



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL OF BUSINESS & ECONOMICS
UNIVERSITY EXAMINATION FOR THE DEGREE OF BACHELOR OF BUSINESS
ADMINISTRATION WITH IT
2ND YEAR 1ST SEMESTER 2018/2019 ACADEMIC YEAR
MAIN CAMPUS

COURSE CODE: ABA 203

COURSE TITLE: INTERMEDIATE ACCOUNTING

EXAM VENUE:

STREAM: (BBA)

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.**

QUESTION ONE

- a) Define fixed assets and describe the accounting for their cost. **(5 Marks)**
- b) Define the term depreciation and explain briefly THREE different methods of calculating depreciations. **(10 Marks)**
- c) A machine costs Sh.24, 000, its estimated residual value is Sh.2, 000 and its estimated life is 5 years. Compute annual depreciation. Use the appropriate method **(8 Marks)**
- d) A machine costs Sh.24, 000 and its residual value is Sh.2, 000, is expected to have an estimated life of 10,000 operating hours. Compute hourly depreciation. **(7 Marks)**

QUESTION TWO

On January 1st 2008, Hawkins acquired a car under a two year hire purchase agreement requiring an immediate deposit of £400, and four half yearly installments of £400 commencing on July 1st 2008, cash price was £1886.

Hawkins prepared his accounts annually on September 30th and apportioned the finance charge of £114 to the years ended September 30th 2008, £ 62, 2009, £46; 2010, £6,

Prepare:

- a) Motor car **(5 Marks)**
- b) Hire-vendor Account **(8 Marks)**
- c) Interest payable Account **(7 Marks)**

QUESTION THREE

- 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. **(20 Marks)**

QUESTION FOUR

- a.) What are the five objectives of farm accounting? **(5 Marks)**
b.) What are the characteristics of farm accounting? **(5 Marks)**

b.) From the information given below, prepare Cattle Account to ascertain the profit made by the cattle activity.

	Number of livestock	Value 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 worth 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)**

QUESTION FIVE

a) Explain the following terms used in Royalty Agreements.

i. Landlord

(2 Marks)

ii. Tenet

(2 Marks)

iii. Royalty

(2 Marks)

b) Three types of royalties are:

i. Mining royalty

(4 Marks)

ii. Patent royalty

(4 Marks)

iii. Copyright royalty

(4 Marks)

Explain briefly each of them.

c)

Explain the meaning of the following terms in investment accounts:

- Cum dividends

(1 Mark)

- Ex-dividends

(1 Mark)



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BACHELOR OF BUSINESS ADMINISTRATION
FIRST SEMESTER, SECOND YEAR 2

LECTURER: ALLAN OKWENDA ASOLA

ABA 203 INTERMEDIATE ACCOUNTING 1

COURSE OUTLINE

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

The general objective of this course is to equip students with thorough knowledge on the asset accounting and specialized accounts. Specifically the course aims at ensuring that a candidate who passes this course will be able understand:

Asset accounts: Depreciation

: Provision for depreciation,

: Disposal of fixed assets

Specialized Accounts

; Hire purchase accounts

: Farm Accounts

: Joint venture accounting,

: Royalty accounting,

; Investment accounting

1. DEPRECIATION , PROVISION AND DISPOSAL OF FIXED ASSETS

WEEK 1 & 2

- Meaning of depreciation
- Meaning of depreciation accounting
- Causes of depreciation
- Methods of recording depreciation
- Need for charging depreciation
- Depreciation on additions to fixed assets

SPECIALISED ACCOUNTS

2. HIRE PURCHASE ACCOUNTSWEEK..... 4 & 5

- Meaning of hire purchase
- Content of hire purchase agreement
- Full cash price method
- Default and repossession
- Partial repossession
- Complete repossession
- Accounting for installment purchase

3. FARM ACCOUNTS.....WEEK 6,7 & 8

- Objectives of farm accounting
- Characteristic of farm accounting
- Poultryies
- Dairies
- Crops
- Fisheries
- Books of accounts
- Notional transactions in agricultural farm accounts

4. JOINT VENTURE.....WEEK 9 & 10

- General background
- Operating arrangement
- Accounting arrangement

5. ROYALTY ACCOUNTINGWEEK 11 & 12

- Meaning of royalty
- Terms used in royalty agreement
- Types of royalties
- Distinction between rent and royalties

6. INVESTMENT ACCOUNTSWEEK13 &14

NB> Please Consult the Librarian for more E- Resources
Course Evaluation Plan

The course will consist of exercises on every topic, assignments, a timed CAT, and final examination.

The marks will be awarded as follows:

Assignments	10%	
CAT 1		10%
CAT 2		10%
Final Examination		70%
TOTAL		100%

SignedLecturer

SignedDean SBE

REFERENCE AND TEXTS

A.R. Jennings (1986), *Financial Accounting*, 3rd Ed., D.P. Publications

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

N.Saleemi *Advance Financial Accounting (Volume 1)* Saleemi Publishers