

JARAMOGI OGINGA ODINGA UNIVERSITY
Kisii Learning Center
ABA 203 INTERMEDIATE ACCOUNTING 1
MAY-AUGUST 2014 Y2S1 DEGREE OF BBA with IT
CONTACT HOURS 45
LECTURE HOURS 45
CREDIT HOURS 3
INSTRUCTOR: ANASTANCIA ONSASE- 0720-991283

Course outline

-INTRODUCTION

The Financial Reporting Framework

- International Accounting Standards and International Financial Reporting Standards
- Reasons why Accountants should observe International Accounting Standards
- How IAS's and IFRS are by products of (IASB) and its objectives

-ACCOUNTING THEORIES

- Going concern concept
 - Accruals concept
 - Prudence concept
 - Consistency concept
 - Money measurement
 - Objectivity concept
 - Historical cost concept
 - Separate valuation principle
 - Realization concept
 - Duality concept
 - Substance over form concept
- Accounting bases
Accounting policies

ACCOUNTING FOR ASSETS

End year Adjustments of financial items

Intangible Assets IAS 38

of useful life

- Goodwill and Impairment of Assets

Property, plant and Equipments IAS 16

- Objective of IAS16
- Some definitions as per IAS 16
- The concept of useful life and factors determining useful life of an Asset
- Elements of cost
- Depreciation of an Asset
- Revaluation
- Illustration

-INSTITUTIONAL ACCOUNTS

- Farm Accounts

Objective of farm Accounting

Characteristics of farm Accounting

Recording the transactions:

- Crops
- Livestock
- Small farms
- Preparation of final farm Accounts, single and double Entry method
- Illustrations

-SPECIALIZED ACCOUNTS

- Royalties

- Sources of royalty
- Accounts required and purpose
- Accounting Entries
- Illustration

- Joint Ventures

- Characteristics
- Accounting treatment
- Illustration

-Hire Purchase

- Accounting treatment
- Illustration

Examinations:

The Course will have the following assessments

- C.A.T 15 mks
- Assignment 15 mks
- Exam 70 mks

REFERENCES

1. Advanced Financial Accounting Simplified by N.A. Saleemi Volume 1
2. Advanced Accountancy by R. P. JAN & K Garang
- 3 Business Accounting 8th edition Frankwood, Pitman publishing
- 4Financial Accounting – The Impact on Decision Makers - Gary A. Porters (University of Montana)
Curtis L. Norton, Northern Illinois University

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MAY-AUGUST 2014 Y2S1 BBA with ITAND BED ART
(FULL TIME AND PART TIME)
ABA 203 INTERMEDIATE ACCOUNTING I y2 s1

2hrs

INSTRUCTIONS

Question ONE is **COMPULSORY**
Answer any other **TWO** questions

Question 1.

(a) Accounting information is produced in form of financial statement which reflects how the business has performed, whether it has made profits or losses and it determines whether the resources have increased or reduced. Required state and explain the various users of accounting information
(20 marks)

(b) Discuss the characteristics of farm accounting. (10marks)

Question 2

An 80% subsidiary company of ABZ Limited, the Kilimo Tea Company Limited, incurred expenditure of Sh. 200 million in constructing a tea factory and farmworks over a 2 year period to 31 May 1985. These assets were used for the first time on 1 June 1985. They are depreciated in equal installments over their useful life of 20 years to a nil residual value.

On 31 May 1993, these assets were revalued at Sh. 360 million by Shamji and company, Registered valuers. There was no change in the estimate of their useful life. The assets were depreciated in accordance with IAS16. On 31 May 1997, the assets were again revalued; it was found that there had been a diminution in value of the assets to Sh. 160 million.

Required:

(a) Write the appropriate accounts in the books of the Kilimo tea Company Limited from 1 June 1985 to 1 June 1997 in accordance with IAS16 (10 marks)

(b) Show the entries in the Property, plant and equipment schedule for the year ended 31 May 1997 and in the Movement on Group Reserves for the year: these assets are included in the titled "Land, Development, Building and Farmworks. (10marks)

Question three

Mt K University College acquired 2 new 7-ton buses on 1 Jan. 1990 for £129,150. The cash price of these units was £90,000. The deal was financed by TSTP (financing) Ltd., and the terms of the hire purchase contract required a deposit of £30,000 on delivery, followed by 3 installments on 31 Dec. 1990, 1991 and 1992 of £33,000, £33,000, and £33,150 respectively. The true rate of interest was 30% per annum.

Required: Prepare the appropriate accounts in the books of Mt K University college to record the above transactions. Accounts after the end of 1992 need to be prepared. Depreciation is to be charged on vehicles at 20% per annum, using straight line method. (20 marks)

Question four

(a) Define the following accounting concepts and for each explain their implication in the preparation of financial statements.

- (i) The Going concern concept 4 marks
- (ii) Business entity concept 4 marks
- (iii) Materiality 4 marks
- (iv) Realization 4 marks
- (v)

(b) Discuss the functions of ICPAK as outlined by the Act. 4marks

Question 5

From the following information, prepare a “Crop A/C” to ascertain the profit made by the crops division of the farm:

	Sh
Opening stocks: Wheat	5,000
Seeds	1,000
Fertilisers	1,500
Purchases	
Seeds	600
Fertilisers	900
Wages:	
Paid in cash	6,800
Paid in kind by giving wheat	4,600
Sales: Wheat	35,400
Wheat consumed by proprietor	1,600
Depreciation of farm machinery	2,000
Closing stocks: Wheat	4,000
Seeds	700
Fertilisers	800

b) Draw a distinction between a bank statement and a bank Reconciliation. 7 marks

