



JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY

SCHOOL OF BUSINESS & ECONOMICS

UNIVERSITY EXAMINATION FOR THE DEGREE OF BACHELOR EDUCATION ARTS.

2ND YEAR 1ST. SEMESTER 2018/2019 ACADEMIC YEAR

KISII CAMPUS-INSTITUTION BASED

COURSE CODE: ABA 203

COURSE TITLE: INTERMEDIATE ACCOUNTING ONE:

EXAM VENUE:

STREAM: (BED ARTS) YEAR 2 SEM 1.

DATE: 18/4/19

EXAM SESSION: 3.00 – 5.00PM

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) Utopia Ltd.'s motor vehicle account as at 1st Jan 2018 stood at sh. 40 m while that of accumulated depreciation stood at sh.23m. On 31st March 2018 motor vehicles costing kshs.30m were acquired. Other motor vehicles costing ksh. 20 M were bought on 1st July 2018; if it's the company's policy to charge depreciation proportionate to time at a rate of 10% p.a on cost

Required: prepare

- i. Motor vehicle account
- ii. Depreciation account
- iii. Accumulated depreciation (18 marks)

- b) Briefly explain the meaning of property, Plant and equipment (PPE) Schedule. (2 Marks)
- c) Discuss the characteristics of farm accounting. (6 Marks)
- d) Explain the qualities of a good accounting information. (4 Marks)

QUESTION TWO:

- a) Explain the accounts required in the royalty accounts. (6 Marks)
- b) The following data shows the details of Ngoma dealers, are sellers in a simple commodity called Ngoma. During the Month of July 2018 their purchases and sales of ngoma were summarized as follows:

Date	Purchases		Sales	
	Units	Unit price (shs)	Units	Unit price(shs)
July1	100	800	-	-
July 5	120	700	-	-
July 12	-	-	100	1520
July 18	30	720	-	-
July 22	-	-	20	1300
Total	250		120	

Required: prepare stock valuation card using FIFO method and show the gross profit. (14Marks)

QUESTION THREE:

- a) Explain the term joint ventures and discuss the main advantages of joint ventures. (6 Marks)
- b) Ogiek PLC has an authorised capital of 2,600,000 ordinary shares of £1.00 per share, of which 2,000,000 have been issued at par and are fully paid. In order to finance an expansion programme Ogiek PLC issued the remainder of its share capital at a price of £2.00 per share payable.

	Per Share Shs.
On Application	0.25
Allotment (including premium)	1.25
1 st Call	0.30
Final Call	0.20
	2.00

Applications were received for 900,000 shares. Of these 200,000 were rejected and the money repaid to the applicants; the remainder were allotted pro rata on a 6 for 7 basis and the surplus application money was carried forward to allotment account.

The calls were duly made and the sums received except that a holder of 2,000 shares paid the final call money along with the 1st call and a holder of 4,000 shares failed to pay either call.

After the formalities had been concluded, these shares were declared forfeit but were subsequently reissued to another applicant on payment of £0.75 per share.

Required;

Post the above transactions into the journal of Ogiek PLC, journalizing cash transactions as well. Narratives are not required. (14 Marks)

QUESTION FOUR:

- a) Explain the following accounting concepts
 - i. Going concern concept
 - ii. Dual aspect concept
 - iii. Accounting period concept (6 Marks)
- b) Mwenzangu has the following assets and liabilities as on 31st April 2018.

Creditors.	sh.15, 800
Equipments	sh.46, 000
Stock	sh.24, 600
Debtors.	sh.23080
Cash at bank	sh.29120
Cash in hand	sh.160
Motor vehicle	sh.25160

During the first week of May 2018 mwenzangu.

- a) Bought extra equipment on credit for sh.5520
- b) Bought extra stock by cheque sh.2280
- c) Paid creditors by cheque sh.3160
- d) Debtors paid sh.3360 by cheque and sh.240 by cash.
- e) Mwenzangu put extra sh. 1000 cash as capital.

Required:

- i) Determine the capital as at 1st may 2018. (7 Marks)
- ii) Draw up a balance sheet after the above transactions have been completed. (7 Marks)

QUESTION FIVE:

- a) Explain the characteristics of bills of exchange. (6 Marks)
- b) From the information given below, prepare a ‘‘crop Account’’ to determine the profit from crop production: (14 Marks)

	Sh.
Opening stocks:	
Maize	50,000
Seeds	5,000
Fertilizers	10,000
Purchases:	
Seeds	9,000
Fertilizers	12,000
Wages:	
Paid in cash	40,000
Paid in kind by giving maize	32,000
Sale of maize	250,000
Maize consumed by the farmer	13,000
Depreciation on farm machinery	15,000
Closing stock:	
Maize	35,000
Seeds	6,000
Fertilizers	8,000