



MURANGA UNIVERSITY COLLEGE

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

MAINCAMPUS

SPECIAL/SUPPLEMENTARY UNIVERSITY EXAMINATIONS

2015/2016 ACADEMIC YEAR

SECOND YEAR SECOND SEMESTER EXAMINATIONS

FOR THE DEGREE OF

BACHELOR OF COMMERCE

COURSE CODE: HBC 2201

COURSE TITLE: INTERMEDIATE ACCOUNTING 1 TIME:

INSTRUCTIONS TO CANDIDATES

Question ONE (1) is compulsory
Answer THREE (3) questions

MRUC observes *Zero tolerance to examinations irregularities*

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Question Two

- a. Explain the advantages of factoring as source of finance(12marks)
- b. Describe the disclosure requirements of international accounting Standards on depreciation(8marks)

Question Three

- a) .Explain any four types of intangible assets (12marks)
- b) .Distinguish between depreciation, amortization and depletion of assets (5marks)

Question Four

Stejjy ltd had five inventory items on hand at the end of 2015.The estimated gross profit margin is 20%. The following are the selling prices and costs associated with the inventory items

| Product | Cost | Replacement Cost | Selling price | Estimated disposal cost |
|---------|------|------------------|---------------|-------------------------|
| V | 100 | 110 | 200 | 30 |
| W | 200 | 180 | 240 | 40 |
| X | 160 | 140 | 170 | 40 |
| Y | 180 | 74 | 200 | 48 |
| Z | 190 | 184 | 220 | 48 |

Required:

Calculate the value of each item of inventory using lower of cost and market(LCM) (20marks)

Question One

- a. The following table relates to purchases and sales of material wye for one month

| Date | Transaction | Quantity in units | Cost in sh |
|---------|-------------------|-------------------|------------|
| July 1 | Opening inventory | 7000 | 20 |
| July 3 | Purchases | 4500 | 25 |
| July 8 | Sales | 10000 | |
| July 15 | Purchases | 12000 | 28 |
| July 19 | Purchases | 4000 | 26 |

| | | | |
|---------|-----------|------|----|
| July 24 | Sales | 8000 | |
| July 27 | Purchases | 4000 | 30 |
| July 29 | Sales | 8500 | |
| July | Purchases | 6500 | 29 |

Required: Using LIFO method calculate cost of sales and closing inventory under

- i. Periodic system (6 marks)
- ii. Perpetual inventory system (8 marks)

b.. Julst ltd purchased an existing factory for a single sum of sh 6,000,000. An independent valuation of the assets was as follows:

| | |
|-----------|-----------|
| Land | 2,400,000 |
| Buildings | 2,250,000 |
| Machinery | 1,500,000 |
| Equipment | 1,600,000 |
| Lorry | 1,500,000 |

Required:

Allocate the lump sum price to each item
(6marks)

- a. Explain the characteristics of an operating lease (6marks)

d.Explain the circumstances under which goodwill can be recorded in Company books
(6marks)



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2015/2016 ACADEMIC YEAR

THIRD YEAR SECOND SEMESTER EXAMINATIONS

FOR THE DEGREE OF

BACHELOR OF COMMERCE

COURSE CODE: HBF 2306

COURSE TITLE: PROJECT APPRAISAL

DATE

TIME:

INSTRUCTIONS TO CANDIDATES

Question ONE (1) is compulsory
Answer THREE (3) questions

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QUESTION TWO

- a) A company is considering two mutually exclusive projects F and G which have a life of four years. the cost of capital is 10%. The following are the cash flows for the two projects

| Year | 0 | 1 | 2 | 3 | 4 |
|-----------|----------|--------|--------|---------|--------|
| Project F | -300,000 | 63,000 | 72,000 | 105,000 | 30,000 |
| Project G | -225,000 | 60,000 | 67,500 | 64,000 | 18,000 |

Calculate the IRR of the incremental cashflow (14 marks)

- b) Distinguish between a lease and hire purchase (6marks)

