



**MASINDE MULIRO UNIVERSITY OF  
SCIENCE AND TECHNOLOGY  
(MMUST)**

**UNIVERSITY EXAMINATIONS  
2021/2022 ACADEMIC YEAR**

**THIRD YEAR SPECIAL / SUPPLEMENTARY EXAMINATIONS**

**FOR THE DEGREE  
OF  
BACHELOR OF COMMERCE/  
BACHELOR OF SCIENCE (ACCOUNTING)**

**COURSE CODE: BCA 302**

**COURSE TITLE: SPECIALIZED ACCOUNTS**

**DATE: THURSDAY, 28<sup>TH</sup> JULY 2022**

**TIME: 11-1PM**

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**INSTRUCTIONS TO CANDIDATES**

Answer Question ONE and any other TWO questions

TIME: 2 Hours

MMUST observes ZERO tolerance to examination cheating

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Rent and rates	60,000	
Printing and stationery	35,000	
Postage and telephone	18,200	
Costs charged to clients		250,000
Work in progress on 1 April 2020	36,800	
Clients: for the moneys held on their behalf		24,800
Creditors		27,200
Debtors	78,000	
Sundry office expenses	8,500	
Furniture, fittings and library books	45,000	
Cash at bank:		
Clients' account	24,800	
Office account	<u>55,700</u>	
	<u>506,000</u>	<u>506,000</u>

**Additional information:**

- The uncompleted work on 31 March 2021 was valued at Sh.23,500.
- It is estimated that debts amounting to Sh.5,500 are uncollectible and should be written off.
- Depreciation should be provided at 20% per annum on the book value of the furniture, fittings and library books.

**Required:**

- Profit and loss account for the year ended 31 March 2021. (10 marks)
- Statement of Financial Position as at 31 March 2021 (10 marks)

**(Total: 20 marks)****QUESTION THREE**

The following trial balance has been extracted from the books of Lolwe Insurance Company Ltd as at 31 March 2021

	Sh. '000'	Sh. '000'
Net premium written: Fire		53,816
Motor		107,691
Unearned premiums as at 1 April 2020: Fire		36,018
Motor		72,037
Net commissions paid: Fire	1,733	
Motor	3,469	
Net claims paid: Fire	27,892	
Motor	55,781	
Net claims outstanding as at 1 April 2020: Fire		36,018
Motor		72,037
Management expenses to be charged to revenue account	77,554	
Management expenses not to be charged to revenue account	10,000	
Bad and doubtful debts	2,500	
Treasury bills	99,550	
Treasury bonds	5,693	
Motor vehicle (Net book value)	500	
Deposits in banks	237,050	
Equipment (Net book value)	7,207	
Bank overdraft		8,000
Amounts due to other insurance companies		2,000
Amounts due from other insurance companies	3,470	
Share capital		60,000
Investment income		36,000

Cash in hand	1,300	
Manager's salary	300	
General farm labour wages	<u>250</u>	
	<u>23,500</u>	<u>23,500</u>

**Additional information**

- The entire crop insurance was taken with effect from 1 January 2020 to provide an annual risk cover against crop losses due to climatic risks such as floods, drought and plant diseases.
- Manager's salary and staff meals are charged to the livestock and crop activities in the ratio of 1:4 respectively.
- Depreciation on tools and implements is to be apportioned equally between the crop and livestock activities. The book value of tools and implements as at 31 December 2020 was Sh. 100,000.
- Provisions for doubtful debts is to be maintained at 8% of the year end debtors and bad debts of Sh. 25,000 are to be written off.
- Farm machinery is to be depreciated at the rate of 20% per annum on cost.
- Crops consumed by some of the farm labourers during the year ended 31 December 2020 were valued at Sh. 50,000.
- During the year ended 31 December 2020, Mwakumanya's family members provided general farm labour valued at Sh. 100,000 the family also consumed crops valued at Sh. 160,000.
- The loan from Farmers' bank Ltd. was obtained on 1 January 2020 and was to be repaid in full by the end of the fifth year. Interest was to be paid semi-annually on 30 June and 31 December at the rate of 15% per annum. The entire loan was used on crop activities.
- Assume there were no transfers of inputs between the main activities of crop farming and livestock farming.
- Stocks as at 31 December 2020 were as follows.

	Shs. "000"
Growing crops	170
Wheat, seeds and fertilizers	300
Livestock	2,000
Livestock feeds	50

**Required:**

- Crop account for the year ended 31 December 2020 (5 marks)
- Livestock account for the year ended 31 December 2020 (5 marks)
- General profit and loss account for the year ended 31 December 2020. (5 marks)
- Statement of Financial Position as at 31 December 2020. (5 marks)

**(Total: 20 marks)**