cash
- 15<sup>th</sup> paid Matoke sh. 600,000 by cheque on account
- 16<sup>th</sup> returned goods worth sh. 30,000 to jamein and received a credit note.
- 20<sup>th</sup> bought office equipment sh. 145,000 on credit from patel brothers
- 23<sup>rd</sup> sold all goods on hand receiving sh. 1,250,000 cash and sh. 5,000,000 in cheque
- 27<sup>th</sup> paid patel brothers sh. 130,000 in cash
- 28<sup>th</sup> withdraw sh. 370,000 from the bank for personal use
- 29<sup>th</sup> paid rent sh. 160,000 in cash and salaries in sh 180,000 by cheque.

Required

- Determine Kimani's capital as at 1 st January 2022. (12 Marks)
- Post the above transactions to the relevant ledger accounts. Close all the ledger accounts and bring down the balances as at 1 st February 2022.
- Extract a trial balance. (4 Marks)

### QUESTION FIVE (20 MARKS)

a) Briefly explain the following types of errors:

- i. Error of commission (2 Marks)
- ii. Error of principle (2 Marks)



- iii. Complete reversal of entries (2 Marks)
- iv. Compensating errors (2 Marks)
- v. Error of Omission (2 Marks)
- b) Discuss Five users of Accounting Information (10 Marks)

