



KIBABII UNIVERSITY COLLEGE

(A Constituent College of Masinde Muliro University of Science Technology)

P.O. Box 1699-50200 Bungoma, Kenya

Tel. 020-2028660/0708-085934/0734-831729

E-mail: enquiries@kibabiiuniversity.ac.ke

UNIVERSITY REGULAR EXAMINATIONS

2013/2014 ACADEMIC YEAR

SECOND YEAR FIRST SEMESTAR

(MAIN CAMPUS)

FOR THE DEGREE OF BACHELOR OF COMMERCE

COURSE CODE: BCA 103

COURSE TITLE: FINANCIAL ACCOUNTING II

DATE: APRIL 2014

TIME:

Instructions to Candidates

- Answer Question ONE (Compulsory) and any other THREE Questions
- Be neat and orderly

QUESTION ONE.

- i) X Y and Z are partners in a firm. The Capital accounts as on 1.1.2013 were sh. 10,000.00 sh. 5,000.00 and sh. 3,000.00 respectively. They are sharing profit and losses equally. Interest on Capital is allowed at 12% p.a. On 1.7.2013 the partners decided that their capital should be sh. 5,000.00 each. The necessary adjustment in capital is to be made. Profit for the year ended on 31/12/2003 amounted to sh. 5,000.00 You are required to prepare a profit and loss appropriation account showing the distribution of profit among partners. (6mks)
- ii) Distinguish between private and public limited company. (8mks)
- iii) The net profit after making a provision of Ksh. 330,000.00 from income tax of totalled for the year ended 31/3/2007 amounts to 300,000.00. This figure of the net profit has been arrived at after taking into account the following items.

	Shs.
Depreciation of fixed assets	65,000.00
Preliminary expenses written off	7,000.00
Bad debts	1,000.00
Loss on sale of furniture	1,500.00
Profit on sale of long term investment	5,000.00

Required.

- Calculate funds from operations. (6mks)
- iv) Explain the uses of cash flow statement. (5mks)

QUESTION TWO

The balance sheet of Kenet, a sole trader, for 2 successive years is as shown below. You are required to draw up a cash flow statement for the year ended 31/12/2013. (5mks)

Balance sheet at 31/12/2013	Shs. '000'	Shs. '000'
Fixed assets		
Land and premises (cost 3000)	2,600	2,340
Plant and Machinery (cost 20,000 cost 3,000)	1,500	2,300
Current assets	4,100	4,640
Stocks	660	630
Trade debtors	1,780	1,260

Bank		710
Current liabilities		840
Trade creditors	1,200	
Bank Over draft	640	
	1,840	840
	600	1,760
Loan (repayable Dec. 20 x 9)		(1,000)
	4,700	6,400
Represented by		
Capital account		
Balance at 1 st Jan	4,200	4,700
Add Net profit for the tear	1,800	2,200
	6,000	1,500
Less: drawings	1,300	1,500
	4,700	5,400

QUESTION THREE

- The preparation of the cash book and control accounts will enable one to estimate any cash sales credit sales or cash purchases or credit purchases. Highlight steps used in preparing the final accounts. (10mks)
- Outline and explain any 3 types of capital reserves. (5mks)

QUESTION FOUR

The following are the balances of Metta Company Limited as on 31/03/2007

	Debit Shs.		Credit Shs.
Premises	3,072,000	Share Capital	4,000,000
Plant	3,300,000	12% debentures	3,000,000
Stock	750,000	P & L a/c	262,500
Debtors	870,000	Bills payable	370,000
Goodwill	250,000	Creditors	400,000
Cash at bank	406,500	Sales	4,150,000
Called in arrears	75,000	General reserve	250,000
Interim dividend paid	392,500	Bad debt provision on	
		1/4/2006	35,000
Purchases	1,850,000		
Preliminary expenses	50,000		
Wages	979,800		
General expenses	68,380		
Salaries	202,250		
Bad debts	21,100		
Debentures interest Paid	180,000		
	12,467,500		12,467,500

Information

- a) Depreciate plant by 15%
- b) Write off 5000 from preliminary expenses.
- c) Half year's debenture interest due.
- d) Credit 5% provision on debtors for doubtful debts
- e) Provide for income tax @ 50%.
- f) Stock on 31/3/2007 was 950,000
- g) A claim of shs. 25,000 for workmen's compensation is being disputed by the company.

Required

Prepare final accounts of the company.

(15mks)

QUESTION FIVE

Draw up a profit and loss appropriation account for the year ended 31/12/2007

- i) Net profits sh. 30,350
- ii) Interest to be charged on capitals A Sh. 2,000 B Sh. 1,500 C Sh. 900.
- iii) Interest to be charged on drawings A shs. 240 B shs. 180 C. Shs. 130.
- iv) Salaries to be credited B sh. 2000 Cshs. 3500.
- v) Profit to be shared A 50% B 30% C 20%
- vi) Current accounts: balances b/f A shs. 1,860 B sh. 946 C sh. 717.
- vii) Capital accounts: balance b/f A sh. 40,000 B sh.30,000 C sh. 18,000.
- viii) Drawings A sh. 9200 B sh. 7100 C sh. 6900

i) Draw up a current account

