



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL OF BUSINESS & ECONOMICS
UNIVERSITY EXAMINATION FOR THE DEGREE OF BACHELOR OF BUSINESS
ADMINISTRATION WITH IT
4TH YEAR 1ST SEMESTER 2013/2014 ACADEMIC YEAR

COURSE CODE: ABA 403

COURSE TITLE: ADVANCED FINANCIAL ACCOUNTING

EXAM VENUE:

STREAM : (BBA-ACCOUNTING OPTION)

DATE:

EXAM SESSION:

TIME: 2 HOURS

Instructions:

- 1. Answer Question ONE (COMPULSORY) and ANY other 2 questions**
- 2. Candidates are advised not to write on the question paper.**
- 3. Candidates must hand in their answer booklets to the invigilator while in the examination room.**

Q1 Joel Ogutu bought goods from Triton Ltd on 1st January 2014 for kshs. 290,000 and from Kenton & co Ltd for kshs. 416,000. Bills were drawn on him which he accepted immediately, Triton Ltd discounted the bill with a bank on 30th January 2014. Discounting Charges were kshs. 11,000 Kenton & Co Ltd Kept his bill to maturity on maturity 30th April 2014. Joel Ogutu paid Kentons and co Ltd, he was not able to pay Trion ltd and the bill was doshonoured the bill was noted with noting charges of shs 10,000.

- a) Show the entries in the books of Triton Ltd, Kenton & Co Ltd concerning the transactions of the two bills
- b) State accounting disclosures that one could make in the final accounts in regards to outstanding bills of exchange
- c) Show in Joel Ogutu books transactions relating to Kenton and co Ltd bill.

(30 marks)

Q2 .Faya Business consigned 120 bicycles to Busia dealers who is his Agent. The cost of the consignment was Kshs. 150,000. Faya business paid for transit insurance kshs. 15,000 and transport kshs. 25,000. The Busia dealer paid for storage kshs. 30,000. Insurance of stock shs . 20,000 and delivery shs. 5,000. At the end of three months Busia dealers had sold 90 bicyles for kshs. 720,000. He dealer sent a cheque to Faya business for he net amount after recovering his expenses and 10% commission on sales

Required:

Ledger book transactions in the books of Faya business. Showing the outcome of the consignment at the end of 3 months.

(20 marks)

Q3. The trial balance of E and W before they converted into X Company Ltd is given bellow. The profit sharing was E – 3/5 W- 2/5

Trial Balance as at 30-6-2014 kshs

	Item	Dr	Cr
Capital	E		20,000
	Y		10,000
Creditors			7,000
Equipment – Cost		10,000	
Premises		15,000	
Depreciation – Equipment			3,000
Stocks		8,000	

Debtors	5,000	
Bank	2,000	
	40,000	40,000

At conversion all assets except bank were taken over at book value. The X company took over the creditors and agreed to pay a consideration of shs. 48,000 by issuing 40,000 ordinary shares of shs. 1 each per share at a premium of 10% and shs. 4,000 through bank. E and W each received 20,000 shares.. any excess or deficit was settle through bank to conclude operations of the conversion. Required, ledger accounts to complete the conversion into co.ltd -- 20marks

Q 4. Buko woodworks ltd operates three departments called household, roofing and institutions. During the year ended 30-6-2014. The following transactions took place.

	Kshs.	Kshs
Rents & Rates	.	42,000
Administration expenses		78,900
Commissions		38,400
Insurance		9,000
Purchase departments		
Household	528,000	
Roofing	436,000	
Institution	348,000	1,312,000
Discount received (to apportion 1.5% of sales)		19,680
Salaries & wages		315,000
Advertising		19,440
Sales		
Housing	800,000	
Roofing	640,000	
Institution	480,000	1,920,000
Delivery		

Housing	10,000	
Roofing	8,000	
Institution	6,000	24,000
Depreciation		29,400
Stock -	opening	closing
Housing	146,000	124,000
Roofing	112,400	86,540
Institution	91,200	97,460

Required

- a. determine the contribution for each department and net profit / loss for the business
 - b. critically analyze the performance of each department
- Q5. a) Explain accounting controls which should be inbuilt in branch accounting system.

What processes are involved in foreign exchange branch accounting ?

20 marks