

U.C.E ACCOUNTS PAPER ONE 2017

1. Which accounting concept states that a business is expected to operate in the near future?

- A. Historical cost
- B. Going – concern
- C. Consistency
- D. Objectivity

Identify a current liability from the following items

- A. Commission receivable
- B. Interest receivable
- C. Subscriptions due from staff
- D. Salaries due

Determine the value to be paid by a customer for goods costing Shs5,000,000 at 5% trade discount and 2% cash discount.

- A. Shs4,655,000
- B. Shs4,650,000
- C. Shs4,750,000
- D. Shs4,900,000

A credit balance in the bank column of a cash book is known as

- A. cash at bank
- B. bank draft
- C. bank overdraft
- D. contra balance

What makes a three Column Cash Book different from a Two Column Cash Book?

- A. A Folio columns
- B. Cash columns
- C. Discount columns
- D. Bank columns

Which of the following items appears on the debit side of a trial balance?

- A. Purchases
- B. Sales
- C. Returns outwards
- D. Capital

The statements below are true about single entry book keeping except

- A. $\text{Opening Capital} + \text{Net Profit} - \text{Drawings} = \text{Closing capital}$
- B. $\text{Assets} + \text{Liabilities} + \text{Capital}$
- C. $\text{Cash Sales} + \text{Credit sales} = \text{Total Sales}$
- D. $\text{Business goods} + \text{Business cash used by the owner} = \text{Drawings}$

Given;

Prepaid rent Shs600,000

Accrued rent Shs200,000

Rent Paid Shs900,000

Determine rent amount to be transferred to the profit and loss account.

- A. Shs300,000
- B. Shs1,700,000
- C. Shs1,300,000
- D. Shs500,000

The purpose of preparing a worksheet is to

- A. make end of year adjustments in the final accounts
- B. check the arithmetic accuracy in the trial balance
- C. reconcile the trial balance with the ledger

Which of the following items is debited to the trading account?

- A. Sales
- B. Returns outwards
- C. Purchases
- D. Closing stock

Which of the following items would make a bank statement have higher balance than a customer's cashbook balance?

- A. Bank charges
- B. Uncredited cheque
- C. Unpresented cheques
- D. Ledger fees

How does a cheque payment to creditors affect a balance sheet?

- A. Cash at bank and creditors increase
- B. Cash at bank reduces and creditors increase
- C. Creditors reduce and cash at bank increases
- D. cash at bank and creditors reduce

The following statements are correct about accrued rent receivable except that it is

- A. a credit balance
- B. income received in advance
- C. income earned but not yet received
- D. credit to the profit and loss account.

The cost of equipment is Shs5,000,000 and its depreciation per year is Shs400,000. Determine the net book value of the equipment at the end of 5 years.

- A. Shs3,000,000
- B. Shs2,000,000
- C. Shs5,400,000
- D. Shs4,600,000

What entries are made when a partnership makes a loss?

- A. Dr. Appropriation Account, Cr. Partners Current Account.
- B. Dr. Profit and Loss Account, Cr. Appropriation Account.
- C. Dr. Appropriation Account, Cr. Profit and Loss Account.
- D. Dr. Partners Account, Cr. Appropriation Account.

An example of revenue expenditure on premises is

- A. legal fees for purchases of premises
- B. purchase of premises
- C. re-painting of premises
- D. extension of premises

The sum of all Value Added Tax (VAT) charges on purchase invoices for a given period is known as

- A. customs tax
- B. input tax
- C. excise tax
- D. output tax

A partner's current account was prepared from the following information

Partner's salary	Shs1,200,000
Drawings	Shs800,000
Share of profits	Shs500,000
Interest on drawings	Shs700,000

Calculate the current account closing balance

- A. Shs200,000Cr
- B. Shs500,000Dr
- C. Shs600,000Cr
- D. Shs800,000Dr.

What entries should be made to correct an error where purchase of goods for Shs3,000,000 was recorded as Shs300,000 in the creditor's account.

- A. Dr. Creditor's Account Shs3,000,000, Cr. Purchases Account Shs300,000
- B. Dr. Creditor's Account Shs2,700,000. Cr. Suspense Account Shs2,700,000
- C. Dr. Purchases Account Shs2,700,000, Cr. Suspense Account Shs300,000
- D. Dr. Suspense Account Shs2,700,000, Cr. Creditor's Account Shs2,700,000

Choose a correct statement from the following:

- A. Credit purchases are credited to creditor's control account
- B. Discount allowed are debited to debtor's control account
- C. Bad debts written off are credited to debtor's control account
- D. Returns outwards are credited to creditor's control account.

SECTION B

Answer any four questions from this section

- a) Give two advantages of maintaining a Petty Cash Book
- b) Dudu Stock list Ltd are dealers in pesticides. They use an imprest system to maintain a petty cash book. The maximum petty cash float is Shs5,000,000 and re-imburement is done after every two weeks.

On 1st July 2017, the Petty Cahier received the cash float Shs5,000,000 and made the following payments:

		Shs
July 1.	Petrol for the generator	36,000
2.	Airtime, 10 cards each Shs5,000	50,000
2.	Office brooms and soap	59,000
3.	Paid Hana, a supplier on account	425,000
4.	Cleaning materials	60,000
5.	Petrol for the generator	51,000
5.	Landline telephone bills	122,500
6.	Attendants' wages	150,000
6.	Manager's salary and allowances	335,000
7.	Generator maintenance service	66,500
8.	Paid Peter, a pesticide supplier on account	1,000,000
9.	Air time cards for staff	100,000
10.	Paid staff salary advance	382,500
12.	Petrol for the service van	174,500
14.	Omondi, a supplier was paid on account	1,627,500

Required:

Prepare a petty Cash Book using Power & Fuel, Communication, Salary & Wages, Cleaning and Ledger account analysis columns.

