BACHELOR OF COMMERCE
BACHELOR OF BUSINESS LEADERSHIP
END OF TERM EXAMINATION

DEPARTMENT: BUSINESS
COURSE CODE: CAC 302
COURSE TITLE: ACCOUNTING FOR ASSETS
TIME:
INSTRUCTIONS

- This examination script consists of **FOUR (4)** questions.
- Read all questions carefully before attempting.
- Question **One** is compulsory and Answer any **THREE (3)** questions.
- Write your **student number** on the answer booklet provided.

QUESTION ONE

a) Discuss THREE qualitative characteristics of accounting information (6 Marks)

b) Describe three categories of investment securities where an investor lacks significant influence (4 Marks)

c) The following balances were extracted from the books of Tenda ltd as at 1.1.2022 all the assets except land were acquired three years ago when the business started

Assets	Cost shs'000'
Land	100,000
Motor vehicles	8,000
Buildings	30,000
Equipment	2,000
Furniture and fittings	4,000

The company depreciates assets as follows:

Motor vehicles 20% on cost

Buildings	2% on cost
Equipment	12.5% on cost
Furniture	10% on cost

Required

Prepare the Fixed assets movement schedule showing the net book value at the beginning and close of 2022 (10 Marks)

d) Discuss TWO elements of the conceptual framework of accounting (4 Marks)

e) Explain THREE ways a firm can use accounts receivable as a source of finance (6 Marks)

QUESTION TWO

Describe the meaning and application of the following principles in financial reporting

i. Duality concept (2 Marks)

ii. Matching concept (2 Marks)

iii. Prudence concept (2 Marks)

iv. Accrual concept (2 Marks)

v. Money measurement concept (2 Marks)

QUESTION THREE

a) Discuss using examples in each case FOUR classes of non-current assets (4 Marks)

b) Explain three ways a firm can use accounts receivable as a source of finance (6 Marks)

QUESTION FOUR

a) Differentiate between bad debts written off and provision for doubtful debts.(4 Marks)

b) The following data relates to the books of cyber café enterprises at 31/12/2024

- Bad debts written off shs. 125,000
- Provision for doubtful debts 1/1/2024 shs. 50,000
- Net debtor's shs. 2,700,000
- Provision for bad debtors is to maintained at 5% of good debtors

Required:-

i. Profit and loss Account for the year ended 31/12/2024 (3 Marks)
ii. Balance sheet as at 31/12/2024 (3 Marks)

QUESTION FIVE

The following transactions relates to Crowell ltd for September 2023

i. September 1st bal b/f 6000 units valued at Sh 200 per unit
ii. .September 4th sold 100 units
iii. September 8th purchased 5000units at Sh210per unit
iv. September 10th sold 4000 units
vi. September 12th purchased 7000 units @ Sh 220 per unit
vii. September 14th purchased 4000 units at 225 per unit
viii. September 18th sold 6500 units
ix. September 21st purchased 6000 units at Sh 230 per unit
x. September 22nd sold 6600 units
xi. September 25th sold 1200 units
xii. September 28th purchased 8000 units at Sh 240 per unit
xiii. September 30th sold 3,600units

Required

Using the FIFO method, calculate the cost of closing stock and sales under periodic system (10 Marks)