



Kasarani Campus
Off Thika Road
Tel. 2042692 / 3
P. O. Box 49274, 00100
NAIROBI
Westlands Campus
Pamstech House
Woodvale Grove
Tel. 4442212
Fax: 4444175

KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY
UNIVERSITY EXAMINATION, 2022/2023 ACADEMIC YEAR
SECOND YEAR, SECOND SEMESTER EXAMINATION
FOR THE DEGREE OF BACHELOR OF SCIENCE
(BUSINESS ADMINISTRATION)

Date: 12th April, 2022
Time: 11.30am – 1.30pm

KAC 201 - INTERMEDIATE ACCOUNTING 11

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

QUESTION ONE (30 MARKS)

- a) Differentiate between;
- i) A partnership and a joint venture. (3 Marks)
 - ii) Hire purchase and leasing. (4 Marks)
 - iii) A short working and rock rent. (3 Marks)
 - iv) Centralised and localised procurement system. (4 Marks)
 - v) A scrip dividend, a rights issue and a stock split. (6 marks)
- b) Anyole Ltd, a manufacturing company has provided the following information for the year ended 31st December 2009.

	1 st January 2009 "000"	31 st December 2009 "000"
Stocks		
Raw material	40,000	35,000
Work in progress	12,000	17,000
Finished Goods	20,000	23,000
Results for the year	Shs.000	
Purchases of raw material	250,000	
Factory Wages	80,000	
Supervisors wages	30,000	
Factory rent	10,000	
Sundry Factory Expenses	15,000	
Power	5,000	
Required		
i) Prime cost		(5 marks)
ii) Production Cost		(5 marks)

QUESTION TWO (20 MARKS)

Yang Yu Ltd was awarded a contract to tarmac a road from Mwihoko to Ruai on 1/7/2018 and was to be completed by the end of 2019. The following information was extracted from the accounting records of the company as at 30/06/2019.

	Sh.
Materials – issued from store	5,500,000
– by a supplier to the site	14,200,000
Labour	10,100,000
Sub-contracting fee	4,501,000
Plant and machinery bought on 1/7/2018	6,000,000
Tools & consumables	126,000
Head office expense – apportioned	1,184,000

On 30/6/2014 materials at site were valued at sh. 2,100,300. On the same day outstanding wages were sh. 350,000 and subcontract work sh. 25,000. The company received sh. 36,000,000 from the contractee which represents work certified as at 30/6/2019 after deducting 15% retention money. It is estimated that work costing sh.360, 000 is not covered by the certificate. The plant and machinery specifically purchased for the project is to be depreciated at 20% straight line with no residual value. The company only takes 2/3 of the profits on the work certified to its revenue account.

Required;

Prepare all the relevant accounts as maintained by Yang Yu.

(20 marks)

QUESTION THREE (20 MARKS)

Kahawa Chumvi Ltd has an authorized nominal capital of Shs1, 000,000 divided into 100,000 ordinary shares of Shs20 each. The whole capital was issued on the following terms;

On application	4.75
On allotment	8.50 including premium
First call	4.50
Second call	5.75

Applications were received for 150,000 shares and it was decided to allot the shares on the basis of two for every three applied for. The balance of application monies was to be applied to the allotment. Applicants paid for the balance of the allotment monies as expected. Other calls were made and paid for in full with the exception of a member who failed to pay for the first and the second call on the 1000 shares allotted to him. A resolution was made by the directors to forfeit the shares. The shares were later issued to another person at Shs18 per share fully paid.

Required.

Post the relevant accounts in the books of Kahawa Chumvi.

QUESTION FOUR (20 MARKS)

Kaimosi Retail Traders sold a music system to Kariach on 1st July 2017 on hire purchase under the following terms.

- Hire purchase price Shs400,000
- Cash price Shs352,000
- Deposit Shs80,000
- Balance to be settled at the rate of Shs20, 000 per month for 16 months payable on the last day of the month.

Kariach defaulted from 31st May 2018. The company henceforth went ahead and reprocessed the radio system. The system was revalued at Shs130, 000.

Required:

Post all the relevant accounts in the company's books to record the above transactions.

(20 marks)

QUESTION FIVE (20 MARKS)

B Tops Ltd owned a patent right for a bottle top. It granted Africa Tops a license for five years to manufacture and sell the bottle tops in Africa on the following terms.

Africa Tops Ltd to pay a royalty of Ksh1 (one shilling) for every bottle top sold with a minimum royalty of Kshs100000 per annum. If for any year the royalties fall below 100000 the licensee may set off the deficiency against royalties in the next two years.

The number of bottle tops sold were;

2001 60000

2002 80000

2003 120000

2004 140000

2005 170000

Required;

- | | | |
|------|------------------------|-----------|
| i) | the bank account | (6 marks) |
| ii) | short-workings account | (4 marks) |
| iii) | royalty account | (4 marks) |
| iv) | landlord account | (6 marks) |