

**JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**UNIVERSITY EXAMINATIONS FOR THE DEGREE OF BACHELOR OF BUSINESS ADMISTRATION**

**1ST YEAR 2ND SEMESTER 2016/2017 ACADEMIC YEAR**

**E-LEARNING**

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**COURSE CODE: ABA 109**

 **COURSE TITLE: INTRODUCTION TO ACCOUNTING** II

 **EXAM DATE: EXAM VENUE :**

 **STREAMS: BBA Y1S1**

**TIME: 2 HOURS**

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**Instructions**

* **Answer question ONE and any other TWO**
* **Candidates are advised not to write on the question paper.**
* **Candidates must hand in their answer booklets to invigilator while in examination room**

**QUESTION ONE**

**(a)**Goods sent on consignment amounts to ksh.80 000. 60% of the gods are sold for ksh.60,000 including ksh.10,000 on credit.ksh.500,however proves to be bad debt. Consignor`s expenses are 3000 and consignee`s non-recurring expenses are ksh.1000.Consignee gets 5% commission on sale.

 Show necessary accounts in the books of consignor assuming;

* Consignee gets no Del Credre commission.**(3Marks**
* Consignee gets 2% Del Credre commission**.(4Marks**

**(b) );** The following items were extracted from the books of a manufacturing company for the year ended 31st December 2012.

 Stock of Raw materials 6500

Raw materials purchased 33000

Stock of raw material, 31st December 2012 15000

Work in progress 1.1.2012 10000

Work in progress 31.12.2012 22000

Finished Goods 1.1.2012 5000

Finished Goods 31.12.2012 4000

Sales 75000

Carriage on purchases of raw materials 1000

Rent and Rates 2000

Heating and lightings 3600

Factory Wage-Direct 18000

 -Indirect 7000 25000

Office salaries 3000

Depreciation of plant and Machinery 4000

You are required to prepare a manufacturing; Trading and profit and loss account for the year ended 31st December 2012.Rent and Rate, Heating and lighting should be apportioned in the ratio three to the factory expenses and one to the office expenses respectively. (**10 marks**

**(c) D**iscus the relationship between Financial Accounting and Cost Accounting in details**. (8Marks**

**(d) W**rite short notes on the following accounting terms:-

 **(i)** Bills of Exchange **(3Marks)**

 **(ii)** Promissory notes **(2Marks**

**QUESTION TWO**

**(a) E**xplain clearly, in terms which non-accountant would understand, the following accounting terms ;( **10 marks**)

 - The" Going concern “concept

- The "Prudence" concept

- The" materiality" concept

**(b)** From the following information prepare manufacturing, trading and profit and loss accounts for the period ending 31st December 2015. **(10Marks**)

 KSH

Opening Stock:

 Raw Materials 15,000

 Work-in-progress 3,000

 Finished Goods 10,000

Purchases of Raw Materials 50,000

Sales 140,000

Wages 32,000

Factory expenses 20,000

Office expenses 20,000

Closing Stock;

 Raw Materials 10,000

 Work-in-progress 2,000

 Finished Goods 8,000

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**(b)** Write short notes on the following as used in accounting

* Sales journal **(2marks**)
* Ledger (**2 marks**
* Gross profit **(2 marks**
* Net profit (**2mark**s
* Balance sheet (**2mar**k)

**QUESTION THREE**

**(a)**A and B are partners in affirm with a capital of ksh.20, 000 and ksh.10,000 respectively. They admit C into partnership on the conditions ;(a) that he brings in ksh. 10,000 as capital and (b) that A guarantees that C`s. Share of profit shall be ksh.3000 after charging interest on loan given by partners to the firm@10%.A` loan amounts to ksh.3000 and B` loan ksh.2000.During the course of the year 2007 profit amounted to ksh. 8000 before charging interest on partner’s loan.

 Prepare partners capital account and profit and loss account based on the above information***. (*10Ma**rks

**(b)**Describe five users of accounting information clearly indicating the importance of financial information to the identified users**.(10 Marks**)

**QUESTION FOUR**
**(a)** Discuss in Details the desirable characteristics of accounting reports and also throw light in at least five limitations attached the financial reports**. (10 marks**

**(b**)A machine is purchased for ksh 20,000 on 1.4.2009.Depreciation is considered at 10% under Diminishing Balance system. Write up the necessary accounts for three years assuming asset account is maintained at written down value**. (10Marks**

**QUESTION FIVE**

 **(a)** Consignment goods (80 Units) were sold for ksh 50,000, out of which ksh.500 proved bad debts. Consignee is paid 5% commission and 2% Del credre commission. In addition, Consignee is entitled to 10% on such actual sales as exceeds proceeds sale at ksh.500 per unit.

 Show Journal Entries in the books of Consignor and consignee for the above transaction**. (7Marks**

**(b)** Define partnership as used in accounting and discuss the modes of dissolution of partnership**. (6Marks**

**(c)** Define goodwill as used in accounting and discuss all the methods used in valuation of Goodwill**. (7Marks)**