

UNEB U.C.E ACCOUNTS 2006

SECTION A : 20 MARKS

1. A credit note is sent to a consumer in order to instruct him/her to
 - a) Cr. Creditor's account
 - b) Dr. Creditor's account.
 - c) Dr. Purchases account.
 - d) Cr. Purchases account.
2. What effect will the acquisition of a fixed asset on credit have on the balance sheet?
 - a) Increase owner's equity.
 - b) Reduce owner's equity.
 - c) Reduce total assets and total liabilities.
 - d) Increase total assets and total liabilities.
3. Which document does the debtor use to record purchases of goods on credit?
 - a) Carbon copy of invoice.
 - b) Carbon copy of advice note.
 - c) Original invoice
 - d) Original of advice note.
4. An increase in the capital may result from the
 - a) Purchase of a vehicle.
 - b) Owner's withdrawals of cash for his personal use.
 - c) Payment for water bills.
 - d) Profit from the business operations.
5. Rent income prepaid is a
 - a) Cr. Balance in the rent income account.
 - b) Dr. Balance in the rent income account.
 - c) Current asset.
 - d) Working capital.
6. The purchase of business pick-up from a motor dealer by cheque will affect
 - a) Purchases A/C and motor dealer's A/C.
 - b) Purchases A/C and Bank A/C.
 - c) Motor vehicle A/C and bank A/C.
 - d) Purchases A/C and motor vehicle A/C.
7. Which one of the following instances will result into a cash book balance showing a smaller figure as compared to bank statement balance?

- i. Direct credit.
- ii. Uncredited cheque.
- iii. Unpresented cheque.
- iv. Standing order.

- a) (i) and (iii)
- b) (i) and(ii)
- c) (ii) and (iv)
- d) (iv) and (iii).

8. The equivalent of accumulated fund when applied to trading organizations is called

- a) Loss
- b) Profit
- c) Working capital
- d) Profit realized

9. Given the opening debtors shs1,150,000, closing debtors shs1,450,000 and cheques from debtors shs4,500,000. Find total credit sales.

- a) Shs2,600,000
- b) Shs4,800,000
- c) Shs300,000
- d) Shs9,300,000

10. Which is the accounting concept which suggests that two aspects of a transaction are recorded?

- a) Marching concept.
- b) Entry concept.
- c) Realization concept.
- d) Dual concept.

11. Which one of the following items is included in the calculation of the cost of goods sold?

- a) Advertising the goods.
- b) Sales revenue.
- c) Carriage inwards.
- d) Carriage on sales.

12. A provision for bad debts is

- a) The amount owing by debtors.
- b) Debts that are irrecoverable.
- c) Money set a side for bad debts expenses.
- d) An estimated expense for bad debts.

13. What would be the re-imburement figure to a petty cashier who has a balance of shs120, 000 and operating on an imprest of shs480, 000?

- a) Shs360,000
- b) Shs120,000
- c) Shs480,000
- d) Shs600,000

14. Which one of the following statements is correct when goods are drawn for personal use?

- a) Dr. Drawings A/C, Cr. Cash A/C.
- b) Dr. Drawings A/C, Cr. Stock A/C.
- c) Dr. Drawings A/C, Cr. Purchases A/C.
- d) Dr. Capital A/C, Cr. Drawings A/C.

15. Special Bakery enterprises bought raw materials on credit on 18th June, 2003 for shs2, 500,000 under the cash discount terms of 5% within 14 days and 2% within 30 days. How much did they pay on 17th July, 2003?

- a) Shs2,375,000
- b) Shs2,500,000
- c) Shs2,450,000
- d) Shs1,250,000

16. The returns inwards a/c and returns outwards a/c are normally found in

- a) Returns ledger.
- b) Sales ledger.
- c) Private ledger.
- d) Profits ledger.

17. The ratio in which partners share profits or losses may be determined by

- a) Capital contributions
- b) Partnership deed
- c) Losses incurred
- d) Profits realized.

18. Which one of the following best explaining the purpose of control account?

It is used to

- a) Calculate total debtors and total creditors.
- b) Calculate sales and purchases.
- c) Control errors in the books.
- d) Prepare the trial balance.

19. Which one of the following source documents is used to record a petty cashbook?

- a) Cheque counter foil
- b) An invoice
- c) Payment voucher

d) Payment slip.

e) Payment slip.

