TECHNICAL UNIVERSITY OF MOMBASA

Faculty of Applied and Health Sciences
Department of Mathematics & Physics

UNIVERSITY EXAMINATION FOR:

MATHEMATICS AND FINANCE

UNIT: BAC 4350 ACCOUNTING AND FINANCE

END OF SEMESTER EXAMINATION

ORDINARY PAPER

SERIES: DECEMBER2020

TIME:2HOURS

DATE: Pick Date2024

Instructions to Candidates

You should have the following for this examination
-*Answer Booklet, examination pass and student ID*
This paper consists of **FIVE** questions. Attemptquestion ONE (Compulsory) and any other TWO questions.
Do not write on the question paper.

Question ONE (COMPULSORY)

a) Discuss the different capital accounts that can be maintained by a partnership. (6 marks)

b) Company ABC ltd decided to issue 1400 share with a nominal value of shs 110 at shs 130. 1200 of these shares were subscribed for. They were to be paid for as follows. On application 40 shillings, on allotment 30 shillings, on 1st call 30shillings and on 2nd call 30 shillings. Shareholders with 600 s AND 400 Shares did not pay for the 1st and 2nd call respectively. Required Journalise the above information (8mks)

c) Mr. Jacto runs a stall at Twende Market. The following information was collected from his records. On 31st December 2023, he had the following assets and liabilities Market stall shs 4M stocks 2.8M, Debtors shs 0.8M cash in hand shs 0.09M and cash at bank shs.0.5M. His creditors stood at shs.0,64M. He had a loan from his father of shs 0.32M.

Additional information.

He had an insurance policy for shs 1.6M which he bought on 1st January 2022 and was to be in use for 16 months. The following expenses had been overpaid as at 3-12-2022, electricity by 3,000 shillings, postage and telephone by shs 2,000 and salaries and wages by 15,000. Rent and water bill were outstanding by shs 10,000 and shs 3,000 respectively.

Required

Prepare a statement of affairs for Mr. Jacto on 1st of January 2023
(10mks)
c) Different types of reserves are found in companies. State and explain any three reserves you know of. (6mks)

Question Two

a) A and B were in partnership sharing profits and losses in the ratio of 3: 1. During the year 2022, they made a profit 0f shs 800,000. A had a capital of 1,200.00 and B a capital of 300,000. They were each to get an interest on capital at 15%. A had drawn from the partnership shs 350,000 on 1st of April while B had withdrawn shs 200,000 on 1st of August. Interest on drawings was 20 % per annum. B was to be given a salary of 8,000 shillings per month. Required

i) Profit and loss appropriation account (6mks)

ii) Partners' capital account (4mks)

b) The following is an extract from the records of GG ltd. who is a manufacturing company.

Particulars	Shs000
Opening stock of raw material	700
Opening stock of finished goods	320
Purchase of raw materials	3500
Power	1400
Supervisors salary	1700
Labour	1900
Rent	1200
Heating and lighting	500
Insurance	600
General expenses	220
Office expenses	380
Sales	13400
Entertainment	430
Postage and telephone	210
Opening work in progress	140

Additional Information

Closing stock of raw materials 230,000, Closing stock of finished goods 112,000
Closing stock of work in progress 102,000.
Rent, heating and lighting and Insurance are to be apportioned as follows 3: 2, 2:1 and 4: 3 respectively

Required

i) Manufacturing account (10mks)

Question three

a) The following is a summary of receipts and payments account for Kikwetu club for the year ended 31-12-2021 .Opening bank balance 300,000, subscriptions 950,000, sale of drinks 680,000, sale of tickets 820,000 ground man's salary 84,000 printing of tickets 60,000, purchase of drinks 115,000, secretaries salary 70,000, Insurance 30,000 postage and telephone 10,000 ,water and electricity 12,000.

Additional information

Insurance, postage and telephone as well as electricity had been underpaid by 5000, 6000 and 5500 respectively. The secretary and the ground man had a salary advance of shs 12,000 and 6,000 respectively.

Required

i) Receipts and payment account for the year ended 31-12-2021 (7mks)

ii) Income and expenditure account for the year ended at 31-12-2021 (7mks)

b) A company was registered with a capital of shs10M divided into shares of shs 100 each. It 5000 issued shares to the public at shs 120 each. Required

i) Show the amount of authorized capital (1mk)

ii) The amount of capital that was raised during the issue (2mks)

iii) Show an extract of the company's statement of financial position after the issue. (3mks)

Question Four

A, B and C are in partnership sharing profits in the ration of 2: 1:1.A had a capital of 1200,000, B 600, 000 and C 600,000. On 31-12-2021 they had the following asset and liabilities premises 900,000 stocks 500,000 furniture and fitting 380 000, debtors 300 000, motor vehicles, 450,000, cash in the bank 185, 000, and at hand 25, 000. They had creditors amounting to 140,000 and generate reserve of 100,000. On 1st january they decided to admit D into partnership, to bring in 600,000 for a share of 1/5 of the partnership's profits or losses. On this date the assets of the partnership were revalued as follows the premises upward by 20%, stocks downwards by 10%, furniture and fittings upwards by 10%, a provision for bad debts was to be created at 5% of the debtors. A goodwill account of 500,000 was to be created.

a) **Required**

i) Revaluation account (5mks)

ii) Partners; capital accounts (6mks

iii) Partners' statement of financial position as at 1-1-2022 (9mks)

Question five

a) Define Published Accounts and discuss its various contents (10mks)

b) Define accounting ratios and any three types of accounting ratios. (10mks)