PAN AFRICA CHRISTIAN UNIVERSITY

END OF SEMESTER EXAMINATION FOR THE DEGREE OF

JANUARY- APRIL 2025

CAMPUS: ROYSAMBU

DEPARTMENT: BUSINESS

COURSE CODE: BUA 4113

COURSE TITLE: FINANCIAL ACCOUNTING IV

EXAM DATE:

TIME:

INSTRUCTIONS

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

Question One **(10 marks)**

Mamba ltd 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 **(10 marks)**

Question Two **(10 Marks)**

A Company held share in Bay company which it bought for shs. 21,000 in 2020 when the index of the general prices stood at 105. At the end of 2021 the market price of the shares was shs.18, 000 and the index 125. At the end of 2022 the market share was shs.20, 000 and index 130.

a. Using the conversion method, calculate the Current Purchasing Power (CPP) value of the shares at the end of 2021 and 2022

   (6 marks)

b. Under CPP account what gain or loss will be shown in respect to the shares? (4marks)

Question Three **(10 Marks)**

From the following information prepare a crop account to ascertain the profits or losses made by the crop section of X farm 31/12/24

Opening stocks	**shs**
Millet	5,000,000
Millet seeds	1,000,000
Fertilizers	1,500,000
Purchase:-	
Millet seeds	600,000
Fertilizers	900,000
Wages	
Paid in cash	6,800,000
Paid in kind by giving millet	4,600,000
Sales of millet	35,400,000
Millet consumed by proprietor	1,600,000
Depreciation of farm machinery	2,000,000

Closing stock

Millet	4,000,000
Millet seeds	700,000
Fertilizers	800,000

Required: Prepare a millet crop statement for the year ended 31/12/24 **(10 marks)**

Question Four (10 Marks)

a. Discuss the term business combination using relevant examples. (2 marks)

b. According to IFRS 3, an entity shall account for each business combination by applying the acquisition method. Applying the acquisition method requires:

  i. identifying the acquirer;
  ii. determining the acquisition date;
  iii. Recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
  iv. Recognising and measuring goodwill or a gain from a bargain purchase

Required:
Explain the four methods mentioned above. **(8 marks)**

Question Five (10 marks)

The accounts of a company are published to give greater publicity to the company and to enable the members, investors and public at large to understand the profitability and financial positions of the concern. Discuss **four** components of published accounts. **(10 marks)**

Question Six (10 marks)

A landlord granted a lease to mining company whereby he is to receive shs. 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 tons

Assume that the minimum rent is shs 800.Calculate the amount of royalty receivable by the landlord.

(10 marks)