



**MASINDE MULIRO UNIVERSITY OF SCIENCE AND  
TECHNOLOGY**

**(MMUST)**

**MAIN/WEBUYE CAMPUS**

**UNIVERSITY EXAMINATIONS  
2022/2023 ACADEMIC YEAR**

**MAIN EXAMINATIONS  
FOURTH YEAR SECOND SEMESTER**

**FOR THE DEGREE  
OF  
BACHELOR OF COMMERCE**

**COURSE CODE: BCA : 423**

**COURSE TITLE: TRUST AND EXECUTORSHIPS ACCOUNTS**

**DATE: Friday 21<sup>st</sup> April 2023      TIME : 12.00-2.00 pm**

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**INSTRUCTIONS TO CANDIDATES**

1. Answer QUESTION ONE COMPULSORY AND ANY OTHER TWO

TIME: 2 HOUR

MMUST observes ZERO tolerance to examination cheating

This Paper Consists of 4 Printed Pages. Please Turn Over.

### **QUESTION ONE ( 30 MARKS)**

- a) With reference to the provisions of the law of succession:
- i) Define a will; (2 marks)
- ii) Give four short explanation of failure of legacies. (4 marks)
- b) Briefly explain the meaning of the following terms as used in the law of succession. (2 mark) Donatio mortis causa , Partial interstacy
- c) Kifo died on 12 March 2022, and by his will made in 2021, bequeathed the following
1. To Linda, my daughter, Sh. 100,000.
  2. To Elisha , my son, my house in Thome.
  3. To Lita, my wife, Sh. 500,000 on condition that she does not marry again

The executor has established that:

- ✓ Kifo gave Linda Sh. 60,000 in 2022 to enable her open a salon.
- ✓ The contract for the purchase of the house in Thome was completed in June 2022
- ✓ Lita is engaged to Kisongo and their wedding is scheduled for 31 December 2023

#### **Required:**

Explain how the executor should deal with each bequest. (5 marks)

- d) Explain the following concepts as used in Trust and Executorship Accounting:- (2 marks each)

I.Maintenance

II.Advancement

III.Breach of Trust

IV.Liabilities of a Trustee

- e) Onyango died intestate, leaving his two wives Atieno and Akinyi whom he married under a system of law which permits polygamy. Anyango, his second wife had predeceased him leaving two children, Suswa and Supra who are still alive. Atieno has three surviving children: Pamela and Obama while Akinyi has no children

Onyango's estate consists of:

1. Personal effects Sh. 400,000.
2. Household effects Sh. 1,000,000.
3. Motor vehicle Sh. 500,000.
4. Residue Sh. 3,000,000.

#### **Required:**

A statement showing how Onyango's estate will be distributed. (7 marks)

### **QUESTION TWO (20 MARKS)**

- a) Tantu died on 31 October 2022 and was survived only by Mwanda his grandson, the son of his son Maga.  
By his will, which barred equitable apportionment and was silent on the date of payment of legacies, he left his estate as follows:\

To my cousin Mwamba my beach plot;  
 To my friend Nyambaya my car;  
 To my nephew Pamba my boat;  
 To each of my two sons £10,000;  
 To my brother-in-law £2,000;  
 To my housekeeper Awa if still in my employment £20,000;  
 To the pastor of my church, Charles £5,000;  
 To my local church £5,000 to buy a piano in memory of my deceased mother;  
 To my shamba-boy, Akida, if still in my employment £2,000;  
 To each of my neighbours Nyawawa, Weru and Langat £1,000;  
 To the water games club, my outboard engine and to my grandson Mwanda the residue absolutely.

On 30 April 2023, the Executors, having paid all the liabilities of the estate and the expenses of administration, were ready to assent to the legacies. The property in their possession and its value at that date was: £

Car, Fiat	9,000
Car, Toyota	5,000
Boat	2,500
Furniture, Jewellery etc.	9,500
Farm	4,000
Beach plot	1,200
£150,000 6% Government stock	120,000
Balance at bank	68,800

You further obtain the following additional information:

- i) Pamba died on 30 March 2022.
- ii) Tantu had two brothers-in-law surviving at 31 October 2022.
- iii) Awa was still employed at 31 October 2022
- iv) During his lifetime, Tantu had provided his local church with a piano in memory of his late mother.
- v) Akida retired on 31 October 2020.
- vi) Nyawawa and Langat both predeceased Tantu.
- vii) The farm had been purchased by Tantu with proceeds of the sale of the outboard engine.

**Required:**

Prepare a schedule showing the distribution of the estate and give your reasons should you decide that the executors should not assent to any of the legacies. Ignore taxation (14 marks)

b)

- i) What is the rule of lapse? (3 marks)
- ii) Explain what is meant by abatement. (3 marks)

**QUESTION THREE (20 MARKS)**

Mr. Kwach died on 1st February 2021, leaving the following estate

	KSH.
Balance at Bank	496,500

Personal paintings	360,000
Freehold Building	2,400,000
7,000 ordinary shares of Sh.10 each in NMG Ltd	1,000,000
3,000 ordinary shares of Sh.10 each in CMC Ltd	300,000
Family Bank Fixed Deposit	504,200
Interest Accrued to date	3,900
10% Treasury bond	4,200,000
Debts and Funeral expenses	(104,600)
	9,160,000

Extracts from Mr. Kwach's will provide for the following legacies:

1. To his wife, Jacinta the freehold building, personal paintings, the ordinary shares in both NMG and CMC Ltd ,the sum of Shs. 1,500,000, any income arising during administration of the estate and the residue of the estate
2. To his daughter Sarah, his land at Smallville and the sum of Shs.2,160,000
3. To his sons Steven, Gerald and Cesc the sum of Shs. 1,200,000 each
4. To his sister Carol the sum of Shs.1,000,00
5. To his friend Carlos the sum of Shs.240,000 6. To his brother Donald his holding of Shs. 500,000 treasury bond

Mr.Kwach's executors ascertained the following:-

- ✓ The land at Smallville was sold for Shs. 1,500,000 in 2006 and the Treasury bond encashed in 2020.
- ✓ His sister Carol had died in 2020 and his son Gerald died in 2019 leaving the sons Johnstone and Policarp. All beneficiaries are of full age.

The following transactions took place during the three months period ended 30th April 2022.

28th February Received dividends of Shs. 10 per share for the year ended 31 December 2021 on shares in NMG Ltd.

31st March Received proceeds of sale of Treasury Bond of Shs. 4,100,000

30th April Withdrew balance of Shs.515,700 from Family Bank Fixed Deposit a/c including interest to date. Paid debts and funeral expenses Distributed all legacies and completed the administration of the estate.

**Required:**

- a) Distribution Statement showing the administration of the estate (10 marks)
- b) Estate Capital Account (4 marks)
- c) Estate Cash Account for the period ended 30th April 2022 (6 marks)

**QUESTION FOUR (20 MARKS)**

- a) Distinguish between narrower range investment and wider range investment (4 marks)
- b) Enumerate the primary objectives of preparing Trust Accounts (4 marks)
- c) State the main purposes of Executorship accounting.(4 marks)
- d) Describe any three ways a will may be revoked or altered (3 marks)
- e) State and explain the duties of personal representatives ( 5 marks)