QUESTION THREE

- a. Curlkited Ltd has a cost of capital of 15% and has a limit of sh 100,000 in the current period. 5 divisible projects are being considered whose requirements are as follows

| Project | outlay | NPV at 15% |
|---------|--------|------------|
| N | 20,000 | 8000 |
| P | 40,000 | 28000 |
| Q | 35,000 | 37500 |
| R | 50,000 | 31000 |
| S | 15,000 | 3500 |

Project P and R are mutually exclusive

Advise Curlkited which projects to invest (14 marks)

- a) Explain three features of a good investment appraisal technique (6marks)

QUESTION FOUR

- b) Nikit company wish to invest sh100,000 in one of the two projects B and C .The interest rate is 10%.The projects cash flows are as follows

| Project | Year1 | Year2 | Year3 |
|---------|---------|--------|---------|
| B | 20,000 | 40,000 | 120,000 |
| C | 100,000 | 30,000 | 30,000 |

Rank the projects using

- i) Net present value (5marks)
ii) Internal rate of return (7marks)
iii) Explain why there is a conflict in ranking (2marks)

- b) Discuss three limitations of capital asset pricing model (6marks)

QUESTION ONE

- a) Luciannet company is considering a project that will involve an investment of sh 10,000. The interest rate is 15%. The expected cash flows and probabilities are as follows

| Year1 cashflow | probability | Year2 Cashflow | probability | Year3 cashflow | Probability |
|----------------|-------------|----------------|-------------|----------------|-------------|
| 1,000 | 0.10 | 1,000 | 0.20 | 1,000 | 0.30 |
| 2,000 | 0.20 | 2,000 | 0.30 | 2,000 | 0.40 |
| 3,000 | 0.30 | 3,000 | 0.40 | 3,000 | 0.20 |
| 4,000 | 0.40 | 4,000 | 0.10 | 4,000 | 0.10 |

Calculate the expected net present value of the project and advise management whether to invest

(12marks)

- b) Natalied ltd is considering a proposal to install a new machine. Whose Cost is sh 900,000.

It requires a working capital of sh 120,000.the expected life of the machine is 6 years without any salvage value .the company is allowed to charge depreciation on straight line basis . Tax rate is 30%.the cost of capital is 12%. The expected cash flows for the first three years are sh 315,000, 270,000 and 240,00 respectively.

Calculate the net present value for three years

(12marks)

- b) Discuss three advantages of using pay back period to appraise projects
(6marks)



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MAINCAMPUS

SPECIAL/SUPPLEMENTARY EXAMINATIONS

2014/2015 ACADEMIC YEAR

SECOND YEAR FIRST SEMESTER EXAMINATIONS

FOR THE DEGREE OF

BACHELOR OF BUSINESS INFORMATION TECHNOLOGY

COURSE CODE: HBC 2204

COURSE TITLE: PROJECT MANAGEMENT

DATE:

TIME: 2 HOURS

INSTRUCTIONS TO CANDIDATES

Question ONE (1) is compulsory
Answer THREE (3) questions

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Question One

a). Success factors are those inputs to the management system that lead to the success of the project. Explain five such factors (10marks)

b.) Write short notes on the following concepts in project management

i) Project design (4marks)

ii) Gantt charts (3marks)

iii) Work breakdown structure (3marks)

d. the following data relates to a project which comprises activities and time in weeks.

| ACTIVITY | PRECEEDING ACTIVITY | TIME IN WEEKS |
|----------|---------------------|---------------|
| A | - | 8 |
| B | - | 14 |
| C | A | 6 |
| D | A | 6 |
| E | B | 4 |
| F | B | 4 |
| G | D,E | 4 |
| H | F,G | 6 |

Required:

(i) Draw a network for the project. (4marks)

(ii) Determine the critical path (4marks)

(iii) The project duration (2marks)

Question Two

a.) The management of the project is an activity which does not only focus on the project management tools and procedures but also extends itself to management of risks in the project environment. As a project manager, describe the plan you will follow in managing risk. (10marks)

b) Explain the main elements of project implementation (10marks)

Question Three

a). you have been selected by your county's office for development, that is involved in carrying out viable projects for the county to be a member for the project team. Explain what your duties and responsibilities are in relation to project execution. (10marks)

b).Project Management Processes are overlapping activities that occur at varying levels of intensity throughout each phase of the project. Explain any five such processes. (12marks)

