PAN AFRICA CHRISTIAN UNIVERSITY

END OF SEMESTER EXAMINATION FOR THE DEGREE OF

SPECIAL EXAM 2021

CAMPUS: ROYSAMBU

DEPARTMENT: BUSINESS

COURSE CODE: BUA 4133

COURSE TITLE: FINANCIAL ACCOUNTING IV

EXAM DATE: DECEMBER 2021

INSTRUCTIONS

- This examination script consists of **Six (6)** questions.
- Answer question one and any three Questions.
- Read all questions carefully before attempting.
- Write your **student number** on the answer booklet provided.

QUESTION ONE

a) Define dissolution of a firm (2 Marks)

b) Explain four ways in which a firm may be dissolved (8 Marks)

QUESTION TWO

QUESTION THREE

Peter and Paul are equal partners in a firm. They decide to dissolve the partnership on 31st December 2016, when the partner's statement of financial position was as follows.

Non- current Assets			
Plant			940,000
Leasehold land			1,200,000
Furniture			500,000
			2,640,000
Current assets			
Stock		840,000	
Sundry debtors		240,000	
Cash at bank		220,000	
		1,300,000	
Current Liabilities			
Sundry creditors	540,000		
Loan	800,000	(1,340,000)	(40,000)
			2,600,000
Financed by:			
Capital accounts: Annah		1,200,000	
Sarah		1,200,000	2,400,000
Reserve fund			200,000
			2,600,000

Additional information:

a) The following assets were realised:

Leasehold	1,440,000
Furniture	450,000
Stock	810,000
Plant	960,000
Sundry debtors	210,000

b) The creditors were paid shs. 510,000 in full settlement.
c) Expenses of realization amounted to shs.60,000

Required

Prepare the following

i. Realization account (5 Marks)
ii. Bank account (2 Marks)
iii. Partner's capital accounts to close the books of the firm. (3 Marks)

QUESTION FOUR

a) Identify five objectives of public sector financial reporting (4 Marks)

b) Explain three qualitative characteristics of public sector financial reports.(6 Marks)

QUESTION FIVE

a) Discuss five objectives of human resource accounting (5 Marks)

b) Explain the users of human resource accounting (5 Marks)

QUESTION SIX

The following financial information was extracted from the books of Mapera commercial Bank Ltd for the year ended 30th September 2015.

Interest incomes:

- Loans and advances to customers	5,014,000
- Finance leases	4,680,000
- Government bonds	2,410,000
- Deposits with other banks	1,008,000
Interest expenses on customers deposits	2,500,000
Interest on deposits with other banks	56,000
Fees and commissions received	1,864,000
Foreign exchange commission receivable	110,000
Other operating incomes	1,500,000
Fees and other expenses	150,000
Impairment loans and advances	840,000
Administration costs	3,860,000
General operating expenses	3,140,000
Income tax expense	2,100,000
Retained profits (1 October 2014)	16,640,000
Cash and balances with central bank	12,800,000
Deposits and balances due from other banks	19,200,000
Government bonds and other securities	15,400,000
Loans and advances to customers	132,270,000
Deferred tax assets	60,000
Statutory reserves	1,910,000
Customers deposits	150,995,000
Deposits from other banks	2,200,000
Current tax liabilities	1,145,000

Additional information:

1. An allowance for unserviced loans is to be created at 2% on outstanding loans and advances to customers.
2. Intangible assets were impaired at 20% at the end of the year.

Required

Prepare Income statement for the year ended on 30th September 2015 (10 Marks)