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**KIRIRI WOMENS' UNIVERSITY OF SCIENCE AND TECHNOLOGY
UNIVERSITY EXAMINATION, 2016/2017 ACADEMIC YEAR
SECOND YEAR, FIRST SEMESTER EXAMINATION
FOR THE DEGREE OF BACHELOR OF SCIENCE
(BUSINESS ADMINISTRATION)**

Date: 9th August, 2016.
Time: 3.30pm – 5.30pm

KAC 200 – INTERMEDIATE ACCOUNTING I

INSTRUCTIONS TO CANDIDATES

ANSWER QUESTION ONE (COMPULSORY) AND ANY OTHER TWO QUESTIONS

QUESTION ONE (30 MARKS)

- a) What is a conceptual framework (CF)? (3 Marks)
- b) What do you understand by the term receivables? (2 Marks)
- c) What are the reasons why Accountants should observe International Accounting? (5 Marks)
- d) What is the Initial measurement and the Subsequent measurement of Intangible assets according to IAS 38? (10 Marks)
- e) A forklift truck is bought for Ksh15, 000. It will be used for 6 years and is expected to have no residual value. Show the depreciation calculations for each year using both the straight line method and the reducing balance method (assuming a rate of 40%). (10 Marks)

QUESTION TWO (20 MARKS)

Write up a single cashbook from the following details, and balance off as at the end of the month.

2003

May	1	Ruth started a business with capital in cash Ksh1, 000.
“	2	Paid rent by cash Ksh100.
“	3	F Lake lent us Ksh5, 000, paid by cheque.
“	4	We paid B McKenzie by cheque Ksh650.
“	5	Cash sales Ksh980.
“	7	N Miller paid us by cheque Ksh620.
“	9	We paid B Burton in cash Ksh220.
“	11	Cash sales paid direct into the bank Ksh530.
“	15	G Moores paid us in cash Ksh650.
“	16	We took Ksh500 out of the cash till and paid it into the bank account.
“	19	We repaid F Lake Ksh1, 000 by cheque.
“	22	Cash sales paid direct into the bank Ksh660.
“	26	Paid motor expenses by cheque Ksh120.
“	30	Withdrew Ksh1, 000 cash from the bank for business use.
“	31	Paid wages in cash Ksh970.

QUESTION THREE (20 MARKS)

From the following information calculate the net cash flow from operating activities.

	31 December 20X4	31 December 20X4
	Ksh	Ksh
Accounts receivable	5, 345	3, 423
Inventory	19, 808	22, 323
Trade accounts payable	3, 243	2, 424

Net profit for the year was Ksh64, 575. Depreciation on non-current assets for the year was Ksh5, 900. In addition, a motor vehicle which had a book value of Ksh3, 900 was sold for Ksh5, 200.

QUESTION FOUR (20 MARKS)

1. From the following information calculate the net cash flow from operating activities.

	31 December 20X2	31 December 20X3
	Ksh	Ksh
Accounts receivable	13,432	18,645
Inventory	23,432	19,898
Trade accounts payable	12,121	9,808

Net profit for the year was Ksh98,012. Depreciation on non-current assets for the year was Ksh12, 500.

QUESTION FIVE (20 MARKS)

- a) What are the gaps that Financial Reporting may not be able to cover? (8 Marks)
- b) Write up the two-column cashbook for the following details and balance it off at the end of the month.

20X3

May 1 Balances brought forward from April: Cash Ksh54, Bank Ksh140
May 4 Paid advertising costs by cheque, Ksh32
May 6 Cash purchases Ksh25
May 11 Received cheque from M Swann, Ksh90
May 14 Took Ksh45 cash out of bank account
May 17 Paid sundry expenses Ksh34 cash
May 20 Paid cheque to M Lyne Ksh72
May 22 Cash sales Ksh95
May 24 Paid Ksh55 cash into bank
May 28 Borrowed Ksh205 from N Jackson – received money by cheque

(12 Marks)