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

SPECIAL /SUPPLEMENTARY

SERIES: JULY 2025

TIME:2HOURS

DATE: Pick Date2025

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) The statement of financial position for Mr. Athuman as at 31st December 2022 showed the following figures, Land and buildings 750,000 , cash at bank 300,000 cash in hand 110.00, stocks 230,000,Debtors 180,000, capital 1,200,000 , current liabilities of shs 360,000 and net profit 270,000. His statement of comprehensive income showed sales of 900,000, gross profit of 480,000 and net profit of 270,00. From this information work out

i) Current ratio 2mks)

ii) Quick ratio (2mks)

iii) Gross profit margin (2mks)

iv) Net profit margin (2mks)

v) Purchases (1mks)

vi) Expenses (1mks)

b) Mr.Anderson runs a stall at Nyayo Market He does not maintain complete accounting records. From his scanty records the following information was gathered. That on 31st December 2020 he had the following assets and liabilities

Market stall shs 750,000, stocks 800,000, cash in hand shs 2,500and cash at bank shs.159,000. His creditors stood at shs.450. 000.He had a bank loan of shs 150,000 and a loan from his brother of shs. 85,000.

Additional information.

He had an insurance policy for shs 150,000 which he bought on 1st January 2020 and was to be in use for 15 months. Each year his electricity bill amounts to 15,00 shillings but in 2020 he had decided to pay electricity in advance to the tune of 5,000 shillings. Shs 3,000 and shs 4000 were outstanding in respect of Postage and telephone and water bill respectively.

Required

Prepare a statement of affairs for Mr. Anderson on 1st of January 2021 (10mks)

c) The following information was extracted from TTT ltd. , a manufacturing company in the year ended 31st December 2022.

Particulars	Shs000
Opening stock of raw material	500
Opening stock of raw materials	110
Opening stock of work in progress	90
Carriage inwards	150
Power	500
Supervisors salary	650
Labour	800
Rent	740
Heating andl ighting	280
insurance	350
General expenses	30
Office expenses	50
Sales	6800

Entertainment	380
Postage and telephone	190

Additional Information

Closing stock of raw materials 220,000, Closing stock of finished goods 130,000

Closing stock of work in progress 72,000.

Rent, heating and lighting and Insurance are to be apportioned as follows3: 2., 2:1 and 4: 3 respectively

Required

i) Manufacturing account (10 mks)

Question 2

a) Clearly show the format of a cash flow statement (10 mks)

b) Define a statement of affairs, (2mks)

c) The following is a summary of a receipt and payment account for KUK club for the year ended 31-12-2020 .Opening bank and cash balance 200,000, 30,000 subscriptions 950000, sale of drinks 280000, sale of tickets 320,000 ground man's salary 72000 printing of tickets 80000,purchase of drinks 95,000, secretaries salary 90,000, Insurance 15000 m postage and telephone 8000 ,water and electricity 12000.

Additional information

Insurance, postage and telephone as well as electricity had been underpaid by7000, 3000 and 3500 respectively. The secretary and the ground man had a salary advance of shs 6000 and 12000 respectively.

Required

i) Receipts and payment account (8mks)

Question 3

a) Different parties are interested in the accounting ratios of a company. State any three such parties and show the specific ratios that they are interested in and why. (10mks)

b) Differentiate both the Trading Profit and Loss Account and the statement of financial position of a sole trader and that of a company (6mks)

d) State and define any four terminologies that will make you know that the Published accounts belong to a non profit making organ. (4mks)

Question4

A , B and C are in partnership . Their partnership reported a net profit of shs.570,000. The partnership agreement provides for salaries of shs150,000 to A and shs 120,000 to B. They will share the remainder on a 3:2:2 basis . A had withdrawn shs 100,000 on July 1st while B had withdrawn shs 90,000 on 1st of November and C shs 150,000 on 1set of August. The capitals were A shs 300,000, B shs 200,000 and C 200,000.Interest payable on capital was at 10% while that chargeable on drawings was at 20%. Required

i) Partner's profit and loss appropriation Account. (10mks)
ii) Partner's capital Accounts using the fixed and current account method

(10mks)

Question 5

a) Define the following terms, dishonored cheques, Accumulated funds, Incomplete records, income and expenditure account and bank reconciliation.

(10mks)

b) Calculate the amount of subscriptions at the end of 2020 from the following information (5mks)

		shs
a)	Subscriptions received per Receipts and Payment account in 2020	40,000
b)	Subscriptions received in advance for 2021 in 2020	5,000
c)	Subscriptions outstanding on 31st December 2019	2,500
d)	Subscriptions received in advance for 2020 in 2019	2,000
e)	Subscriptions outstanding 31st December 2020	500

c) Discuss the term good-will. (5mks)