



**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 TWO**

**COURSE UNIT: ABA 210: INTERMEDIATE ACCOUNTING II**

**MAIN CAMPUS (EVENING)**

**DURATION : 2 HOURS**

**APRIL , 2017**

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**INSTRUCTIONS**

**Answer QUESTION ONE and any other TWO QUESTIONS**

**QUESTION ONE (30MARKS -COMPULSORY)**

- i.) Define historical cost accounting **(2 Marks)**
- ii.) What are the three characteristics of historical cost accounting? **(3 Marks)**
- iii.) Explain briefly the five advantages of Historical accounting **(5 Marks)**
- iv.) Explain briefly five disadvantages of historical cost accounting **(5 Marks)**
- v.) What is Current Purchasing Power Accounting **(1 Marks)**
- vi.) The mechanics of CPP accounting is to prepare a set of CPP accounts; we first start with a set of historical cost accounts. Then carry out the adjustments in four stages. Explain the FOUR stages briefly **(5 Marks)**
- vii.) What is the supply chain? **(2 Marks)**
- viii.) What is meant by the term “supply chain management”? **(2 Marks)**
- ix.) List FIVE advantages of effective supply chain management. **(5 Marks)**

**QUESTION TWO (20MARKS)**

- a.) Write short notes on the following as used in contract accounting.

- i. Percentage of completion method **(2 Marks)**
- ii. Completed contract method **(2 Marks)**
- iii. Retention money **(2 Marks)**

b.) The following figures have been extracted from the records of prefabricated constructions Ltd for the year ended 31<sup>st</sup> December, 2010 in respect of an office block commissioned by the Inner City Development Corporation.

Office block contract:	£
Expenditure during year 2010	
Plant	150,000
Wages	260,000
Materials	330,000
Subcontract work	200,000
Sundries	30,000
Contract overhead	240,000
Balance as at 31 <sup>st</sup> December, 2010	
Plant	100,000
Material	50,000
Work certified during year 2010	1,500,000
Work awaiting certification at 31 <sup>st</sup> December, 2010	20,000
Retentions as at 1 <sup>st</sup> January, 2010	100,000
Progress payments received during year 2010	1,100,000
Progress payments receivable as at 31 <sup>st</sup> December 2010	250,000
Retentions during year 1980	150,000
Profit on contract to be taken for year 2010	180,000

**Required:**

For the year 2010 prepare the following accounts in the books of Prefabricated Constructions Ltd.

- i.) Office block contract **(5 Marks)**
- ii.) Inner City Development Corporation **(5 Marks)**
- iii.) Architects Certificates **(2 Marks)**
- iv.) Retentions **(2 Marks)**

**QUESTION THREE (20MARKS)**

A company is issuing 100,000 7% preference shares of £1 each, payable 10% on application, 20% on allotment, 40% the first call and 30% on the second call. Application is received for 155,000 shares. A refund of the money is made in respects on 5,000 shares while, for the remaining 150,000 applied for, an allotment to be made on the basis of two shares for every three applied for (assume that this will not involve any fractions of shares). The excess application

monies are set off against the allotment monies asked for . The remaining requested installments are all paid in full.

**Required:**

- i.) Bank Account **(6 Marks)**
- ii.) Application and Allotment Account **5 Marks)**
- iii.) First Call Account **(2 Marks)**
- iv.) Second Call Account **(2 Marks)**
- v.) 7% Preference Share Capital Account **(5 Marks)**

**QUESTION FOUR (20MARKS)**

- a.) Define Electronic Commerce ( E- commerce) **(1 Mark)**
- b.) Explain briefly two principals of E-commerce model. **(4 Marks)**
- c.) What is enterprise resource planning? **(1 Mark)**
- d.) List SIX advantages of Enterprise Resource Planning? **(6 Marks)**
- e.) There are four stages at which supply chain management decisions need to be taken. Explain briefly the FOUR stages. **(8 Marks)**

**QUESTION FIVE (20MARKS)**

The following is an extract of the financial statement of XYZ Ltd. for the years 2009 and 2010.

Balance Sheet as at 30 June

	<b>2009</b> <u>Sh'000'</u>	<b>2010</b> <u>sh'000'</u>
Non- current Assets	72,500	75,000
Current Assets		
Inventory	24,500	26,500
Receivables	34,000	36,500
Cash at bank	<u>1,250</u>	<u>2,250</u>
	<u>59,750</u>	<u>65,250</u>
	<u>132,250</u>	<u>140,,250</u>
Capital and Reserves		
Issued Share Capital	50,000	50,050
Reserves	26,100	32,600
Non-current Liabilities		
10% Bank Loan	20,000	21,500

Corrent Liabilities		
Trade Payables	31,900	31,000
Taxation	2,250	29,950
Dividends	<u>2,000</u>	<u>2,150</u>
	<u>132,250</u>	<u>140,250</u>

Profit and Loss Account for the year ended 30 June 2010

Sale revenue	<u>195,000</u>
Profit from the Operations	13,750
Net interest costs	<u>2,150</u>
Profit before taxation	11,600
Income Tax Expenses	<u>2,950</u>
Profit after tax	8,650
Dividends	<u>2,150</u>
Net Profit for the period	<u>6,500</u>

**NOTE:** Depreciation charge for the year ksh. 6 million, non-current Assets disposed in the year proceeds ksh.0.3 million, depreciation to date ksh.0 .75 million, cost ksh 0.5 million.

**REQUIRED**

Prepare cash flow statement as per IAS 7 for XYZ Ltd. for the year 2010.