



TECHNICAL UNIVERSITY OF MOMBASA

Faculty of Business & Social Studies

DEPARTMENT OF BUSINESS STUDIES

UNIVERSITY EXAMINATIONS FOR DEGREE IN
BACHELOR OF BUSINESS ADMINISTRATION II
BACHELOR OF COMMERCE II

BAC 4202 BAC 4227: INTERMEDIATE ACCOUNTING II

END OF SEMESTER EXAMINATIONS

SERIES: AUGUST 2013

TIME: 2 HOURS

INSTRUCTIONS:

- Answer Question **ONE (Compulsory)** and any other **TWO** questions.
This paper consists of Three printed pages
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QUESTION 1 (Compulsory)

- a) **Rhe following information was extracted from the books of Mfangano manufacturing enterprises fot the year ending 31 December 2012.**

| | |
|------------------------------|-----------|
| Inventory, 1 January 2012: | Sh. '000' |
| Raw materials | 2,990 |
| Work-in-progress | 3,900 |
| Finished goods | 15,300 |
| | |
| Inventory, 31 December 2012: | |
| Raw materials | 4,200 |
| Work-in progress | 3,600 |
| Finished goods | 17,700 |
| | |
| Purchases of raw materials | 15,630 |
| Carriage on raw materials | 126 |

| | |
|--|---------|
| Direct wages | 48,648 |
| Factory general expenses | 7,048 |
| Office salaries | 22,200 |
| Depreciation of office furniture | 420 |
| Carriage outwards | 191 |
| Advertising | 1,472 |
| Bad debts | 200 |
| Sales less returns | 112,410 |
| Discount received | 188 |
| Depreciation of factory equipment | 4,200 |
| Rent and rates (factory $\frac{3}{4}$, office $\frac{1}{4}$) | 2,000 |

Required

Prepare manufacturing account and trading account section of the Income statement for the Year ending 31 December 2012. You show clearly:

- i) Cost of the raw materials consumed **(5marks)**
- ii) Prime cost of production. **(2marks)**
- iii) Production cost of finished goods **(3marks)**
- iv) Gross profit on sales **(5marks)**

b) The balance sheets of Buluma, a sale trader for two successive years are shown below:

Balance Enterprises
Balance sheets as at 31 December

| | 2005 Sh000 | sh 000 | 2006 sh 000 | sh 000 |
|--|---------------|---------------|----------------|---------------|
| <u>Non-current assts:</u> | | | | |
| Land and premises (cost sh52,000,000) | | 44,000 | | 40,000 |
| Plant and machinery (cost sh19,000,000) (cost sh 25,000,000) | | 14,250 | | |
| | | 58,250 | | 59,600 |
| <u>Current Assets:</u> | | | | |
| Inventory | 6,600 | | 6,000 | |
| Accounts receivable | 17,800 | | 12,600 | |
| Bank | - | | 7,100 | |
| | | <u>24,400</u> | | <u>26,000</u> |
| Total Assets | | <u>82,650</u> | | <u>85,600</u> |
| <u>Current liabilities:</u> | | | | |
| Accounts payable | 22,000 | | 11,600 | |
| Bank overdraft | <u>13,650</u> | | | |
| | | 35,650 | | 11,600 |
| Non – current liabilities: | | | | |
| Loan | - | - | 20,000 | |

**Accumilated provision for
Depreciation of fixtures & fittings**

72,000

300
72,000

At 31 December 2011:

- a) Inventory was valued at sh.6,800,00.
- b) Purchase invoices amounting to sh 300,000 for goods included in the inventory valuation at (a) above had not been recorded.
- c) Staff salaries owing sh. 90,000.
- d) Rate, paid in advance sh.20,000
- e) Allowance for doubtful debts to be increased to sh 240,000.
- f) Goods withdrawn by partners for private use had not been recorded and were valued at : Senge sh500,000; Omido sh 63,000. No interest is to be charged on these amounts.
- g) Provision is to be made for depreciation of fixtures and fittings at 10% on cost.
- h) Interest on drawings for the year is to be charged: Senge sh 36,00; Omido sh 28,000.

Required

Prepare (i) Income statement and profit and loss appropriation account for the year ending 31 December 2011 and

(12marks)

(iii) the balance sheets as at that date.

(8marks)