

CHUKA



UNIVERSITY

## UNIVERSITY EXAMINATIONS

**EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF  
PROCUREMENT AND LOGISTICS MANAGEMENT**

**BPLM 271: INTERMEDIATE ACCOUNTING****STREAMS: BPLM (Y2S1) ODEL****TIME: 2 HOURS****DAY/DATE: MONDAY 14/04/2025****8.30 A.M. – 10.30 A.M.****INSTRUCTIONS**

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

**QUESTION ONE**

- a) Explain the contents of a partnership deed. (6 marks)
- b) Explain four differences between sole proprietorship and partnership (8 marks)
- c) The following information schedule were extracted from the account records of Mapato manufacturing LTD as at 30 August 2023.

Stock as at September 2022- Raw materials	sh 13,550
Work in progress	sh 6,500
Finished goods	sh 12,800
Purchases and expenses for the year at 31 August 2023	
Purchase of raw material	sh 237,650
Indirect material	sh 1,850
Direct wages	sh 53,230
Factory power	sh 4,550
Factory heating and lighting	sh 1,975
Office heating and lighting	sh 930

Printing and stationery	sh 1,264
Postage and telephone	sh 520
Factory salaries	sh 11,500
Office salaries	sh 990
Factory insurances	sh 1,210
Other insurances	sh 450
Depreciation for factory, equipment and building	sh 5,000
Depreciation for office equipment and building	sh 650
Office expenses	sh 1,680
Advertising	sh 850
Sales of manufactured produce to 31 <sup>st</sup> August 2023 was sh 378,150	

**Additional information**

- i. Finished goods during the accounting period were transferred from the factory at a manufacturing price of cost of production plus 10% profit.
- ii. Stock as at 31 August 2023 were: Raw materials 24,000, work in progress 7,987, and finished goods 18,050.
- iii. Prepayments as at 31 August 2023 were : factory insurance 116 and insurance 45
- iv. Accruals at at 31 August 2023 were : office heating and lighting 43 and factory power 350

**Required:**

- i. Manufacturing account for the year ended 31 August 2023 (8 marks)
- ii. Income statement for the year ended 31 August 2023 (8 marks)

**QUESTION TWO**

African, European and Asian are partners operating a business under the name Continents traders. The trial balance for the partnership as at 31<sup>st</sup> December 2024 was as follows:

		Sh.'000'	Sh.'000'
Capital Accounts:	African		3,000
	European		1,500
	Asian		2,500
Current Accounts:	African		90
	European	40	
	Asian	20	
Gross profit			3,086
Trade Receivables and payables		3,740	1,560
Insurance		224	
Staff salaries		960	
Bank Balance		1,330	
Advertising		430	
Inventory		850	
Furniture and fittings (cost)		1,200	
Motor vehicle (cost)		2,300	
Provision for depreciation:			
Furniture and fittings			200
Motor vehicle			460
Drawings:	African	153	
	European	206	
	Asian	179	
Discount allowed and received		80	96
Rent and rates		360	
Cash in hand		420	
		<u>12,492</u>	<u>12,492</u>

**Additional information:**

1. The advertising expense prepaid as at 31<sup>st</sup> December 2024 amounted to Sh.270,000.
2. Staff salaries outstanding as at 31<sup>st</sup> December 2024 were Sh.50,000.
3. The partnership agreement provided the following:
  - (a) Interest on capital balances is allowed at 8% per annum
  - (b) African, European and Asian are entitled to salaries of Sh.180,000, Sh.140,000 and Sh. 160,000 respectively
  - (c) No interest is charged on drawings.
  - (d) Profit and losses are shared equally among the partners.

4. Depreciation is provided for motor vehicle at 10% on straight line basis while depreciation on furniture and fittings at 20% on reducing balance basis.

**Required:**

- i. Income statement for the year ended 31<sup>st</sup> December 2024. (9 marks)
- ii. Partners' current accounts as at 31<sup>st</sup> December 2024. (4 marks)
- iii. Statement of financial position as at 31<sup>st</sup> December 2024 (7 marks)

**QUESTION THREE**

- a. Martin operates a small business and does not keep his books using the double entry system but the following information is available;

	31-Dec-2023	31-Dec-2024
	Shs.	Shs.
Creditors for Goods	22,000	18,500
Debtors for Goods	50,000	46,000
Wages Prepaid	-	4,000
Bank Balance	39,000	80,000
Cash Balance	6,000	18,000
Stock	15,000	10,000

## Additional information

1. All sales are made in credit
2. Amounts received from Debtors
 

Cash	Sh 19,000
Cheques	Sh 85,000
3. Amount paid to suppliers
 

Cash	Sh 5,000
Cheques	Sh 23,500
4. Expenses paid during the year:
 

Wages in Cash	Sh 2,000
Wages by Cheques	Sh 12,000
Rent by cheque	Sh 6,000
5. Cash drawings from the bank shs.2,500 for personal use
6. Furniture which cost Shs. 40, 000 is depreciated at the rate of 10%

**Required:**

- i) Statement of Financial Performance for the year ended 31 December 2024. (6 marks)
- ii) Statement of Financial Position as at 31 December 2024. (6 marks)

b. Explain the following terms as use in accounting;

- (i) Direct materials (2 marks)
- (ii) Factory overheads (3 marks)
- (iii) Work in Progress (3 marks)

**QUESTION FOUR**

- a. Explain the major classification of activities reported in the statement of cash flows. (6 marks)
- b. Describe Not-for-profit organizations and explain the main accounts of financial statement maintained by such organizations. (8 marks)
- c. Define what ‘incomplete records’ are and explain three reasons why a business entity would maintain incomplete records. (6 marks)

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