



W1-2-68-1-6

**JOMO KENYATTA UNIVERSITY
OF
AGRICULTURE AND TECHNOLOGY**

UNIVERSITY EXAMINATIONS 2015/2016

**EXAMINATION FOR THE DEGREE OF BACHELOR OF SCIENCE
IN LAND RESOURCE PLANNING AND DEVELOPMENT/ANIMAL HEALTH
PRODUCTION AND PROCESSING**

**HRD 2117: INDUSTRIAL BOOK KEEPING
ALP 2401: INTRODUCTORY BOOK KEEPING AND ACCOUNTING**

DATE: APRIL 2016

TIME: 2 HOURS

**INSTRUCTIONS: ANSWER QUESTION ONE AND ANY OTHER TWO
QUESTIONS. DO NOT WRITE ON QUESTION PAPER**

QUESTION ONE

a) Explain any four users of accounting information disclosing their specific needs.

[8 marks]

b) The following trial balance was provided by William Machani a sole trader at Juja town for the year ended 31st December 2015.

Particulars	Dr.	Cr.
Capital		1,200,000
Drawings	455,000	
Premises (Leasehold)	700,000	
Creditors	650,000	1,500,000
Rent (9 months to 30 th Sept)	45,000	
Salaries	240,000	
General Expenses	65,000	
Insurance	56,000	
Opening stock	1,725,000	
Fixtures and fittings	120,000	
Debtors	1,808,000	
Bad debts written off	12,000	
Provision for bad debts	12,000	75,000
Delivery van	80,000	
Sales		6,090,000
Cash at hand	5,000	
Cash at bank	349,000	
Purchases	3,160,000	
Totals	8,865,000	8,865,000

36
21
70

108000

56000

455000

x 105/100

Clg Changi Area was valued at 1600000
(5) Rent is agreed to be paid on flat basis.

2976000

Depreciate premises by sh 50000, fixtures fittings at 10%

Required:

- i) Income statement of the trader for the year ended 31st December 2015. [9 marks]
- ii) Statement of financial position as at the same date. [9 marks]
- c) State any four purposes of cost accounting. [4 marks]

QUESTION TWO (20 MARKS)

- a) The cost accounting department of a manufacturing company has provided the following data for year ended 31st December 2015.

Closing stock: Raw material Sh.50,300; Finished goods Sh.29,300 and work-in-progress Sh.16,000

Opening stock: Raw materials Sh.48,000; Finished goods Sh.32,400 and work-in-progress Sh.16,440

Purchases of raw materials Shs.41,600, sale of finished goods Shs.125,600, office expenses Shs.4,300.

Selling and distribution expenses Sh.8,000

Direct wages Sh.12,000, works expenses Sh.18,000 and Direct expenses Sh.20,000

Work-in-progress has been valued at prime cost.

Required:

Cost sheet statement of the company showing clearly the following elements of cost:

- i) Direct material consumed [3 marks]
- ii) Prime cost [3 marks]
- iii) Cost of production [2 marks]
- iv) Cost of goods sold [2 marks]
- v) Net profit [3 marks]
- b) Explain the various areas (scope) of accounting. [7 marks]

QUESTION THREE (20 MARKS)

a) Lorita Moraa is a business lady in Kasarani Nairobi. She started business on 1st March, 2016 as detailed below:

<u>Date</u>	<u>Particulars</u>
March 2016	
1 st	She brought in capital Sh.1,400,000 out of which She opened business bank account and deposited Sh.1,000,000 and balance in cash till.
3 rd	Purchased goods as following: From Omoro on credit Sh.190,000 From Karanja and paid by cheque Sh.120,000 From Rabera and paid cash Sh.80,000
5 th	Sold goods as follows: To Arasa n credit Sh.115,000 To Mwanyumba in cash Sh150,000 To Mudavadi Sh.200,000 paid by cheque
8 th	Purchased motor vehicle by cheque Sh.500,000 from Speedman enterprises
10 th	Received a commission from Kefa in cash Sh.35000
11 th	Paid commission the auditor b cheque Sh.20,000
18 th	She deposited Sh.70,000 into bank account
21 st	Paid by cheque Sh.190,000 to Omoro
24 th	Received a cheque from Arasa as part payment of credit Sh.100,000
26 th	Paid wages by cheque Sh.60,000
27 th	Purchased goods as follows: From Omoro on credit Sh.40,000 From Rabera by cheque Sh.50,000
28 th	Paid cash for son's school fees Sh.30,000

Required:

7.70
4.70

- i) A two column cash book for the above transactions. [3 marks]
 - ii) Other respective ledger accounts balanced off at the end of the month. [12 marks]
- b) Explain the various methods used in valuation of inventories. [5 marks]

QUESTION FOUR (20 MARKS)

- a) The following information was extracted from the books of East Africa Farm fresh company for the year ended 31st March, 2016.

Statement of financial position as at 31/3/2015

Liabilities	Shs. '000'	Assets	Shs.000'
Capital	1,000	Land & Buildings	800
10% KCB loan	100	Motor vehicle	200
Creditors	100	Stock	50
Bills payable	80	Debtors	150
Tax payable	20	Bank	75
		Cash at hand	25
	<u>1,300</u>		<u>1,300</u>

Additional information

Stock on 1st April 2015 - Shs.100,000
Annual purchases - Sh.2,000,000
Annual sales - Sh.4,000,000
Annual overheads (expenditures) - Sh.350,0000

Required:

- Net profit ratio [2 marks]
- Gross profit ratio [2 marks]
- Return on capital Employed ratio [2 marks]
- Current ratio [2 marks]
- Comment on Liquidity status of the company [3 marks]

- b) The following information is provided by cost accounting department of Gesima Power Mills during the year ended 31st December 2015.

Sales for the yr Shs 800000
Variable cost Shs 480000
Required: *Fixed cost 160000*
Units sold 16000 units

- Break Even Point (BEP) of the firm both in units and value [4 marks]
- The firm desires to earn a profit of Sh.320,000, compute the required sales. [3 marks]
- Margin of safety ration of the firm. [2 marks]

Annual overheads expenditure is 350000