Question Four

a The Triple Constraint is a triangle that one cannot adjust or alter one side of it without in effect, altering the other sides. Describe the triple constraints in project (6marks)

b State and explain three main responsibilities of a project manager. (6 marks)

c Explain any three most common tools and techniques used for developing a list of project risks (6marks)



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MAIN CAMPUS

SPECIAL/SUPPLEMENTARY UNIVERSITY EXAMINATIONS

2015/2016 ACADEMIC YEAR

SECOND YEAR SECOND SEMESTER EXAMINATIONS

FOR THE DEGREE OF

BACHELOR OF COMMERCE

COURSE CODE: HBC 2208

COURSE TITLE: INTERMEDIATE ACCOUNTING 2 **TIME:**

INSTRUCTIONS TO CANDIDATES

Question ONE (1) is compulsory
Answer THREE (3) questions

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QUESTION ONE

- a) Poper Ltd has 2,000 employees . each employee earns four weeks of paid vacation per year . vacation time not taken in the year earned can be carried over to subsequent years. During 2013 ,200 employees took the 4 weeks vacation the rest carried over their vacations as follows

| Employees | carryovers |
|-----------|------------|
| 500 | 1 |
| 600 | 2 |
| 400 | 3 |
| 300 | 4 |

Compensation averaged sh 4,000 per employee per week.

Required:

- i) calculate total vacations liability (10marks)
 - ii) Show how the liability will be recorded (2marks)
- b) Explain the following terms as used in current liabilities accounting
- i) Product warranty
 - ii) Annual bonuses
 - iii) Notes payable
 - iv) Customer advances
- (8marks)
- c) XYZ Ltd provides a lump sum benefit payment on termination of service at the rate of 2% of final salary for each year of service. An employee's current salary is sh300,000. It is expected to grow at the rate of 5% per annum compounded. The appropriate discount rate is 10% per annum. The employee is expected to leave employment at the end of year 4.
Required: calculate the opening for each of the 3 years (10marks)

QUESTION TWO

- a) On 31st December 2013 lughaltd discontinued one of its branches. The employees of the discontinued branch will earn no further benefits. The actuarial assumptions immediately before the curtailment showed a defined obligation with a net present value of sh 1,200,000 and a plan asset with a par value of sh 984,000. The cumulative unrecognized actuarial gains amount to sh60,000 the increased net liability was recognized as sh 120,000. the curtailment reduced the net present value of the obligation by sh 100,000 which was to be recognized over five years

Required:

Calculate the net liability to be recognized in the balance sheet
(14marks)

- b) Explain three categories of loss contingency
(6marks)

QUESTION THREE

Caldor ltd financial data for the year ended 31December 2014 are as follows:

Net profit after tax and preference divided sh 10,000,000

Issued ordinary shares 2,000,000

The company had outstanding share amount to 100,000 with exercise price of sh 60. Issue and outstanding convertible preference shares amount to 800,000 and were entitled to a cumulative dividend of sh 8 per share. Each is convertible to 2 ordinary shares.

The company had 5% convertible debentures with a total nominal value of sh 100,000,000. Each 1,000 debenture is convertible to 20 ordinary shares.

During the year ordinary shares traded at sh 75. The corporation tax is 30%.

Required:

Compute the diluted earning per share (20marks)

QUESTION FOUR

- a) Discuss any four types of bond that a company can use to raise capital (8marks)
- b) On January 1 2011 Bangor ltd borrowed sh 700,000 from Darker ltd in form of a long term note. The note matures in three years. Interest of 12% was payable semiannually on June 30 and December

Required:

Record the note issuance interest and maturity (12marks)



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MAIN CAMPUS

SUPPLEMENTARY/SPECIAL UNIVERSITY EXAMINATION

2014/2015 ACADEMIC YEAR

THIRD YEAR SECOND SEMESTER EXAMINATIONS

FOR THE DEGREE OF

BACHELOR OF COMMERCE

COURSE CODE: HBA 2306

COURSE TITLE: EXECUTORSHIP ACCOUNTING

DATE

TIME

INSTRUCTIONS

Question one is compulsory

Answer any other two questions

Question one

a) Mr. Vincent died on 15th December 2013. His will provided the following legacies

