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**COLLEGE**  
*Bastion of Knowledge...*

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**OFFICE OF THE DEPUTY PRINCIPAL**

**ACADEMICS, RESEARCH AND STUDENTS' AFFAIRS**

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# **UNIVERSITY EXAMINATIONS**

## **2018 /2019 ACADEMIC YEAR**

**FIRST YEAR SECOND SEMESTER REGULAR EXAMINATION**

**FOR THE DEGREE OF BACHELOR O BUSINESS**

**MANAGEMENT/BA.ECONOMICS/EDUCATION**

**BUSINESS**

**COURSE CODE: BBM 122/ECO 124/EDB 11**

**COURSE TITLE: PRINCIPLES OF ACCOUNTING II**

**DATE: 24/04/2019**

**TIME: 2.00-5.00pm**

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### **INSTRUCTION TO CANDIDATES**

- **SEE INSIDE**



**THIS PAPER CONSISTS OF 5 PRINTED PAGES**

**PLEASE TURN OVER**

## INSTRUCTIONS TO CANDIDATES

- Answer Question ONE and any other **TWO** questions
- Question ONE carries 30 marks
- Do not write on the question paper

## QUESTION ONE

- (a) State and briefly explain any three distinguishing features between (i) a receipts and payments account and (ii) an income and expenditure account. (8 marks)
- (b). The following trial balance was extracted from the books of Literary and Philosophical Society as at 30 September 2017:

	Sh	Sh
Balance at bank: current account	724,800	
Accumulated fund 1 October 2016		5,771,200
Land and buildings, at cost	3,700,000	
Debtors for subscription	62,000	
Furniture and fittings	1,874,000	
Provision for depreciation of furniture & fittings		284,000
Subscriptions		1,450,800
Lecturer's fees	920,000	
Lecturer's travel and accommodation expenses	358,000	
Donations		108,000
Camera and projector repairs	17,000	
Projectors, cameras and audio equipment	190,400	
Depreciation of equipment		54,400
Rates and water	277,000	
Lighting and heating	367,200	
Rental of rooms		495,000
Wages – Caretaker	880,000	
- Restaurant	1,600,000	
- Bar staff	800,000	
Purchase of food	1,565,800	
Stock – bar 1 October 2016	473,600	
Bar receipts		4,032,000
Bar purchases	2,842,000	
Restaurant receipts		3,642,000
Loan		1,600,000
Deposit account – bank	1,000,000	
Interest payable and receivable		36,000

Creditors for bar and food

	<u>178,400</u>
	<u>17,651,800</u>

**Additional information:**

1. The bar stock was valued at Sh. 642,800 as at 30 September 2017.
2. It is expected that, of the debtors for subscriptions, Sh. 43,600 will not be collectable.
3. The interest account is net. The loan is at a concessional rate of 4% while 10% has been earned on the deposit account. No changes have taken place all year in the principal sums involved.
4. An invoice for Sh. 43,000 of wine had been omitted from the records at the close of the year although the wine had been included in the bar stock valuation.
5. Depreciation for the year is to be provided as follows:  
Furniture and fittings Sh. 194,000  
Projectors, cameras, etc. Sh. 19,000.

**Required:**

- (a) Bar and restaurant trading account for the year ended 30 September 2017 (7marks)
- (b) An income and expenditure account for the year ended 30 September 2017 (9 marks)
- (c) A balance sheet as at 30 September 2017 (6 marks)

(T)

**QUESTION TWO**

- a). XYZ ltd offered 100,000 shares of Kshs 10 each at par payable as under:
- Kshs 3 on application
  - Kshs 4:00 on allotment
  - Kshs 3:00 first call and final call

Applications were received for 140,000 shares on 1<sup>st</sup> Jan 2017. Application for 20,000 shares was rejected and application money was refunded on 10<sup>th</sup> Jan 2017 to unsuccessful applicants. Shares were allotted to the remaining applicants proportionately and excess money received from those applicants was retained against the allotment money due. The allotment was made on 20<sup>th</sup> January 2017. The first call and final call was made on 20<sup>th</sup> 2017. The call money was received on 1<sup>st</sup> March 2017.

**Required**

Show the entries necessary to record the above matters in the respective ledger accounts (10 marks)

- b). 400 ordinary shares of shs 2 each are to be issued at par payable 40% on application, 30% on allotment 30% a first call. All money for all instatement is received except money for first call for 50 shares which were forfeited. The forfeited shares were issued to a Luger for shs 40.