



# **MURANGA UNIVERSITY COLLEGE**

(A constituent College of Jomo Kenyatta University of Agriculture & Technology)

**MAIN CAMPUS**

**ORDINARY UNIVERSITY EXAMINATIONS**

**2014/2015 ACADEMIC YEAR**

**FOR THE DIPLOMA**

**IN**

**BUSINESS MANAGEMENT**

**COURSE CODE: DBF 1211**

**COURSE TITLE: FINANCIAL REPORTING AND ANALYSIS.**

**DATE: 22<sup>ND</sup> APRIL 2015**

**TIME: 2 HOURS.**

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## **INSTRUCTIONS TO CANDIDATES**

Question ONE (1) is compulsory  
Answer TWO (2) questions

MRUC observes ZERO tolerance to examination irregularities



QUESTION ONE.

- 1) A firm borrows \$ 300,000 on 1 January 2011 towards the construction of the warehouse whose construction commenced immediately and was completed by 31 Dec.2012. The interest rate on the loan was 10% and the firm used \$ 200,000 immediately with a balance of \$ being committed on 1 Jan.2012. Meanwhile in 2011 the \$ 100,000 was invested in a fixed deposit which generated interest at 4% p.a. On October 2011 construction was interrupted because of lack of materials and it resumed in 1 Jan 2012. Compute the total cost of the warehouse. (10 marks.)
- 2) Discuss the responsibilities of FIVE holders of financial supply chain. (10 marks.)
- 3) Explain FIVE major objectives of financial statement analysis. (10 marks.)

QUESTION TWO.

- 1) List and explain the main categories of a financial asset. (8 marks.)
- 2) Measurement of intangible assets depends on the type and process of acquisition. Discuss. (12 marks.)

QUESTION THREE.

- 1) What is an investment property? State FIVE examples of an investment property and explain how it is derecognized or eliminated from the statement of financial position. (10 marks.)
- 2) For a non current asset to be classified as held for sale it must be available for immediate sale in its present condition and its sale must be highly probable. Which are the factors to be considered for its sale to be highly probable? (10 marks.)

QUESTION FOUR.

- 1) Financial statements are intended to be understandable by readers they may be used by users for different purposes explain (10 marks.)
- 2) Define what a lease is and identify the TWO main types of leases including their features. (10 marks.)