



**JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY
SCHOOL OF BUSINESS
UNIVERSITY EXAMINATION FOR DEGREE OF BACHELOR IN BUSINESS
ADMINISTRATION
2ND YEAR 1ST SEMESTER 2018/2019 ACADEMIC YEAR
NAIROBI CITY LEARNING CENTRE**

COURSE CODE: ABA 203

COURSE TITLE: INTERMEDIATE ACCOUNTING 1

EXAM VENUE: 12TH FLR ROOM 1

STREAM: BBA

DATE: 5/12/2018

EXAM SESSION: 9:00 – 11:00PM

TIME: 2 HOURS

INSTRUCTIONS:

1. Answer question one (compulsory) and any other two 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.
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QUESTION ONE

- (a) Define depreciating and explain its causes (4 Marks)
- (b) Identify and explain any two methods of depreciation (4 marks)
- (c) a company depreciates its plant at the rate of 20% per annum straight line method for each month of ownership

Year 2004 2014 Bought plant costing Ksh.900, 000 on 1st January

Bought plant costing Ksh.600, 000 on 1st October

Year 2016 Bought plant costing Ksh.550, 000 on 1st July

Year 2017 Sold plant which had been bought on 1st January 2014 for Ksh.900,000 for the sum of Ksh.275,000 on 30th September 2017

Required

Draw up below accounts for the years 2014 to 2017

- (i) Plant account (4 marks)
- (ii) Provision for depreciation account (4 marks)
- (iii) Plant disposal account (4marks)
- (iv) Balance sheet extracts (5marks)

QUESTIONE TWO

- (a) What is a joint venture (3 marks)
- (b) Plant ,Hoe and Reap entered in a joint venture for dealing in carrots .The transactions connected with the venture for year 2017 were as follows
- January 8th Pant rented land cost shs. 600,000
- January 10th Hoe supplied seeds cost ksh.48,000
- January 17th Pant employed labour for planting shs. 105,000
- January 19th Hoe charged motor expenses ksh.17,000
- January 30th Pant employed labour for fertilizing shs. 36,000

February 28th Plant paid the following expenses: Sundries Ksh.10, 000, labour ksh, 18,000
 Fertilizer account ksh.29,000

March 17 Reap employed labour for lifting carrots Ksh.73,000

30th Sale expenses landon paid by Reap Ksh.39,000

31 Reap received cash from sale proceeds gross Ksh.987,000

Required

- (i) Show the joint venture account in the books of Plant, Hoe and Reap
- (ii) Show in full the method of arriving at the profit on the venture which isto be apportioned :Plant seven twelfths, Hoe three twelfths, and Reap two twelfths

Any outstanding balances between the parties are settled by cheque on 30th April

QUESTION THREE

- (a) Explain the term royalty with examples (4marks)
- (b) Explain any six characteristics of a good accounting information (16marks)

QUESTION FOUR

- (a) Briefly explain three methods of writing off hire purchase interest
- (b) Joshua commenced business on 1st October 2016 selling furniture and targeting middle income group customers. During the year ended 30th September 2017,purchases amounted shs,810,000 and ordinary sales to shs.930,000,in addition the following sales were made under hire purchase

Item	cost	hire purchase Selling price	deposit paid	monthly installments Paid	number of installments
Coffee table	900,000	13,500	1,500	20 of 600	8
Sofa set	12,000	18,000	1,800	12 of 1,350	2
Wardrobe	10,500	15,000	1,500	18 of 750	4

However, installments on the wardrobe could not be kept up and it was repossessed after payment of 4 installments .stock in trade on 30th September 2017 amounted to shs.105, 000 (excluding returned wardrobes

Required

- (i) Joshua’s hire purchases trading account. **(5marks)**
- (ii) General trading account **(4marks)**
- (iii) A memorandum hire purchase debtors account **(5marks)**

QUESTION FIVE

(a) In the context of IAS(IFRS) 41 explain the meaning of the following

- (i) Biological transformation **(2marks)**
- (ii) Agricultural activity **(2mark)**

Wakulima Ltd is a farming business carrying out livestock, poultry and crop farming activities.

The information provided below was extracted from the books of the company as at 30 June 2016

Stock- 1July 2016

	Shs.000	shs 000
Fertilizer	2,600	
Growing crops	6,800	
Cattle	8,300	
Cattle feed	3,200	
Seeds	2,050	
Poultry	3,800	
Poultry feed	1,800	
Eggs	200	

Land and Buildings (net book value)	40,000	
Machinery and equipment (net book value)	20,000	
Furniture Net book value)	5,000	
Farm tools	4,000	
Sundry debtors	5,450	
Cash at bank	850	
Ordinary share capital		40,000
Share premium		20,000
Profit and loss account (1 July 2016)		6,850
Purchases		
Poultry	18,000	
Cattle	47,000	
Cattle feed	14,000	
Seeds	5,000	
Poultry feeds	6,000	
Fertilizers	11,500	
Sales		
Crops		35,650
Milk		15,200
Cattle		78,000
Poultry		35,000
Eggs		2,800
Salaries and wages		

Crops	6,000	
Cattle	7,200	
Poultry	4,800	
Expenses		
Crops	2,500	
Cattle	4,000	
Poultry	3,000	
Manager's salary	6,000	
Postage and stationery	800	
General expenses	7,000	
Insurance	3,700	
Finance costs	1,750	
Depreciation and assets	6,000	
Accrued expenses		1,500
Sundry creditors		3,300
Bank loan		20,000
	<u>258,300</u>	<u>258,300</u>

Additional information

1. As at 30 June 2016 stocks were valued as follows

	Shs.000
Poultry	2,150

Cattle	6,500
Cattle feed	2,800
Seeds	1,800
Poultry feed	1,200
Fertilizers	2,200
Growing crops	7,100
Eggs	150

2. During the year ended 30 June 2016, the workers consumed products whose values were shown below.

	Shs.000
Poultry	800
Milk	1,500
Crops	1,200
Eggs	150

3. Depreciation expense for the year ended 30 June 2016 is to be apportioned in the ratio of 3:2:1 between the crops activity, livestock activity and poultry activity respectively.
4. The directors of the company have recommended a dividend of 10%.

Required.

- i. Crop account, livestock account and poultry account for the year ended 30 June 2017
(11 marks)
- ii. General profit and loss account for the year ended 30 June 2017. (4 marks)

