



W1-2-60-1-6

JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY
University Examinations 2018/2019

**FOURTH YEAR SECOND SEMESTER EXAMINATION FOR THE DEGREE OF
BACHELOR OF SCIENCE IN LAND RESOURCES PLANNING AND
MANAGEMENT/BACHELOR OF SCIENCE IN ANIMAL HEALTH PRODUCTION AND
PROCESSING**

HRD 2117 : BOOK-KEEPING AND ACCOUNTING

DATE: APRIL 2019

TIME: 2 HOURS

INSTRUCTIONS: ANSWER QUESTION ONE AND ANY OTHER TWO QUESTIONS

Do NOT write anything on the question paper

QUESTION ONE

- a) Explain the following accounting concepts as used and applied in preparations of accounting records
- Accrual concept (4 marks)
 - Going concern concept (4 marks)
 - Substance over form (4 marks)
- b) The following trial balance was extracted from the books of Juja Lands and Animal products supplies PLC for the year ended 31st March 2019

Particulars	Dr (000)	Cr (000)
Opening stocks	18,160	
Sales		92,000
Purchases	69,185	
Carriage outwards	420	
Carriage inwards	1,570	
Return outwards		640
Wages and salaries	10,240	
Rent and rates	3,015	
Communication expenses	624	
Commissions	216	340
Insurance	405	
Sundry expenses	318	
Buildings	20,000	
Debtors	14,320	
Creditors		8,160
Fixtures and fittings	2,850	
Cash at hand	2,970	
Cooperative bank loan		10,000

Drawings	7,620	
Capital		40,888
	152,028	152,028

Additional information on 31st March 2019:

- i. Stocks valued at sh 22,390, 000
- ii. Wages and salaries accrued was sh 180,000
- iii. Commission receivable outstanding sh 200,000
- iv. Insurance premium outstanding sh 20,000

Required:

- i. Income statement for the year ended 31st March 2019 (10 marks)
- ii. Statement of Financial position as at that date (8 marks)

QUESTION TWO

Kenya Farm Produce (KFP) is a private company managed by family members. It opened its business on 1st March 2019. The following are the transactions for the month of March 2019.

Date	Particulars	Sh
1 st	Capital investment ; (in cash sh 500,000 and in bank sh 1,000,000)	1,500,000
2 nd	Purchase stock in cash from Machani	70,000
5 th	Purchase stock on credit from Magoma	120,000
8 th	Sale of stock to Omweri and he paid by cheque	250,000
9 th	Purchase motor vehicle for business by cheque from CMC motors	800,000
12 th	Sale of stock in credit to Osano	220,000
14 th	Payment to Magoma by cash	100,000
17 th	Purchase of stock on credit from Morangi	250,000
19 th	Sale to Mururi who paid by cheque	340,000
20 th	Sale on credit to Obiero	300,000
22 nd	Payment to Morangi by cheque	200,000
23 rd	Payment to Morangi in cash	50,000
26 th	Osano's cheque received	220,000
28 th	Paid wages and salaries by cheque	310,000
29 th	Withdrew from bank for home use	50,000
31 st	Withdrew from bank for business cash till	60,000

Required:

- a) A two column cash book balanced off on 31st March 2019 (8 marks)
- b) Other Respective ledger account balanced off (bank and cash book not required) (12 marks)

QUESTION THREE

a) Explain the purpose of Cost Accounting in day to day operations of an organizations
(10 marks)

b) The following transactions were provided by stores keeper of Makongeni in relation to stores activities during the month of January 2019.

Jan 1st Received 500 units at a cost of sh 20 each

Jan 8th Received 300 units at a cost of sh 22 each

Jan 10th Issued 400 units

Jan 15th Issued 200 units

Jan 20th Received 6,00 units at sh 25 each

Jan 25th Issued 300 units

Jan 27th Received 200 units at sh 26 each

Jan 30th Issued 100 units

It is the company policy to value inventory using FIFO method.

Required: Stores Ledger Control account at the end of the month showing the quantity and value of closing stock.
(10 marks)

QUESTION FOUR

The factory has three production departments namely A, B, C and two service departments, namely P and Q. The overheads of the departmental distributions are as follows:

Departments	Ksh
A	650,000
B	600,000
C	500,000
P	120,000
Q	100,000

The service Departments serves the other departments as follows.

Particulars of service Dpt	production departments			Service Departments	
	A	B	C	P	Q
Service Department P	30%	40%	15%	.	15%
Service Department Q	40%	30%	25%	5%	.

Required: Using Simultaneous equations method, prepare the Secondary overheads distribution summary analysis showing the total overheads of production departments
(12 marks)

b) By use of a diagram explain what a Break Even Chart is. Showing and briefly explaining the importance of each part in the manufacturing decision making
(8 marks)