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**FACULTY OF BUSINESS COMPUTER SCIENCE AND COMMUNICATION STUDIES**

**BACHELOR OF BUSINESS ADMINSTRATION AND MANAGEMENT**

**SEPTEMBER - DECEMBER 2021 SEMESTER**

**BAC 204: FINANCIAL ACCOUNTING II**

**DATE: DECEMBER, 2021 TIME: 8.00am – 8.00am (24 hours)**

**INSTRUCTIONS:**

1. Answers ALL Questions.
2. Submit your answers in word format unless otherwise instructed. Type your answers in a word document. **Do not PDF your document**.
3. Submit your answers via the Exam Portal.
4. For images (photographs, graphs and calculations etc), use legible writing. Take an image (Photo) of all the answer sheets and submit via the Exam Portal. Remember to number the answer sheet pages.

**NOTE: No submissions will be accepted in any other mode e.g. emails, WhatsApp etc.**

1. The examinations start at 8.00am and all the answer scripts MUST be posted on the portal by 8.00am the following day **(within 24 hours).**
2. Submit your answer sheets as one document. Click the “SUBMIT” button to ensure that your answer sheet is uploaded in the portal.
3. Allow yourself enough time to confirm that your submission has gone through. You will receive an automated email receipt on successful submission.

**NOTE: Submission deadlines must be observed.**

1. On the front page of each answer script you are required to observe the following instructions:
   * Write your student number in full
   * Write the unit code and title
   * Write the date of examination
   * Write the name of the lecturer
   * Write “SUPPLEMENTARY” or “DEFFERED EXAM” as the case may be, (if you are taking a supplementary or deferred examination).

**Question One**

1. Analyze the nature and purpose of the accounting information in a business that may be of interest to the following groups of persons;
2. Shareholders
3. Lenders
4. Employees
5. Potential investors  **(4 marks)**
6. M, N and P are partners in a firm with capitals of sh. 400,000; sh. 240,000 and sh. 200,000 respectively on 1st January 2020.

The Partnership Deed contains the following clauses:

1. Interest on Capital at 5% p.a.
2. Interest on Drawings at 4% p.a.
3. M to get a salary of sh. 4000 per month
4. N and P to get 10% commission each on the net profit.
5. Profit and Losses to be shared:

(i) Up to sh.40,500 in the ratio of 4:3:2

(ii) Above sh.40,500 equally.

The net profit of the firm for the year ended 31st December 2020 amounted to sh.200,500 and the drawings of the partners are: M sh.2,400; N sh. 1,600 and P sh. 1,000.

**Required:**

Prepare;

1. The partnership Profit and Loss Appropriation Account **(4 marks)**
2. Partners Current Accounts **(2 marks)**

**Question Two**

The following information was extracted from the records of Michezo Club for the year to 31/12/2020:

Sh.

Subscription received 126,500

Canteen sales 33,000

Canteen purchases 16,550

Purchase of magazines 4,040

Printing and stationery 2,720

Sales of raffle tickets 24,060

Raffle prizes purchased 9,720

Purchases of table tennis equipment 28,000

Purchase of table tennis bats and balls 15,000

Rent and rates 10,000

Heating and lighting 15,000

Secretary’s fees 3,000

Canteen wages 15,000

Additional information:

1. Subscriptions received included:

The balance outstanding for the year 2019 sh.6,5000, the amount prepaid for the year 2021 sh.15,000

1. Subscriptions due for the year 2020, but not yet received amounted to sh.5,000.
2. Creditors for canteen purchases as at 3/12/2020 amounted to sh.5,000.
3. Balances as at 1/1/2020 were as follows:

Accumulated fund 34,000

Table tennis equipment 12,500

Bank 15,000

**Required:**

1. The canteen trading account for the year ended 31/12/2020  **(2marks)**
2. The receipts and payments account for the year ended 31/12/2020. **(3 marks)**
3. The income and expenditure account for the year ended 31/12/2020 **(3 marks)**
4. The balance sheet as at 31/12/2020 **(2 marks)**

**Question Three**

The following trial balance was extracted from the books of Elite Manufacturers as at 31/12/20

|  |  |  |
| --- | --- | --- |
|  | DR | CR |
| Sales van at cost | 96,000 |  |
| Rent expenses | 18,000 |  |
| Factory building at cost | 108,000 |  |
| Indirect factory wages | 4,000 |  |
| Provision for depreciation – factory building (1/1/20) |  | 18,000 |
| Debtors | 26,000 |  |
| Stock 1/1/20- Raw materials | 60,000 |  |
| - W.I.P | 8,500 |  |
| - Finished goods | 84,000 |  |
| Insurance expenses | 9,000 |  |
| Sales commission | 6,000 |  |
| Carriage inwards – raw materials | 5,000 |  |
| Direct factory wages | 24,000 |  |
| Sales |  | 540,000 |
| Returns outwards – raw materials |  | 7,000 |
| Royalties | 6,500 |  |
| Returns inwards | 10,000 |  |
| Carriage outwards | 12,600 |  |
| Advertising expenses | 16,400 |  |
| Product design expenses | 6,000 |  |
| Purchases – raw materials | 110,000 |  |
| Office staff salary | 22,000 |  |
| Creditors |  | 34,000 |
| Capital |  | 33,000 |
|  | 632,000 | 632,000 |

Additional information:

1. Closing stock values as at 31/12/20

Raw materials - shs32,000

W.I. P - shs7,100

Finished goods - shs46,000

1. Accrued direct factory wages shs3,500
2. Insurance expenses to be allocated as follows:

Factory department: 20%,

Administration department: 80%,

1. Factory building to be depreciated at a rate of 10% p.a. on net book value
2. Prepaid royalty expense shs1,700
3. Rent expenses to be apportioned as follows:

Factory department: 2/6

Administration department: 4/6

1. Sales van to be depreciated at a rate of 15% p.a. using the straight-line method.
2. Prepaid advertising expenses shs7,400

**Required:**

Using the vertical format, prepare:

1. Manufacturing account for the year ended 31/12/20 **(5 marks)**
2. Trading and profit and loss account for the year ended 31/12/20 **(5 marks)**