- i) To my wife Janet sh 625,000 and personal belongings
- ii) To my son Rymond the plot at Juja farm and sh100,000
- iii) To my daughter Dorothy ordinary shares in Tuungane SACCO
- iv) To my brother Jones sh 125,000
- v) To my neighbor Korir sh 50,000
- vi) To my friend Justus sh 40,000 shares in equity bank
- vii) To my sister Anbell sh 85,000
- viii) To my grandson Norbert the residue

| | |
|----------------------|---------|
| His estate comprised | sh |
| Bank balance | 395,000 |
| Personal belongings | 150,000 |

| | |
|-----------------------|---------|
| Motor car | 454,250 |
| Plot at juja farm | 112,500 |
| Tuungane SACCO shares | 150,000 |

Just before he died Vincent sold all his shares in equity bank. His neighbor korir replied in writing and said he declined to inherit Vincent since they were not related. Jones died six months before Vincent but was survived by his wife Mary

Required

Prepare a distribution statement and explain if there are any variances (12marks)

- b) Explain any five duties of a personal representative (10 marks)
 c) Discuss any four ways which can lead to a termination of a trust (8marks)

Question two

Zebedee died intestate on January 2012, survived by his widow and two infant children James and John . his estate at death consisted of:

| | |
|---------------------------------|---------------|
| Sh 280,000 9% govt stock | 280,000 |
| Interest on 2% savings bond | 200,000 |
| Policy on his | 300,000 |
| Building society deposits at 8% | 45,000 |
| Accrued interest there on | 900 |
| Balance at bank | 47,350 |
| Household furniture and effects | <u>30,000</u> |
| | 850,000 |
| Debts and funeral expenses | <u>6,500</u> |
| | <u>856500</u> |

In addition the following transactions took place during the year ended 31 December 2012

February 28 expenses of sh 111630 were paid in respect of estate

March 6 the sum assured by life policy was received

March 31 the building society deposit was repaid to personal representative .

April 13 sh 180,000,9% government stock was sold

June 12 the debts and funeral expenses were paid

July 31 bank debited the personal representative account with interest amounting sh 670

August 4 The house hold furniture and effects were given to widow

September 5 administration expenses of sh 4,000 were paid

Required:

Write up the cash book and capital account for the year ended 31 December 2012
(20marks)

Question Three

Describe the procedure to be followed in the distribution of estates in case a person dies testate

(20marks)

Question Four

Abdulla died 5 years ago and by his will left the residue of his estate in trust for his children Abdi and Hassan. The will directed that a child's share be ascertained and discharged on reaching the age of 18 years. The trustees were empowered to maintain the children out of income and to use their discretion in the choice of investment.

The following trial balance was extracted from the books as at 31 December 2010

| PARTICULARS | DR | CR |
|------------------------------------------|---------|---------|
| Investment on capital accounts | (sh000) | (sh000) |
| 200,000 shares of sh 200 each in BAT ltd | 22,000 | |
| 200,000 shares of sh 200 each in KBL ltd | 28,000 | |
| Investment in accumulation accounts | | |
| 10,000 shares of sh 100 each in BAT ltd | 1,100 | |
| 10,000 shares of sh 100 each in KBL ltd | 900 | |
| Balance at bank | | |
| Estate capital account | 2000 | |
| Accumulation account | 500 | |
| Estate capital account | | 52,000 |
| Accumulation account | | |
| Abdi | | 1,500 |
| Hassan | | 1,00 |
| | 54,500 | 54,500 |

Abdi attained the age of 18 years On 31st march 2011 on which date market price for shares were:

BAT sh125

KBL sh100

Transactions in three months ended 31 march 2011 were as follows

January 1 receipt of dividend of sh 5 each on shares in BAT ltd

January 31 maintenance payments: Abdi sh 300,00,Hassan sh 200,000

On 31 March the trustee revalued all the investments and discharged their liability to Abdi by a transfer to him of:

- a) Half of each of the investment's held on capital account.
- b) Three-fifths of the investments held on accumulation accounts
- c) Cash for the balance of amount due to him

Required:

- i) Estate capital account (5marks)
- ii) Accumulation account (15marks)