



KIBABII UNIVERSITY COLLEGE

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UNIVERSITY EXAMINATIONS

2012 /2013 ACADEMIC YEAR

**FOR THE DIPLOMA OF
BUSINESS MANAGEMENT**

COURSE CODE: DAB 101

COURSE TITLE: FIANCIAL ACCOUNTING

DATE: 23rd August 2013

TIME: 9.00am – 12 noon

Instructions to Candidates

- Show all your workings
- Answer all questions

QUESTION ONE

Millicons construction company ltd won the contract for the construction of Multi store building at a cost of shs 200million. The data relating to the contract for the year ended 31 December 2012 were as under:-

	Kshs '000'
Material issue to the site	80,000
Materials purchase locally	15,700
Direct wages: Paid	5,800
Accrued	3,500
Plant purchase and installed	18,800
Direct expenditure: paid	17800
Accrued	70
Establishment charges	180
Materials return to store	850
Work certified	150,000
Cost of work not certified	3,800
Material on site on December 31	5,330
Value of plant on December 31	41,500

The Company had received from the client payments amounting to shs 126,000,000.

Required prepare:

- a) Contract account (15 marks)
- b) Contractee account (5 marks)

QUESTION TWO

The following trial balance is extracted from the books of Umeme ltd as from 31.12.12

	Dr.	Cr.
10% Preference share capital		20,000
Ordinary share capital		70,000
Goodwill	15,000	
Building	95,000	
Equipment	8,000	
Motor vehicle	17,200	
Provision for depreciation on equipment		2,400
Provision for depreciation on motor vehicles		5,160
Stock	22,690	
Sales		98,200
Carriage inwards	1,620	
Salaries and wages	9,240	
Directors remuneration		6,300
Motor expenses	8,120	
Rates and insurance	2,930	
General expenses	560	
Debenture interest	1,500	
Debtors	18,610	
10% debentures		30,000
Creditors		11,370
Bank	8,390	
General services		5,000

Share premium		14,000
Interim ordinary dividend	4,000	
Profit and loss account C/F	<u> </u>	<u>16,940</u>
	<u>273,070</u>	<u>273,070</u>

Additional information

- Stock as at 31st December 2012 is shs 27,220
- Depreciation motor vehicle by shs 3,000, equipment shs 1200, accrued debenture interest shs 1500
- Provide for preference dividend 2000 and final ordinary dividend 10%
- Transfer shs 2000 to general reserves
- Write off goodwill shs 3000
- Authorize share capital is shs 20,000 in ordinary shares
- Provide for corporation tax 5000

Required

- Income Statement and appropriation for year ended 31st December 2012 (15 marks)
- The statement of financial position at 31st December 2012 (15 marks)

QUESTION THREE

Griffins and Zacharia are in partnership sharing the balance of profits and losses in the proportion 3:2 respectively. The following is the trial balance as at 30th September 2010.

Griffins and Zacharia		
Trial Balance as at 30th September 2010		
	Shs	shs
Printing and stationery and postage	3,500	
Sales		322,100
Inventory (1 October 2009)	23,000	
Purchases	208,200	

Rent and rates	10,300	
Heat and light	8,700	
Staff salaries	36,100	
Telephone charges	2,900	
Motor vehicle running expenses	5,620	
Discount allowable	950	
Discount receivable		370
Sales	2,100	
Purchases returns		6,100
Carriage inwards	1700	
Carriage outwards	2400	
Fixtures and fittings at cost	26000	
Provision for depreciation		11200
Motor vehicle at cost	46000	
Provision for depreciation		25000
Provision for doubtful debts		300
Drawings		
Griffins	24000	
Zacharia	11000	
Capital Accounts Griffins		3600
Zacharia		2400
Capital Accounts Griffins		33000
Zacharia		17000
Debtors	9300	

Creditors		8400
Balance at bank	7700	_____
	<u>429,470</u>	<u>429,470</u>

Additional information

1. Shs 10,000 is to be transferred from Griffins capital account at a newly opened Griffins Loan account on 1ST July 2012.
2. Interest at 10% pa on the loan is to be credited to Graffins
3. Store is to be credited with a salary at the ratre of shs 12,000 pa from 1st April 2010
4. Inventory in hand at 30th September 2012 has valued at cost at shs 32000
5. Telephone charges accrued due at 30th September 2012 amounted to shs 400 and rent of shs 600 prepaid at that date
6. During the year ended 30 September 2012 Zacharia has taken goods costing shs 1000 for his own use.
7. Depreciation is to be provided at the following annual rates on the straight line basis:
 - a. Fixtures and fittings 10%
 - b. Motor vehicles 20%

Required

Prepare an income and appropriation statement and a statement of the financial for year ended 30th September 2012 (21 marks)

- (i) Distinctions between partnership and limited companies (9marks)