

CHUKA



UNIVERSITY

**UNIVERSITY EXAMINATIONS
RESIT/SPECIAL EXAMINATION**

**EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF COMMERCE
BCOM 413: SPECIALIZED FINANCIAL ACCOUNTING TECHNIQUES**

STREAMS: BCOM

TIME: 2 HOURS

DAY/DATE: THURSDAY 04/11/2021

8.30 A.M – 10.30 A.M.

INSTRUCTIONS:

- Answer question one and any other two questions only.
- Do NOT write anything in the question paper.

QUESTION ONE

- a) Maralal Coal mine leased its coal mine for 5 years to British-Kenya Mining ltd from 1st January 2016 with a royalty of sh 100 per ton. The minimum rent was agreed to be sh 500,000 per year. The right to recoup the short-working was fixed at 3 years from lease date. The output was as follows:
- | | |
|------|-------------|
| 2016 | 3,000 tones |
| 2017 | 5,000 tones |
| 2018 | 6,000 tones |
| 2019 | 7,000 tones |
| 2020 | 6,000 tones |

Required:

- | | | |
|------|-------------------------|-----------|
| i. | Royalty payable account | (8 marks) |
| ii. | Landlord account | (8 marks) |
| iii. | Short working account | (7 marks) |
- b) In relation to hire-purchase agreement act Cap 507, explain the provisions governing hire purchase agreement in Kenya (7 marks)

QUESTION TWO

Chuka Super stores PLC, is based in Nairobi and has main branch in Chuka and others in Tharaka, Chogoria and Kasarani in Nairobi. It's the company's policy to keep all records in the head office. It also distributes its stocks to branches at the selling price value. The following are the details for the distribution of stocks for Chuka branch during the year ended 31st December 2020.

Particulars	Amount Ksh 000
January 1 st 2020:	
• Stock at branch at selling price	269,620
• Branch debtors	123,850
December 31 st 2020:	
Goods sent to the branch at selling price	466,200
Returns to head office at selling price	8,480
Credit sales at the branch	624,700
Cash sales at the branch	56,940
Allowance off the selling price	5,000
Bard debts written off	2,230
Discount allowed	7,500
Cash received from the debtors	547,600
Closing stocks on 31 st December 2020	40,000

Required: Write the following books of chukka branch at Nairobi headquarters for the year ended 31st December 2020.

- Branch stock account (8 marks)
- Goods sent to the branch (7 marks)
- Total debtors control account (5 marks)

QUESTION THREE

- Mc-Donald Onyango Oyoo acquired a car from Toyota Kenya on hire purchase on 1st January 2020. The details for the purchase are as follows.

Purchase price in cash sh 2,000,000

Hire purchase price sh 2,520,000

Payments: 1st deposit sh 600,000

Instalments be done in 12 monthly instalments of sh 160,000.

Due to high cost of monthly transaction costs the university decided to pay these instalments in quarterly basis

Required: using rule 78 compute the interest to be paid for each of the four quarters to General Motors. (10 marks)

- b) In the same period the Mc- Donald Oyoo purchased the computers on hire purchase from Machani Computers Ltd, as detailed bellow:

Cost price	sh 2,400,000
Hire purchase price	sh2,800,000
Interest charged	10%
Deposits payments	sh 800,000

Three (3) annual instalments for repayments was fixed as sh 666,664 on each instalment

Required: using actuarial method compute the hire purchase interest payable on each instalment period (10 marks)

QUESTION FOUR

Trans-African Interfreight Ltd, sells its products in the returnable containers in which it purchases at a cost of sh 1,800 each and are charged to the customers at sh 2,100 each. If the containers are returned by the customers within a period of two months, the customer is credited with sh 1,900. The following are the particulars for the year ended 31st December 2020.

	Numbers
Containers with customers on 1/1/2020 (all returnable)	5,000
Containers with the firm on 1/1/2020	2,000
Containers purchased during the year	3,000
Containers send to customers during the year	8,000
Containers returned by customers during the year	7,000
Containers sold aa scrap for sh 600	150
Containers with customers on 31 st December 2020 (all returnable)	4,500
Containers sold by the company at purchase price of sh1,800	1,500

Required:

Containers stock account on 31st December 2020 (10 marks)

Cases income statement (trading account) for the year ended 31st December 2020 (10 marks)
