



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL OF BUSINESS & ECONOMICS
UNIVERSITY EXAMINATION FOR THE BACHELOR OF BUSINESS
ADMINISTRATION WITH IT
1ST YEAR 2ND SEMESTER 2022/2023 ACADEMIC YEAR
MAIN & KISUMU CAMPUS

COURSE CODE: BAB 1108

COURSE TITLE: INTRODUCTION TO ACCOUNTING II.

EXAM VENUE: LAB 3

DATE: 29/04/2024

EXAM SESSION: 14.00 – 16.00 PM

DURATION: 2 HOURS

INSTRUCTIONS

- 1. Answer QUESTION ONE and any other TWO questions**
- 2. Show ALL your workings and be as NEAT as possible.**
- 3. Candidates are advised not to write on the question paper**
- 4. Marks allocated to each question are shown at the end of the question.**

QUESTION ONE (30 MARKS)

- a.)
- i.) Define the term “Partnership” (2 Marks)
 - ii.) List and briefly explain the FOUR types of Partnerships (6 Marks)
- b.) List **EIGHT matters** which are covered by Partnership Act 1890 (8 Marks)
- c.) Explain the following terms as used in Limited liability Companies.
- i.) Public and private companies (2 Marks)
 - ii.) Share capital (2 Marks)
 - iii.) Debentures (2 Marks)
 - iv.) Appropriation Accounts (2 Marks)
- i.) What is the main objective of manufacturing accounts? (4 Marks)
 - ii) What is the meaning of consignment? (2 Marks)

QUESTION TWO (20 Marks)

Wheeler consigned 4 crates, each containing 30 identical cycles, valued at £1500, to his agent Sellars on 1st April 2001.

Insurance and transport costs paid by wheeler amounted to £150 and £250 respectively

Sellars paid insurance of £200, storage charges of £300 and delivery charges £50.

By the end of that quarter, Sellar had sold 90 of the cycles for £7200. He sent a cheque for the amount due after deducting his agreed sale commission of 10%

Required

Prepare

- i. Goods on consignment (2 Marks)
- ii. Consignment to sellers (6 Marks)
- iii. Sellers account (12 Marks)

QUESTION THREE**(20 Marks)**

X and Y who share profits and losses equally dissolve their partnership as at 31st December 2006. The balance sheet as at that date was as follows;

| | Shs '000' | | Shs '000' | Shs '000' |
|------------|-----------|----------------|-----------|-----------|
| Capital; X | | Fixed assets | | |
| Y | 4000 | Building | | 1,600 |
| | 3000 | Fixtures | | 1,700 |
| | | Current assets | | |
| | | Stock | 1,600 | |
| | | Debtor | 4,000 | |
| | | Cash | 3,600 | 9,200 |
| | 12,500 | | | 12,500 |

Additional information is as below:

The debtors realized Sh. 3,500,000, the building Sh. 1,000,000, fixtures Sh. 2,100,000 and stock Sh. 1,000,000. The expenses of dissolution were Sh. 200,000 and discount totaling Sh. 20,000 were received from creditors.

Required.

Prepare:

- i.) Realization account (6 Marks)
- ii.) Cash account (6 Marks)
- iii.) Creditors account (2 Marks)
- iv.) Partners capital account (6 Marks)

QUESTION FOUR (20 Marks)

The following trial balance was extracted from the book of Willis Gold a sole trade as at 31st December 2004

| | Sh. | Sh. |
|---|--------------------------|--------------------------|
| Building at cost | 3,000,000 | |
| Motor vehicle at cost | 1,600,000 | |
| Provision for depreciation (on motor vehicle) | | |
| 1 st January 2004 | | 700,000 |
| Discount allowed and received | 20,000 | 15,600 |
| Purchases | 15,769,000 | |
| Sales | | 20,804,400 |
| Electricity | 255,000 | |
| Rates | 130,000 | |
| Insurance | 105,000 | |
| Return inward and outward | 189,000 | 149,400 |
| Bad debts | 92,000 | |
| Provision for bad and doubtful debts | | 72,000 |
| January 2004 | | |
| Debtors and creditors | 1,920,000 | 1,485,000 |
| Stock in trade January 2004 | 2,875,600 | |
| Balance at bank | | 484,000 |
| Capital | | 4,131,600 |
| Wages | 1,286,400 | |
| Drawings | 600,000 | |
| | <u>27,842,000</u> | <u>27,842,000</u> |

The following additional information is relevant

1. Stock as at 31st December 2004 amounted to 3,072,600
2. Amount accrued as at 31st December 2004. Electricity sh. 15,000 and bonus to employee sh. 100,000
3. Insurance prepaid at 31st December 2004 was sh. 35,000
4. Included in the insurance payment is an amount of sh. 15,500 for J. Kipangas personal vehicle.
5. Provision for bad and doubtful debt is 5% of debtors.
6. Depreciation to provide as follows -: 20% on motor vehicle on reducing balance and 10% on building on SLM

REQUIRED

- a.) Trading , profit and loss account for the year ended 31st December 2004
(12 Marks)
- b.) Balance sheet as at 31st December 2004
(8 Marks)

QUESTION FIVE

James, a contractor, started business on January 2004. Purchases and disposals of machines over the subsequent three years were as follows: -

| Machine | Date of purchase | Cost | Date of Disposal | Disposal proceeds. |
|---------|------------------|---------------|------------------|--------------------|
| MA 1 | 01.01.2004 | Sh. 5,000,000 | | |
| MB 2 | 01.01.2004 | Sh. 2,500,000 | 01.01.2005 | Sh.900,000 |
| MC 3 | 01.01.2006 | Sh.7, 000,000 | | |

The machines are depreciated on a straight-line basis using a rate of 20 per cent per annum.

Required

- i.) Machines at cost account (5 marks)
 - ii.) Depreciation account (5 marks)
 - iii.) Provision for depreciation (5 marks)
 - iv.) Disposal of Machine Account (5 marks)
- (20 marks)