

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

FOURTH YEAR EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF COMMERCE

BCOM 418: ADVANCED SPECIALIZED ACCOUNTING TECHNIQUES

STREAMS:

TIME: 2 HOURS

DAY/DATE : WEDNESDAY 22 /09/ 2021

8.30 AM – 10.30 AM

INSTRUCTIONS TO CANDIDATES:

- Answer Question One and any other Two Questions.
- DO NOT WRITE ANYTHING on the question paper.

QUESTION ONE

The following trial balance was extracted from the Kenya Railways Corporation investment during the year ended 30th June, 2021

Particulars	Dr	Cr
Ordinary shares		1,000,000
6% preference share capital		600,000
7% Debentures		400,000
Lines open to traffic	1,704,000	
Lines in course of construction	10,000	
Lines leased	40,000	
Working stock (engines carriages etc)	260,000	
Lines jointly owned	100,000	
Freehold land	25,000	
Premiums on preference shares		55,000
Cash at hand	10,000	
General stores and inventory	25,000	
Net revenue account		32,000
Traffic account due to the company	20,000	

Required :

- | | |
|---------------------------------------------|------------|
| (i) Revenue and expenditure capital account | [15 Marks] |
| (ii) General Balance sheet | [10 Marks] |
| (iii) Revenue account | [5 Marks] |

QUESTION TWO

Chogoria construction Company undertook a contract for the construction of Nithi bridge. On 1st January 2020, the following balances were revealed from the costing records in the respect of the contract.

Particulars	Sh 000
Material at site	7,500
Plant at site	18,000
Work certified value	180,000
Cost of work uncertified	30,000
Profits reserved	10,500
Cash received 80% of work certified	

During the year 2020, the following expenses were incurred:

particulars	Sh 000
Materials	24,000
Wages paid during the year	32,000
Wages accrued on 1-1-2020	1,500
Material at site	1,050
Certified work value during the year	180,000
Cost of uncertified work	1,100
Wages accrued on 31 st December, 2020	2,100
Administration expenses paid in the year	8,400
Administration expenses accrued on 1-1-2020	300
Contract price	4,000,000

Depreciation on plant is to be provided at 10% p.a. material costing sh.830,000 was found to be unsuitable for construction and was sold for sh.790,000.

Required:

- | | |
|------------------------------------------------------------------------------------|------------|
| a) Nithi bridge contract account for the year ended 31 st December 2020 | [12 Marks] |
| b) Profits to be credited to profit and loss account | [4 Marks] |
| c) Distinguish between national profit and profit in contract accounting | [4 Marks] |

QUESTION THREE

The following trial balance was extracted from the books of Udaipur Farm Fresh plc, farm producing products for the year ended 30th June 2021

DEBIT BALANCE	SH 000	CREDIT BALANCE	SH 000
Stock on 1 st July 2020:		Sundry creditors	2,600
Livestock 15,000		Outstanding expenses	400
Paddy 6,000		Sales for the year:	
Cattle feeds 1,000		Livestock 4,800	
Fertilizers 500		Paddy 42,500	
Seeds <u>500</u>	23,000	Milk <u>25,700</u>	73,000
Purchase during the year:		Capital account	50,300
Livestock 3,000			
Cattle feeds 10,800			
Fertilizers 1,600			
Seeds <u>500</u>	15,900		
Sundry debtors	2,100		
Farm machinery repairs costs	2,200		
Farm machinery	15,000		
Crop expenses	5,400		
Livestock expenses	3,800		
General expenses	3,900		
Cash at hand	1,500		
Cash at bank	8,500		
Land	45,000		
	126,300		126,300

Additional information:

- Closing stocks: livestock sh 10,000,000 Paddy sh 5,000,000, Cattle feeds sh. 60,000 and Fertilizers sh.400,000
- The following were consumed by the company owners from the farm outputs; Milk sh.3,000,000 and Paddy sh.500,000
- Farm machinery is depreciated at 10% p.a

Required:

- Comprehensive income statement of the firm for the year ended 31st June 2021. [12 Marks]
- Statement of financial position as at that date [8 Marks]

QUESTION FOUR

Gatwiri and Moraa entered into a joint venture business in which they agreed to share profits equally from the business of exporting bananas from Kisii to China. During the year ended 30th June 2021 the following information was extracted from their business transactions.

Particulars	Gatwiri (sh 000)	Moraa (sh 000)
Annual purchases	120,000	100,000
Annual expenses	4,000	3,000
Annual sales	600,000	460,000
Other annual expenses	38,000	27,000

Additional information:

- 1) Gatwiri was unable to sale goods worth sh.30,000,000 in which he was to take personally
- 2) 15% of the profit was to be donated to children home
- 3) At the same time it was discovered that Moraa has also unsold stock of sh.10,000,000 that she was also to take.
- 4) There was not opening stock for the year

Required:

Joint venture account with Moraa in the books of Gatwiri	[5 Marks]
Joint venture account with Gatwiri in the books of Moraa	[5 Mark]
Memorandum of Joint venture account	[10 Marks]

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