



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL OF BUSINESS AND ECONOMICS
UNIVERSITY EXAMINATION FOR BACHELOR OF BUSINESS ADMINISTRATION
WITH IT THIRD YEAR SEMESTER TWO

COURSE UNIT: ABA 313 TRUST AND EXECUTORSHIP ACCOUNTS

MAIN CAMPUS

DURATION: 2 HOURS

APRIL, 2017

INSTRUCTIONS

Answer QUESTION ONE and any other TWO QUESTIONS

QUESTION ONE (30Marks)

(a) Discuss the contents of Section 82 and 83 of the Law of succession Act (Cap 160) in relation to powers and duties of personal representatives **(10Marks)**

(b) The following are details about a provident fund of X Ltd. Maintained under E. P.F Act. Wages and salaries are paid on the last working day and the amount of P.F contributions is paid off on the first working day of the month following. Balance as on 1.1.2005 was ksh 4500.

Administrative	Employers	Employees	charges
	Contribution	contribution	
	Ksh	Ksh	
January	2500	2500	50
February	3000	3000	60
March	3400	3400	68

Show the necessary accounts (10Marks)

(b) Discuss the contents of Section 82 and 83 of the Law of succession Act (Cap 160) in relation to powers and duties of personal representatives (10Marks)

©) Section 31 of the law of succession Act(Cap 160) provides that a gift made in contemplation of Death(~Donatio Mortis causa~)Shall be valid in spite of the fact that there has been no complete transfer of legal title subject to certain conditions. Discuss. (10Marks)

QUESTION TWO (20Marks)

(a) What do you mean by capacity of a trustee? Explain the procedures to be followed in appointment of trustees. (10Marks)

(b) Describe the silent features of “Appreciation of Trustee investment Act”. (10Marks)

QUESTION THREE (20Marks)

(a) Discuss in details the classification of trusts using flow chart. (10Marks)

(b)Discuss the procedure of preparation of statement of affairs.(10 Marks)

QUESTION FOUR (20Marks)

(a) Mr. Mitch died on 1st February 2008.leaving the following estates;

	Kshs
Building society Deposit	50,420
Interest accrued to date	390
Balance at Bank	49650
Personal Chattels	36,000
Freehold House	240,000
Sh60, 000 10% Govt.Stock	420,000
7000 Ordinary share of sh. 10 each in safaricom	100,000
3000 Ordinary share of sh. 10 each in Uchumi Ltd	<u>30,000</u>
	926,460
Debt and Funeral Expenses	<u>10460</u>
	<u>916,000</u>

His will included the following legacies:

- (1) To his wife Jane, the freehold house, personal chattels, the ordinary share in both safaricom and uchumi and the sum of kshs.150, 000.
- (2) To his daughter Swan, his land at Karen and the sum of kshs.216, 000
- (3) To his sons George and Herald and Fredrick the sum of shs.120, 000 each.
- (4) To his sister Caroline the sum of shs.100, 000
- (5) To his friend Charles the sum ksh.24, 000
- (6) To his Brother Victor his holding of Shs.50, 000 and savings bond.

His will also directed that the residue and any income arising during the administration of the estate should go to his wife Jane. The land at Karen was sold for shs.150,000 in 2006 and saving bonds encashed in 2007. his sister Caroline had died in 2005 and his son Herald died in 2004, leaving the sons John and Philip all beneficiary of full age.

The following transactions took place during the three months period ended 30th April 2008.

28th February Received Dividends of Sh. 10 per share for the year ended 31st Dec 2007 on

Share in safaricom Ltd.

31st March received proceeds of sale of Govt. stock of Shs.410.000

30th April Withdrew balance of Shs.51570 from Building society A/C including to date.

Paid Debts and Funeral Expenses.

Distributed all legacies and completed the Administration of the estate.

Required

Estate Capital account and Cash account for the period ended 30th April 2008. Showing the Administration of the estate. **(10 Marks)**

QUESTION FIVE (20 Marks)

(a) Describe the main aspects of the accounts of the executors. **(7 Marks)**

(b) Define Will and discuss all the characteristics of a will. **(7 marks)**

(c) Discuss various ways on how a Trustee may be terminated. **(6 Marks)**