10 cartons each at Shs63,500
 29 Mesa Restaurant: 6 crates each at Shs24,000

Required:

Prepare;

a) General Journal

b) Purchase Journal

c) Sales Journal.

The Trial Balance below relates to B. Tabaro for the year ended 30th June 2017:

Details	Debit (Shs)	Credit (Shs)
Capital		63,760,000
Sales		150,000,000
Discount received		50,000
Purchases	90,000,000	
Shop fittings (at cost)	12,000,000	
Motor vans (at cost)	23,500,000	
Debtors and creditors	29,400,000	21,000,000
Sales returns	1,550,000	
Purchases returns		2,800,000
Opening stock (1 st July 2016)	30,000,000	
Provision for bad debts		2,940,000
Provision for depreciation on motor vans		3,500,000
Salaries and wages	16,000,000	
Airtime	3,000,000	
Rent and rates	6,000,000	
Bank	14,000,000	
Cash in hand	4,650,000	
Drawings	18,000,000	
Carriage outwards	600,000	
Carriage inwards	900,000	
Bad debts	9,400,000	
Bank loan		14,950,000
TOTAL	259,000,000	259,000,000

Additional information;

- I. Closing stock (30th June 2017) Shs35,000,000
- II. Accrued wages Shs9,000,000
- III. Prepaid rent Shs1,000,000
- IV. Provision for bad debts to be increased to Shs3,500,000
- V. Depreciate shop fittings by 5% per annum and motor vans by 20% per annum on cost

Required:

Prepare;

- a. Trading, Profit and Loss Account for the year ended 30th June 2017
 - b. Balance Sheet as at 30th June 2017.
- a) What is an inter-ledger transfer in relation to Control Accounts?
- b) Bruno Securex deals in electricity security systems and appliances: The following balances were extracted from their journals:

<u>Opening balances (1st July 2016):</u>	Shs
Debtors balances	8,750,000 (Dr)
Creditors balances	4,900,000 (Cr)
<u>Transactions during the year to 30th June 2017:</u>	Shs
Cash paid to creditors	3,500,000
Cash received from debtors	3,850,000
Cheques paid to creditors	8,750,000
Cheques received from debtors	14,000,000
Discount allowed	210,000
Discount received	70,000
Sales returns	140,000
Purchases returns	245,000
Bad debts written off	35,000
Interest charged by creditors	105,000
Dishonoured cheques (issued to creditors)	2,800,000
Cheques received but dishonoured	1,750,000
<u>Closing balances (30th June 2017):</u>	Shs
Debtors	4,900,000 (Dr)
Creditors	4,200,000 (Cr)

Required: Prepare;

- i) Sales Ledger Control Account to determine credit sales.
- ii) Purchases Ledger Control Account to determine credit purchases

State the items in a profit-making organization that are similar to each of the following in a non-profit-making organization:

- i) Receipts and Payments Account
- ii) Income Statement
- iii) Surplus
- iv) Deficit
- v) Accumulated fund

b)The following balances were extracted from the books of Batoto Football Club as at 30th June 2016:

Shs

Equipment	15,500,000
Bank overdraft	2,000,000
Furniture & fittings	10,800,000,
Creditors	7,200,000

Required: Prepare the Club's Statement of Affairs as at 1st July 2016.

c) Below is a summary of receipts and payments of Yeffe Womens's Club for the year ended 31st December 2016.

Receipts and Payments Account			
	Shs		Shs
Balance b/d	26,000,000	New equipment	480,000
Subscriptions	1,200,000	Sports kits	300,000
Donation	250,000	Electricity	130,000
		Transport	210,000
		Ground hire	120,000
		Gifts	25,000
		Salaries	800,000
		Postage & telephone	130,000
		Advertising	80,000
		Land	6,000,000
		Premises	8,000,000
		Balance c/d	11,175,000
	<u>27,450,000</u>		<u>27,450,000</u>

Additional Information

- I. Depreciate equipment and sports kits by 10% (on cost)
- II. Subscriptions due Shs 100,000
- III. Subscriptions prepaid Shs.60,000
- IV. Electricity outstanding Shs30,000
- V. Transport paid in advance Shs10,000

Required

Prepare the Club's Income and Expenditure Account for the year ended 31st December 2016.

Give three difference between direct taxes and indirect taxes

- a. State any four types of indirect taxes
- b. Dorothy Nabiryo is an Accountant with Mega (U) Ltd. her employment contract has the following monthly provisions:

Basic Salary	400,000
Housing allowance	300,000
Medical allowance	30,000
House helper	100,000
Lunch allowance	150,000
Electricity & Water allowance	120,000

Required:

- i . Calculate Dorothy's monthly taxable income

ii. Tax payable to URA per month using the PAYE Income tax brackets given below.

P.A.Y.E TAX RATES	
Chargeable Monthly income	Tax Rate
Not exceeding Shs235,000	Nil
Exceeding Shs235,000 but not exceeding Shs335,000	10% of the amount by which chargeable income exceeds Shs235,000
Exceeding Shs335,000 but not exceeding Shs410,000	Shs10,000 plus 20% of the amount by which chargeable income exceeds Shs335,000
Exceeding Shs410,000	Shs25,000 plus 30% of the amount by which chargeable income exceeds Shs410,000

END