



(University of Choice)

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

**MAIN, WEBUYE, BUNGOMA, BUSIA, MUMIAS, NAIROBI AND KAPSABET
CAMPUS**

**UNIVERSITY EXAMINATIONS
2016/2017 ACADEMIC YEAR**

**UNIVERSITY SPECIAL/SUPPLEMENTARY EXAMINATIONS
THIRD YEAR FIRST SEMESTER
FOR THE DEGREE
OF
BACHELOR OF COMMERCE**

**COURSE CODE: BCA 302:
COURSE TITLE: SPECIAL ACCOUNTS**

DATE: Tuesday 26th September, 2017

TIME : 12pm-2pm

INSTRUCTIONS TO CANDIDATES

1. Answer question **one** compulsory and any other **two** questions

TIME: 2 HOUR

MMUST observes ZERO tolerance to examination cheating

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QUESTION ONE (30 Marks)

- (a) Briefly explain five salient characteristics of farm accounting. (10 marks)
(b) The following information is obtained from Onyangoon his farming activities for the year ended 31 March 2016:

	Opening stock	Closing stock
	Shs.	Shs.
Crops	30,000	37,500
Group crops	22,500	33,750
Seeds	15,000	18,750
Cattle	562,500	787,500
Cattle food	75,000	41,250
Poultry	67,500	101,250
Poultry food	7,500	15,000
Fish	15,000	24,000
Fertilizers	37,500	22,500
Purchases during the year:		
Poultry	112,500	
Seeds	11,250	
Cattle	300,000	
Fish	7,500	
Cattle food	105,000	
Fertilizers	26,250	
Poultry food	22,500	
Sales during the year:		
Butter	11,250	
Milk	67,500	
Eggs	97,500	
Crops	157,500	
Flowers	11,250	
Fruits	30,000	
Cattle	270,000	
Poultry	105,000	
Fish	45,000	
Vegetables	37,500	
Expenses during the year:		
Wages	176,250	
Insurance	11,250	
Depreciation	15,000	
Repairs	9,000	
Consumption of farm products by proprietor:		
Butter	3,000	
Milk	18,750	
Eggs	3,750	

Vegetables	4,500
Poultry	1,500
Fish	750
Fruits	2,250

Required:

From the information given above, prepare the following accounts for Onyangofor the year ended 31 March 2016: (20 Marks)

- (i) Crop account; (III) Poultry account
(ii) Fishing account; (IV) Dairy account;

QUESTION 2 (20 MARKS)

The following balances were extracted from the books of Fedha Commercial Bank Ltd. on 30 June 2015.

	Sh.'000'
Government securities	1,172,000
Loans and advances to customers	2,973,200
Cash and balances with Central bank	628,500
Other money market placements	17,300
Property, plant and equipment	504,000
Interest on loans and advances	435,400
Interest on Government securities	238,200
Foreign exchange income	72,000
Fees and commissions income	170,200
Deposits with other banks	115,000
Other fixed assets	32,000
Interest on placement and bank balances	36,000
Non-operating income	17,000
Customers deposits	4,240,000
Deposits and balances due to other banks	215,000
Depreciation expense	42,000
Directors emoluments	12,500
Bad and doubtful debts expense	34,000
Interim dividends paid	25,000
Staff costs	295,000
Interest on customers deposits	115,000
Interest on borrowed funds	35,000
Ordinary share capital	250,000
Auditors remuneration	3,500
Contribution to staff provident fund	14,500
Loss on sale of fixed assets	21,800
General administration expenses	142,500
Reserves	529,000
Legal and professional fees.	20,000

Additional information:

1. Current tax has been estimated at Sh.120,000,000
2. Final dividends have been proposed at 10%.

3. Accrued interest expense on customers' deposits at 30 June 2001 was Sh.30,000,000.
4. Unrecorded interest income on loans and advances to customers was Sh.150,000,000 at 30 June 2015.

Required:

- (a) Profit and loss account for the year ended 30 June 2015. (14 marks)
- (b) Balance sheet as at 30 June 2015. (6 marks)

NB: The financial statements are to be prepared in accordance with IAS 30.

QUESTION THREE (20 Marks)

The following balances were extracted from the books of Exotic Marine Insurance Company Ltd. on 30 April 2016.

	Sh.
Premium less re-insurance	14,791,500
Commission on direct business	660,000
Commission on re-insurance ceded	78,000
Commission on re-insurance accepted	57,000
Depreciation	96,000
Loss on sale of investment	150,000
Claims paid less re-insurance	7,560,000
Claims recovered under re-insurance not adjusted	300,000
Directors remuneration	450,000
Interest and dividends (net) not relating to any fund	412,500
Reserves for unexpired risk on 1 May 2015	11,700,000
Additional reserve on 1 May 2015	1,170,000
Claims outstanding on 1 May 2015	567,000
Claims outstanding on 30 April 2016	687,000
Tax deducted from interest and dividends	120,000
Salaries	960,000
Rent and rates	87,000
Postage and stationery	129,000
Surveyors fees and legal charges for settlement of claims	300,000
Profit and loss appropriation account 1 May 2015	2,925,000

The following additional information is available:

1. Reserves for unexpired risks to be maintained at 100% of the net premium income.
2. Additional reserves of 10% on the said premium is also to be maintained.
3. Provision for taxation to be made for the year Sh. 912,450
4. Investment reserve to be increased by Sh. 225,000.

Required:

- (a) Revenue account for the year ended 30 April 2016. (12 marks)
- (b) The profit and loss account for the year ended 30 April 2016 (8 marks)

QUESTION FOUR (20Marks)

- (a) Explain the following terms as used in investment accounts. (8 marks)

✓ Jobbers, Brokers, Bull market, Bear market

- ✓ Give any **six** causes of fluctuations in prices of stocks on Nairobi securities exchange.
(12 marks)