PAN AFRICA CHRISTIAN UNIVERSITY

END OF SEMESTER EXAMINATION FOR THE DEGREE OF

JANUARY- APRIL 2025

CAMPUS: ROYSAMBU

DEPARTMENT: BUSINESS

COURSE CODE: BUA 3313

COURSE TITLE: FINANCIAL ACCOUNTING III

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 (Compulsory) **(10 marks)**

Make journal entries if 200 debentures of shs. 500 each have been issued

as :

(i) Issued at shs 500, redeemable at shs 500

(ii) Issue at shs 450; redeemable at shs 500

(iii) Issued at shs. 550; redeemable at shs. 500

(iv) issued at shs 500; redeemable at shs 550

(v) Issued at shs 450; redeemable at shs 550

Question Two **(10 Marks)**

a. Discuss five distinguishing factors between a promissory note and bills of exchange. (5 marks)
b. Anthony sold goods Rs. 10,000 to Balbie on Jan. 01, 2020 and immediately drew a bill on Balbie for three months for the same amount, Balbiei accepted the bill and returned it to Anthony. On March 04, 2020 Babli retired her acceptance under rebate of 6% per annum.
   i. Show journal entries in the books of Anthony. (3 marks)
   ii. Show journal entries in the books of Balbie. (2 marks)

Question Three **(10 Marks)**

a. When a buyer takes control of another business with a transaction, it is called a **business combination.** Explain three considerations made under this term business combination. (6 marks)
b. Discuss the international Financial Reporting Standard used in Business combination. (4 marks)

Question Four **(10 Marks)**

a. Explain the term branch accounting (2 marks)
b. Describe **three** systems of maintaining branch accounts for a dependent branch (8marks)

Question Five **(10 marks)**

a. Explain the cost price method of accounting as used in branch accounts. (2 marks)
b. The following particulars relating to Kisumu Branch for the year ending December 31, **2020**

	Kshs
Stock at Branch on 1-1-2020	15,000
Debtors at Branch on 1-1-2020	30,000
Petty Cash at Branch on 1-1-2020	300
Goods sent to Branch	252,000
Cash sales	60,000
Received from Debtors	210,000
Credit Sales	228,000
Cheques sent to Branch for	
Salaries	9,000
Rent and Taxes	1,500
Petty Cash	1,100
Goods returned by the branch	2,000
Stock at Branch on 31-12-2020	25,000
Petty cash at Branch on 31-12-2020	200
Debtors at Branch on 31-12-2020	48,000

From the above table, prepare Branch Account in the books of head office. (8 marks)

Question Six **(10 marks)**

Explain the following terms as used in issue of shares giving examples on each:

i. Call- in advance (3 marks)
ii. Call in arrears (2 marks)
iii. Under subscription (3 marks)

iv. Oversubscription (2 marks)