



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

MAIN, WEBUYE & BUNGOMA, CAMPUS

**UNIVERSITY EXAMINATIONS
2022/2023 ACADEMIC YEAR**

FIRST YEAR SEMESTER TWO EXAMINATIONS

**FOR THE DEGREE
OF
BACHELOR OF COMMERCE**

COURSE CODE: BCA 103

COURSE TITLE: FINANCIAL ACCOUNTING 11

DATE: Tuesday 18th April 2023

TIME: 12.00-2.00 pm

INSTRUCTIONS TO CANDIDATES

Answer QUESTION ONE and ANY TWO (2) questions

TIME: 2 Hours

MMUST observes ZERO tolerance to examination cheating

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4

BCA 103: FINANCIAL ACCOUNTING 11

QUESTION ONE (30 MARKS)

(a) Explain any 5 uses of a Cashflow statement

(5 Marks)

(b) Discuss any Six contents of a partnership deed

(6 Marks)

c) The following is the statement of financial position of Maji Safi enterprises as at 31st December 2016 and 31 December, 2017.

	31/12/2016		31/12/2017	
<i>Fixed Assets</i>				
Premises at cost	25,000		28,800	
<i>Current assets</i>				
Stock	12,500		12,850	
Debtors	21,650		23,140	
Cash & Bank	<u>4,300</u>		<u>5,620</u>	
	38,450		41,610	
<i>Less: Current Liabilities</i>				
Creditors	<u>(11,350)</u>	<u>27,100</u>	<u>(11,120)</u>	<u>30,490</u>
		<u>52,100</u>		<u>59,290</u>
Financed by:				
Capital				
Bal b/f		52,660		52,100
Net profit		<u>16,550</u>		<u>25,440</u>
		69,210		77,540
Less Drawings		<u>(17,110)</u>		<u>(18,250)</u>
		<u>52,100</u>		<u>59,290</u>

Required:

Prepare a cash flow statement for Maji Safi Enterprises using the direct method. (10 Marks)

(d) A sole trader's capital position is as follows:

31 December

	2019 Ksh 000	2020 Ksh 000
Motor vehicle:		
Cost	7,500	7,500
Depreciation	<u>(3,000)</u>	<u>(4,500)</u>
	4,500	3,000
Inventory	2,960	3,450
Trade receivables	1,150	2,060
Bank	925	2,125
Cash	<u>263</u>	<u>54</u>
	9,798	10,689
Trade Payables	<u>2,860</u>	<u>3,340</u>
Net assets	<u>6,938</u>	<u>7,349</u>

He has estimated his drawings for 2020 was at Sh 12, 500, 000. Estimate his net profit for the year

(9 Marks)

QUESTION TWO

b. The trial balance for Kanene and Munene partnership for the year ended 31st March 2022 was as follows;

Sh

sh

Rates & Insurance	5270	
Sundry expense	4680	
Loan from Jifanikishe bank		45000
Salaries & wages	37540	
Building (at cost)	99001	
Accounts receivable	21960	
P&L (1 April 2021)		10001
Capital a/c: Kanene		90000
Munene		54000
Provision for depreciation (1 April 2021); Plant & Machinery		14760
Furniture		3240
Motor vehicles		8730
Account payable		40230
Capital reserve	23000	
Motor vehicle (at cost)	23000	
Furniture (at cost)	7200	
Bank overdraft		8370
Gross profit		54230
Plant & machinery (at cost)	40000	
Stock 31 st march 2022		30900
Current a/c: Kanene		16290
Munene	10440	
Drawings: Kanene	16560	
Munene	10800	
Electricity expense	7100	
Short term bank deposit	36000	
Advertising expense	9360	
Cash	180	
Provision for bad debts(1 April 2021)		<u>300</u>
	<u>359 991</u>	<u>359 991</u>

Additional information

1. Accounts receivable include Debt declared bad sh 360.
2. Advertising expense of sh 600 was prepaid on 31st March 2022
3. Provision for bad debts is to be maintained at 5% of accounts receivable
4. Outstanding electricity expense as at 31st March 2022 was sh 4800
5. Kanene had withdrawn a monthly salary of sh 450 and this amount was included in Salaries and wages expense
6. Loan was acquired on 1st Oct 2021 and attracts interest at 20% p.a
7. Interest on capital account balance is 12% Pa
8. Profit and loss sharing ratio is 2:1 respectively
9. Depreciation is to be provided as follows; Plant & Machinery: 10% on reducing balance basis; Furniture at 15 % on reducing balance basis and Motor vehicles at 25% on straight line basis

REQUIRED: A trading, profit and loss and appropriation account
A balance sheet as that date

(20 Marks)

QUESTION THREE (20 MARKS)

- A. Highlight some of the points of distinction between double entry system and single entry system of accounting. (4 Marks)
- B. Keyla is a sole trader in Kakamega town and does not follow double entry system of book keeping. The following is a summary of her bank account for the year ended 31 Dec, 2020.

Bal b/f 1/1/2020	405	Payment to creditors for goods	29,487
Receipts from debtors	37,936	Rent	1,650
Bal c/d 31/12/2020	602	Rates	890
		Sundry expenses	375
		Drawings	<u>6,541</u>
	<u>38,943</u>		<u>38,943</u>

All the cash sales have been paid into the bank with the exception of 9,630. Out of this, she has paid wages of 5,472, made drawings of 1,164 and purchased goods worth 2,994.

The following additional information is also available:

	31/12/2019	31/12/2020
Stock	13,862	15,144
Creditors for goods	5,624	7,389
Debtors for goods	9,031	8,624
Rates prepaid	210	225
Rent unpaid	150	-
Fixtures at valuation	2,500	2,250

Required: Prepare

- Sales Ledger and purchases ledger control accounts. (6 Marks)
- An income statement for the period ended 31st December, 2020. (6 Marks)
- A statement of financial position as at the same date. (4 Marks)

QUESTION FOUR (20 MARKS)

(a) Describe the expenses that form production costs of a manufacturing entity and give examples of each. (6 Marks)

(b) The accounts records of Debris Limited a manufacturing Company as on 31st December 2022 were as follows; Sh '000'

Fuel and power (Factory)	900
Direct expenses (Factory)	10,800
Lubricants (Factory)	2,100
Sales	97,920
Carriage inwards of raw materials	1,500
Stocks; 1 st January 2022	
Raw materials	3,000
Work in Progress	2,100
Finished goods	900
31 st December 2022	
Raw materials	4,500
Work in Progress	2,700
Finished goods	1,200
Wages; Direct	12,000
Indirect	18,000
Purchase of raw materials	30,000
Rent of factory	1,200
Depreciation of factory plant	900
General factory expenses	1,500
Insurance of factory building & plant	1,800
Carriage outward	300
Lighting (Administration)	150
Bank charges	90

Discounts allowed	120
General expenses(Administration)	600
Office rent	300
Insurance (Administration)	600
Salesmen commission	180
Salesmen Salaries	300

Additional Information

Finished goods are transferred from factory at cost plus a Mark-up of 5%.

Required;

Draw the Company's manufacturing, trading, profit and loss account account.

(14 Marks)

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- ii. An income statement for the period ended 31st December, 2020. (6 Marks)
- iii. A statement of financial position as at the same date. (4 Marks)

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