



MURANGA UNIVERSITY COLLEGE

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

MAIN CAMPUS

SUPPLEMENTARY/ SPECIAL UNIVERSITY EXAMINATIONS

2014/2015 ACADEMIC YEAR

FOR THE DIPLOMA

IN

BUSINESS MANAGEMENT

COURSE CODE: DBF 1211

COURSE TITLE: FINANCIAL REPORTING AND ANALYSIS.

TIME: 2 HOURS.

INSTRUCTIONS TO CANDIDATES

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

MRUC observes ZERO tolerance to examination irregularities



QUESTION ONE.

- 1) Define an intangible asset and explain its features. (10 marks.)
- 2) Financial Statements provide useful information to a wide range of users. Discuss. (10 marks.)
- 3) Define financial reporting and explain its purpose. (10 marks.)

QUESTION TWO

- 1) Transfers to or from investment property shall be made when there is a change in use discuss the change forms. (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 THREE.

- 1) Define what a lease is and identify the TWO main types of leases including their features. (10 marks.)
- 2) What is a qualifying asset? Depending on the circumstances identify the qualifying assets. (10 marks.)

QUESTION FOUR.

- 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) To assess whether an internally generated intangible asset meets the criteria for recognition , the entity classifies the generation of the asset into a research phase and development phase. Explain. (10 marks.)