CHUKA UNIVERSITY

UNIVERSITY EXAMINATIONS

CHUKA, THARAKA, IGEMBE AND EMBU CAMPUSES

EXAMINATION FOR THE AWARD OF DIPLOMA IN PROCUREMENT AND LOGISTICS MANAGEMENT, DIPLOMA IN BUSINESS MANAGEMENT AND DIPLOMA IN ACCOUNTING

DIAC 0112: PRINCIPLES OF ACCOUNTING II

STREAMS: DPLM Y1S2, DIBM Y1S2 & DIAC Y1S2 **TIME: 2 HOURS**

DAY/DATE: TUESDAY 06/08/2019 **11.30 A.M. – 1.30 P.M.**

INSTRUCTIONS:

- **Answer question ONE and any other TWO questions**
- **Do not write on the question paper**

QUESTION ONE

(a) State the content of a partnership deed. (7 marks)

(b) Kamau and Njoroge are in partnership sharing profits and loses in the ratio of 3:2 respectively after crediting their accounts with interest on capital at 10% p.a. and monthly salaries of KLsh. 15,000 and Ksh. 20,000 respectively. Interest on drawings is charged at 5% per annum

The trial balance as at 31/12/2003 after drawing the profit and loss account is as follows:

	DR	CR
	Sh	Sh
Capital account:		500,000
Kamau		400,000
Njoroge		
Current account:		
Kamau		20,000
Njoroge		10,000
Drawings:		
Kamau	225,000	

Njoroge	215,000	
Net profit		800,000
Fixed Assets (cost):		
Land and building	500,000	
Plant and machinery	300,000	
Motor vehicle	200,000	
Accumulated depreciation:		
Land and building		100,000
Plant and machinery		50,000
Motor vehicle		50,000
Debtors	100,000	
Stock	200,000	
cash	290,000	100,000
Creditors		
	2,030,000	2,030,000

Required:

(i) Draw the profit and loss appropriation account for the year ended 31 December 2003. (6 marks)

(ii) Current accounts (8 marks)

(iii) Balance sheet as at 31 December 2005 (9 marks)

QUESTION TWO

The following is a trial balance of Bel Ltd, a manufacturing company as at 30 June 2005.

	Sh.	Sh.
Sales		4, 434,000
Purchases of raw materials	2,190,000	
Carriage outwards	49,000	
Wages and salaries (x)	1,458,000	
Rates and insurance (x)	108,000	
Sundry expenses (x)	365,000	
Stock at 1st July 2004:		
Raw material	414,000	
Finished goods	180,000	
Vehicle expenses (x)	144,000	
Fixed assets at cost:		
Factory premises	1,200,000	
Plant and machinery	300,000	
Motor vehicle (x)	72,000	

Provision for depreciation 1 July 2004:		
Factory premises		168,000
Plant and machinery		108,000
Motor vehicle		30,000
Debtors and creditors	48,000	54,000
Bank overdraft		84,000
Retained profits: 1 July 2004		370,000
Capital		1,280,000
	6,528,000	6,528,000

Additional information:

(i) Stock at 30 June 2005

Raw materials	Ksh. 504,000
Finished goods	Ksh. 222,000

(ii) Provision for depreciation is to be made on a straightline basis as follows:
Factory premises and plant and machinery at 10% per annum and motor vehicle at 25% per annum.

(iii) Salaries and wages include director's remuneration of Ksh. 216,000.

(iv) Expenses related to items marked (x) in the trial balance are to be apportioned to the manufacturing and profit and loss account in the ratio 2: 1 respectively.

Required

(a) Prepare a manufacturing account for the year ended 30 June 2005. (7 marks)
(b) Prepare a trading, profit and loss account for the year ended 30 June 2005. (7 marks)
(c) Prepare a balance sheet as at 30 June 2005. (6 marks)

QUESTION THREE

(a) State any five differences between receipts and payments account and income and expenditure account. (5 marks)

(b) James does not keep proper books of account. You ascertain that his bank payments and receipts during the year ended 31-12-1998 were as follows:

Receipts		Payments	
Balance 1st Jan 1998	572	Purchases	10,007
Cheques for sales	13,179	Expenses	2,950
Cash to Bank	14,005	Drawings	11,250
Bal. 1st Dec 1998	3,751	Delivery van	7,300
	31,507		31,507

From the cash note book, you ascertain the following:

Cash in hand 1st January 1998	Sh. 62
Cash takings	Sh. 16,300
Purchases paid in cash	Sh. 1,850
Expenses paid in cash	Sh. 375
Cash drawings	Sh. 67

You discover that assets and liabilities were as follows:

	1st January 98	31st December 98
Trade debtors	1850	2070
Trade creditors	1250	1420
Stock in hand	2650	2990

Depreciation on van is to be provided at the rate of 10% per annum on cost.

Required:

(i) Trading profit and loss account for the year ended 31 December 1998. (7 marks)

(ii) Balance sheet as at 31 December 1998. (8 marks)

QUESTION FOUR

(a) What is meant by imprest system as used in petty cash book? (2 marks)

(b) Mr. Kimami is the petty cashier for Kolomani Ltd. Petty cash is managed through imprest system with an imprest of Sh. 20,000 per week. The following were petty cash payments for the week ending 30th June 2004.

Date	Voucher No.	Description	Amount (sh)
21/6/04	103	Newspapers	1,000
21/6/04	104	Courier charges	1,500
21/6/04	105	Tea, milk and coffee for office	2,500
22/6/04	106	Mobile phones scratch cards	2,000
22/6/04	107	Printing	1,500
23/6/04	108	Wages for casual cleaners	1,500
23/6/04	109	Motor vehicle fuel	4,500
24/6/04	110	Office stationery	1,300
24/6/04	111	Tax charges	1,000
25/6/04	112	Cleaning materials	1,300
25/6/04	113	Manager's lunch	1,500

Required:

Prepare a petty cash book in columnar form for the week ended 25 June 2004, under the columns of travelling expenses, printing, postage and stationary, telephone and office expenses. (14 marks)

(c) Differentiate between investing activities and financing activities as used in statement of cash flows. (4 marks)
