



KENYATTA UNIVERSITY

UNIVERSITY EXAMINATIONS 2015/2016

THIRD SEMESTER EXAMINATION FOR THE DEGREE OF MASTER OF EDUCATION

EMP 804: EDUCATIONAL FINANCE

DATE: Friday, 29th July 2016

TIME: 2.00 p.m. - 5.00 p.m.

INSTRUCTIONS:

ANSWER QUESTION ONE AND ANY OTHER TWO QUESTIONS

Question One

1. (a) State the importance of each of the following documents.
 - (i) Trial balance
 - (ii) Ledger
 - (iii) Cashbook
 - (iv) Balance sheet
 - (v) Receipt (5 marks)
- (b) Explain three challenges school managers face during budget making process and possible solutions for each. (6 marks)
- (c) Using an example in each case distinguish between a credit transaction and a cash transaction. (4 marks)
- (d) The following balances were extracted from the books of A. Steve as at 31st December 2014

Capital	250,000
Loan from bank	50,000
Creditors	10,000
Office machinery	200,000
Stock of goods	35,000
Debtors	45,000
Cash at bank	30,000

Required

Prepare A. Steve balance sheet as at 31st December 2014 and show the Net worth.

(10 marks)

- (e) Record the following transactions by journal entries:-

1999

March 15 - The purchase of a motor van on credit from samba motors for sh. 40,000

March 20 - The purchase of an office table from Furniture Ltd. For sh 500

March 21 - The purchase of machinery from AB & Co. for sh 5,000 (5 marks)

Question Two

- (a) Why is it important for the head of the school to involve stakeholder in the budget preparation process? (2 marks)
- (b) With relevant examples, describe the school budget preparation process. (18 marks)

Question Three

- (a) Explain five challenges the Kenya government is facing in financing tertiary education and possible solution for each challenge. (10 marks)
- (b) Why does the Kenya government invest heavily in the education of its citizen? Discuss. (10 marks)

Question Four

- (a) Explain five importance of auditing in schools. (5 marks)
- (b) Discuss the various types of auditing done in our schools. (15 marks)

Question Five

Using hypothetical figures, describe the accounting process. (20 marks)