



**The Co-operative University College of Kenya**  
(A Constituent College of Jomo Kenyatta University of Agriculture & Technology)

**END OF SEMESTER EXAMINATION APRIL-2015**

**EXAMINATION FOR THE DIPLOMA IN CO-OPERATIVE MANAGEMENT**  
**(DCM SEPT 2014)**

**UNIT TITLE: FINANCIAL ACCOUNTING 11**

**DATE: 27<sup>TH</sup> APRIL, 2015**

**TIME: 9.00 A.M. – 11. 00 A.M.**

**INSTRUCTIONS:**

- Answer question **ONE (compulsory)** and any other **TWO** questions

**QUESTION ONE**

- (a) Explain the following terms as used in manufacturing accounts
1. Manufacturing overhead (2 marks)
  2. Product costs (2 marks)
- (b) Explain the following terms as used in partnership accounts
1. Mutual agency (2 marks)
  2. Limited partner (2 marks)
- (c) Explain the following terms in relation to company accounts
1. Dividend (2 marks)
  2. Retained earnings (2 marks)
- (d) The following figures were extracted from the records of K. Omanga a sole proprietor who does not keep a full record of transactions on a double entry basis

	November 1, 2013 “Shs.”	October 31, 2014 “Shs.”
Bank	210, 000	
Debtors	920, 00	103, 000
Equipment	225, 000	195, 000
Creditors	360, 000	44, 000
Stock	67, 000	72, 000
Buildingd	269, 000	269, 000
Motor vehicle	510, 000	490, 000

You have been provided with the following additional information

1. All goods were sold on credit and all purchase made on credit
2. During the year ended 31<sup>st</sup> October 2014, the amount of cash received from debtors amounted to shs. 487, 000 (banked immediately). The amount paid to creditors during the year amounted to sh.313, 300 (paid by cheque)
3. During the year ended 31<sup>st</sup> October 2014 Mr. Omanga transferred a total of sh.167, 000 from the bank to the office till to enable him to pay for the following expenses:  
Electricity sh.360, 000  
Land rates 48, 000  
Messenger’s salary 36, 600
4. He withdrew goods to the sum of shs.31, 000 during the year for personal use

**Required:**

1. An income statement for the year ended 31<sup>st</sup> October 2014.
2. Statement of financial position as on 31<sup>st</sup> October 2014 (8 marks)

## QUESTION TWO

Chacha and Mvita are partners sharing profit and losses in the ratio 2:1. The trial balance for the partnership as at 31<sup>st</sup> July 2012 was as follows

	Shs.	Shs.
Capital accounts		
Chacha		5, 100, 000
Mvita		2, 550, 000
Drawings accounts		
Chacha	1, 530, 000	
Mvita	680, 000	
Purchases	16, 660, 000	
Sales		25, 364, 000
Returns	442, 000	578, 000
Business premises (cost)	2, 380, 000	
Office furniture (cost)	765, 000	
Debtors / creditors	4, 981, 000	4, 233, 000
Stock (August 2011)	5, 807, 200	
Salaries	1, 581, 000	
Rates and insurance	715, 700	
General expenses	210, 800	
Carriage outwards	243, 100	
Advertising	105, 400	
Bank and cash	<u>1, 723, 800</u>	
	<u>37, 825, 000</u>	<u>37,825,000</u>

Additional information:

1. Interest on capital account balance is allowed at 5% p.a
2. Mvita is entitled to a monthly salary of sh.60, 000
3. Outstanding advertising expenses as at 31<sup>st</sup> July 2012 shs.10, 500
4. Rates paid in advance as at 31<sup>st</sup> July 2012 amounted to sh. 49, 300
5. Stock of goods for resale at 31<sup>st</sup> July 2012 was valued at sh.5, 304, 000
6. Depreciation on office furniture is charged at 10% p.a on cost

### Required:

- (a) An income statement for the year ended 31<sup>st</sup> July 2012. (10 marks)
- (b) Partners capital accounts (5 marks)
- (c) Statement of financial position as at 31<sup>st</sup> July 2012. (5 marks)

## QUESTION THREE

The following trial balance of Wazee Hukumbuka club has been availed to you by the treasurer Mr. Hamisi Juma

Wazee Hukumbuka Club Trial Balance  
As at 31<sup>st</sup> October 2014

	Dr	Cr
Subndry creditors (refreshment)		29, 500
Members subscriptions		168, 000
Equipment	59, 000	
Rent and rates	96, 000	
Postage and stationery	29, 500	
Dance expenses	36, 500	
Sale of dance tickets		59, 500
Purchases of refreshments	271, 000	

Sale of refreshments		316, 500
Sundry receipts (charge for games)		57, 000
Light and heat	47, 500	
Miscellaneous expenses	15, 500	
Cash at bank	63, 000	
Cash on hand	<u>12, 500</u>	
	<u>630, 500</u>	<u>630, 500</u>

Additional information:

- Local firms gave the club equipment worth shs.140, 000 during the year. No entry has been made in the club's books.
- Entries in the subscriptions account include shs.8, 000 paid by the members for their 2014 / 2015 subscriptions.
- Amounts owing at the end of the year were as follows:
  - Rent and rates sh.8, 000
  - Miscellaneous expenses sh.2, 500
  - Height and heat sh.1, 200
- Allowance is to be made for depreciation of sh.15, 000 on equipment.
- Stock of refreshment as on 31<sup>st</sup> October 2014 shs.7, 500
- The club started operations on 1<sup>st</sup> November 2013.

**Required:**

- Income and expenditure statement for the year ending 31<sup>st</sup> October 2014. (? marks)
- Statement of financial position as at that date (? marks)

#### QUESTION FOUR

The following figures have been extracted from the books of Omega Ltd; a manufacturing concern for the year ended 31<sup>st</sup> December 2014.

	Shs.
Stock of material (1 <sup>st</sup> Jan 2014 at cost)	123,100
Materials purchased	1,565,900
Stock of materials (31 <sup>st</sup> December 2014)	150,750
Manufacturing wages	2,264,700
Sales	6,382,500
Factory expenses	617,350
Depreciation of plant / machinery	210,000
Depreciation of delivery vans	78,750
Office and administration expenses	197,150
Advertising	25,000
Salesmen salaries / expense	251,750
Delivery expenses	63,400
Factory power	141,250

Additional information:

- Work on process at 31<sup>st</sup> December 2014 was sh.32, 000 higher than that on 31<sup>st</sup> December 2013.
- Stock of finished goods on 31<sup>st</sup> December 2014 was sh.85, 800 lower than that on 31<sup>st</sup> December 2013.

**Required:**

- Prepare a manufacturing account (12 marks)
- Income statements for the year ended 31<sup>st</sup> December 2014. (8 marks)