PAN AFRICA CHRISTIAN UNIVERSITY

END OF SEMESTER EXAMINATION FOR THE DEGREE OF

SPECIAL EXAM 2020

CAMPUS: ROYSAMBU

DEPARTMENT: BUSINESS

COURSE CODE: BUA 4133

COURSE TITLE: FINANCIAL ACCOUNTING IV

EXAM DATE: 2020

TIME:

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 **(10 marks)**

a. Discuss the following tests as used in segment reporting giving an example of each:

   i. Revenue test (4 marks)

   ii. Operating profit test (3 marks)

   iii. Asset test (3 marks)

Question Two **(10 Marks)**

a. Discuss **two** limitations of public financial statements. (4 marks)

b. Explain **three** situations which call for capital reconstruction. (6 marks)

Question Three **(10 Marks)**

From the information given below, prepare a cattle statement to ascertain profits or losses made by the cattle rearing section of X farm 31/12/19

	No.	**Value**
Opening stock	50	9,000,000
Closing stock	60	11,000,000
Purchase of cattle during the year	110	20,500,000
Sales of live cattle	95	21,200,000
Sale of slaughtered cattle	6	1,200,000
Sales of carcasses	4	1,000,000
Cattle food		1,800,000
Wages		4,500,000
Slaughter house expenses		500,000

Additional information

1. Crops worth sh:5,000,000 grown in a farm had been used for feeding cattle

2. Out of the calves born 2 died and their carcasses realized shs. 10,000=.

Required: Prepare a cattle statement

Question Four **(10 Marks)**

R.L. Brummet has identified **five** areas which an enterprise should cover while doing reporting of social performance in his topic "Total performance measurement . Discuss the five areas

Question Five **(10 marks)**

A landlord granted a lease to mining company whereby he is to receive sh. 0.05 per ton of ore mined.

The output for the first 3 years is:

1st year	10,000 tons
2nd year	20,000 tons
3rd year	24,000 ton

Assume that the minimum rent is shs 800. Prepare the royalty short workings accounts.

Question Six **(10 marks)**

A Company held share in XYZ company which it bought for shs. 21,000 in 1982 when the index of the general prices stood at 105. At the end of 2001 the market price of the shares was shs.18, 000 and the index 125. At the end of 2002 the market share was shs.20, 000 and index 130.

a. Calculate the Current Purchasing Power (CPP) value of the shares at the end of 2001 and 2002 using the conversion method. (6 marks)
b. Under CPP account what gain or loss will be shown in respect to the shares? (4marks)