



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

COURSE UNIT: ABA 203: INTERMEDIATE ACCOUNTING I

MAIN CAMPUS

DURATION : 2 HOURS

APRIL , 2017

INSTRUCTIONS

Answer QUESTION ONE and any other TWO QUESTIONS

QUESTION ONE (30MARKS -COMPULSORY)

a) Explain the following terms :-

- | | |
|------------------------------|------------------|
| i. Landlord | (2 Marks) |
| ii. Tenet (tenant) | (2 Marks) |
| iii. Royalty | (2 Marks) |
| iv. Hire Purchase account | (2 Marks) |
| v. Installment Sales systems | (2 Marks) |

b.) Explain briefly THREE different methods of calculating depreciations. **(6 Marks)**

c.) B & Co. commenced manufacturing on 1 January,2001.They purchased plant as follows:-

Year 2001	\$
1 Jan	4,000
1 July	2,000
Year 2002	
1 April	3,000

Depreciation is provided for the "straight line" method at the rate of 10 % per annum from the date of purchase, a separate account being opened for the provision made. On 30th June 2002, the machine which had been purchased on 1st July, 2001 was sold for \$1,200. Depreciation is on prorata basis

Required

Write up the following ledger accounts:-

- (i) Plant account **(4 Marks)**
- (ii) Provision for depreciation on Plant Account **(6 Marks)**
- (iii) Plant Disposal Account **(4 Marks)**

QUESTION TWO (20MARKS)

Explain the three methods of writing hire purchase interest **(5 Marks)**

- a) On January 1st 2008, John acquired a car under a two year hire purchase agreement requiring an immediate deposit of £400, with four half yearly installments of £400 commencing on July 1st 2008; the cash price was £1886. He prepared his accounts annually on September 30th and apportioned his finance charge of £114 to the years ended September 30th 2008, £ 62; 2009, £46; 2010, £6;

Prepare:

- i.) Motor car Account **(5 Marks)**
- ii.) Hire-vendor Account **(5 Marks)**
- iii.) Interest Payable Account **(5 Marks)**

QUESTION THREE (20MARKS)

- a) Trawn and Sista entered into a joint venture, effective from 1st January 2001, to repair television sets and audio equipment.

It was agreed that Trawn should secure the orders, collect the items from the customers, and transport them to

Sista (who would then carry out the repair work), deliver them back to the customers and collect cash.

Each party was to charge his expenses against the joint venture and profit and losses were suppose to be shared as follows, Trawn $\frac{2}{5}$, Sista $\frac{3}{5}$, settlement is to be made quarterly. In arriving at the profit and loss, work-in-progress was to be disregarded.

During the first quarter of 2001, the following transactions arose:-

Trawn assisted in financing Sista by sending him a cheque for £600. Sista bought a stock of spares, components and other materials for £700 of which £400 worth were still in stock as at 31st March 2001.

Trawn placed advertisements in local papers at a cost of £100 and collected cash from customers amounting to £4,900.

Wages paid to part time staff by Sista totaled to £1,950 and by Trawn £550.

An allowance of £500 was made to Trawn for vehicle running expenses and £200 to each party for use for their general services.

Required:

Prepare the joint venture accounts in the books of each venturer, together with the memorandum joint venture Account, for the March quarter 2001.

QUESTION FOUR (20MARKS)

Gravel Extractors Ltd. acquired the rights to remove gravel deposits from land owned by A. Farmer.

The agreement provided for;

- i) The payment of a royalty of £0.40 per tone of gravel removed
 - ii) A minimum payment of £,2000 per annum.
 - iii) Recoupment rights (for shortworkings) to be extinguished at the end of year 3.
- During the first four years of the contract the following quantities of gravel were removed.

	tonnes
Year 1	4,000
Year 2	4,800

Year 3	5,400
Year 4	5,600

The company's accounting year ends on 31st December and payment to A.Farmer is made on 1st February following.

Prepare ;
Royalty Payable Account, A.Farmer Account and Shortworkings Account in the Company's ledger for each of the four years.

QUESTION FIVE (20MARKS)

- a.) What are the five objectives of farm accounting? **(5 Marks)**
- b.) Explain the five characteristics of farm accounting. **5 Marks)**
- b) From the information given below, prepare Cattle Account to ascertain the profit made by the cattle division.

	No. of livestock	Sh.
Opening stock of livestock	50	200,000
Closing stock of livestock	60	270,000
Purchase of cattle during the year	120	570,000
Sales of cattle during the year	100	666,000
Sales of slaughtered cattle	10	65,000
Sales of carcasses	4	8,000
Cattle food		80,000
Wages for rearing		70,000
Slaughter expenses		3,000

Crop with Sh.25,000 grown in the farm was used for feeding the cattle. Out of the calves born, 2 died and their carcasses realized Sh.1,000.

(10 Marks)

School of Business and Economics
Jaramogi Oginga Odinga University of Science and Technology (KLC)
Bachelor of Business Administration with IT
ABA 203: Intermediate Accounting 1
Course Outline: Jan – April 2017

Instructor: Allan Okwenda Asola

Class meets: Tuesday

Time: 4.00 pm -6 .00 pm

Room: Lab 3

Course Description:

The general objective of this course is to equip students with thorough knowledge on the asset accounting and specialized accounts.

These will be done through lectures, class discussions, assignments and continuous assessment tests (CATs)

Expected Learning Outcomes

After studied this course, the students will be able to understand:

Specialized Accounts

- ; Hire purchase accounts
 - : Farm Accounts
 - : Joint venture accounting,
 - : Royalty accounting,
- ; Investment accounting

- Asset accounts:** Depreciation
- : Provision for depreciation,
 - : Disposal of fixed assets

	WEEK	
Hire purchase accounts		One:
Hire purchase accounts		Two:
Farm Accounts		Three:
Farm Accounts		Three:

Joint venture accounting,	Four:
Joint venture accounting,	Five:
Royalty accounting,	Six:
Royalty accounting,	Seven:
Investment accounting	Eight:
Investment accounting	Nine:
Investment accounting	Ten:
Fixed assets accounting	Eleven:
Depreciation accounting	Twelve:
Provision of depreciation accounting	Thirteen:
Disposal of fixed assets accounting	Fourteen:

Teaching Methodology

Lectures, class discussions, and case studies

Course Assessment

Assignments	15%
Sit - in - CAT	15%
Semester Examination	70%
TOTAL	100%

REFERENCE AND TEXTS

- A.R. Jennings (1986), *Financial Accounting*, 3rd Ed., D.P. Publications
N.Saleemi *Advance Financial Accounting* (Volume 1) Saleemi Publishers
P. C. Tulsian (2006), *Financial Accounting*, Pearson Education (Singapore) Pte. Ltd
S. P. Jain and K.L. Narang (1979), *Principles of Accounting (Vol.1)*, Kalyani Publishers
S.K.Maheshwari 1991, *Advance Accountancy, volume II*
Frank Wood (2005) *Business Accounting I & II*

NB: *Please Consult the Librarian for more E- Resources*

SignedLecturer

SignedDean SBE