



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL OF BUSINESS AND ECONOMICS
UNIVERSITY EXAMINATION FOR THE DEGREE OF BACHELOR OF BUSINESS
ADMINISTRATION WITH IT
2RD YEAR 2ND SEMESTER 2019/2020 ACADEMIC YEAR

COURSE CODE: ABA 210

COURSE TITLE: Intermediate Accounting Two

EXAM VENUE:

STREAM: (BBA)

DATE:

EXAM SESSION:

TIME: 2 HOURS

Instructions:

1. Answer ALL questions in section A and ANY other 2 questions in section B
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.

The final accounts of Lima LTD for the year to 31-Decembr are shown. The work on contract started on 1st April 2013 and completed on 31-10-2014. The total contract price was kshs. 8,700,000. A penalty of shs35000 was paid for failure to complete the work on 30-9-2014. Summary of cashflow relating to the contract

	31.12.2013	31.12.2014
Receipts		
Work certified	2,610,000	6,355,000
Sale of plant – 31-10-2014		205,000
Payments		
Materials	1,274,500	1,661,300
Wages	1,419,200	2,271,600
Direct expenses	106,300	145,100
Plant purchased 1-4-2012	812500	-

There was 10% retention on work certified. Penalty was recovered form 2014 payment only. The plant was estimated to have residual value of kshs 2500 initially . depreciation was calculated on straight line over the estimated life of the project .

As at 31-12-2013 it was believed that the contract would be completed on 31.9.2014 and additional expense to completion . Would be shs. 4,070,000. In 2013 profit taken was a proportion of work certified to total contract price.

Required.

- Contract account as at 31.12.2013.
- Contract account 31.12.2014. (30 marks)

Q2.The remunerations of employees of XY ltd are shown below for month of DECEMBER 2014

Name/Renumeration kshs. Per month.

Name	Basic salary p.m KSH	House allowance ksh	Responsibility ksh	Watch man	Transport ksh	Pension % of basic	Co-operation deduction
A	150,000	Housed	20,000	One	Car cost 2.5MILLION.	15%	10,000 ksh

					cc2000		
B	70,000	20% of basic	10,000	-	5000/-	15%	15,000
C	45,000	20% of basic	-	-	2000/-	15%	6000

The employer deducts and remits paye, NSSF and NHIF besides other deductions . Process the payroll for month of December 2014.

NHIF

Rate is kshs. 320 p.m for monthly basic salary of over kshs. 15,000 p.m . take NSSF rate to be shs. 200/- . tax rate shs. 1-10164 is 10%. There after shs. 9576 bracket, for 15% , 20%, 25% and excess 30% . tax relief 1162 per month.

Q3 The cash book of Bura Trading Company ltd for year 31.12.2014 and other details are stated bellow. Prepare fundflow statement using the Direct method.

Bank Account.

Details	Dr	Cr
Opening balance	500,000	
Sales	9,250,000	
Issue of shares	1,000,000	
Sale of building	970,000	
Wages		3,050,000
Suppliers		4,920,000
PAYE paid –on dividends to share holders		860,000
Tax paid – on profit		300,000
Leased equipment for use		700,000
Dividends paid		2,150,000
Balance c/d	200,000	
	11,920,000	11,920,000

Other information . profit for the year 2,100,000 current year depreciation was shs. 715,000 Balance of Debtor shs. 300,000, creditors 500,000 in 2013 and shs. 450,000 and shs. 475,000 in 2014 respectively

b. Explain the role of fundflow statement in the final accounts of an organization.

Q4. The current cost accounting and current purchasing power are hyperinflation accounting methods explain the benefits of the methods of accounting.

20 marks)

Q5. Applications were invited for 150,000 ordinary shares of ZOO LTD where nominal value was shs. 20. Each share was issued at kshs. 23 payable as follows.

1-4-2014 application shs. 15

30-4-2-014 allotment(including premium shs. 3) shs. 4.00

31-5-20`4 first and final call shs. 4.00

Applications were received for 180,000 shares which were transacted as follows.

- a. Rejected application for 8000 shares,
- b. Gave full allotment to 22,000 shares
- c. Allotted the balance of shares pro-rate among applicants.
- d. Used surplus on application in part payment of allotments.
- e. An applicant who was allotted 400 shares failed to pay a mount due on first and final call, the shares were forfeited and re issued at shs. 18.00 each.

Required. Show all the transactions in ledger accounts.

(20 marks)