20. Given the following details, determine the figure of capital.

Premises shs200, 000

Stock shs850, 000

Creditors' shs3, 000,000

Prepaid insurance shs2, 500

Commission income due shs7, 500

a) Shs1,053,500

b) Shs1,050,000

c) Shs1,060,000

d) Shs760, 000.

SECTION B :(80 marks)

21. a) Define depreciation and give three causes of depreciation of a fixed asset.

b) The following trial balance was extracted from the books of mwanga traders on 30th June, 2003.

DR	CR
Shs	shs
Premises 700,000	
Traders debtors 10,000	
Motor car 1,000,000	
Trade creditors 20,000	
Provision for Depreciation:	
- motor car 50,000	
furniture & fittings 400,000	
provision for Depreciation	
furniture & fittings 4,000	
purchases & sales 60,000	40,000
returns 5,000	6,000
cash in hand 30,000	
cash in bank 70,000	
capital 2,155,000	
2,275,000	2,275,000

Additional Information:

i. stock on 30th June, 2003 was valued at shs25,000

ii. There was no stock on 30th June, 2002.

iii. Provision for depreciation on motor car and furniture & fittings were made at the rate of 5% on the reducing balance method.

Required:

a) Trading profit and loss account for the year ending, 30th June, 2003.

b) Balance sheet as at 30th June, 2003.

22. a) Explain the following accounting concepts:

i. The going concern concept.

ii. Cost concept.

iii. Realization concept.

b)

ABC Ltd.

BALANCE SHEET AS AT 31 JULY, 2002

Shs	Shs
Capital 17,580,000	Motor vehicle 10,000,000
Net profit 600,000	Fixtures & fittings 8,000,000
Drawings (210,000)	Stock of goods 3,100,000
Bank loan 5, 000,000	Debtors 1,400,000
Accounts payable 60,000	Cash in hand 680,000
Bills payable 50,000	<u>23,180,000</u>
Overdraft <u>100,000</u>	
<u>23,180,000</u>	

Study the above balance sheet and answer the following questions:

i. Calculate: - working capital,

- Net capital employed,

- Owner's equity,

ii. Re-draft the balance sheet clearly showing, with their totals:

- Fixed assets, current asset, current liabilities, owner's equity and long term liabilities.

23. J.B Okwera's book keeper prepared the following trial balance.

J.B Okwera's trial balance as at 31st March, 2003.

Shs shs
Housing finance loan (10 years) 1,000,000
Capital 400,000
Purchases/ sales 240,000 490,000
Returns 11,000 14,000
Discounts 8,000 5,000

Office expenses	79,000
Stock (1 st April, 2002)	37,000
Debtors/ Creditors	102,000 68,000
Advertising	20,000
Travelling expenses	8,500
Salary	40,000
Drawings	30,000
Motor vehicle (at cost)	150,000
Equipment	500,000
Fixtures and fittings	500,000
Provision for bad debts	1,000
Provision for depreciation on motor vehicles	15,000
Cash in hand	12,000
Cash at bank	<u>246,000</u>
	<u>1,993,000 1,993,000</u>

Additional Information:

- Stock on 31st March, 2003 shs70,000
- Office expenses include shs39, 000 paid in advance for April, 2003.
- Salaries due at 31st March, 2003 shs8, 000.
- A provision of 5% for doubtful debts is to be made.
- Provide depreciation on fixtures and fittings at 12% and motor vehicle at 10% using reducing balance method.

Required to prepare the:

- a) Trading, profit and loss account,
- b) Balance sheet.

24. a) Distinguish between discount allowed and discount received.

b) Joseph Muto's cashbook showed the following balances on 31st September, 2003.

Shs

Cash column 22,000 (Dr)

Bank column 427,000 (Cr)

The following transactions took place for the month of October.

Oct 2 received a cheque from Aguma in full settlement of his bill of shs450, 000 less 3% cash discount.

3 cash sales of shs180, 000

6 received cash from Thomas less 5% cash discount in settlement of his debt of shs650, 000

6 banked in the afternoon shs700, 000

12 bought stationery by cash shs12, 000

14 paid Mukwano Enterprises shs710, 000 by cheque in full settlement of his bill of shs750, 000 as he qualified for cash discount.

15 paid office cleaner half month salary in cash shs45, 000

20 cash sales amounted to shs112, 000

25 cash purchases were shs68, 000

26 made personal drawings by cheque shs30, 000

27 received cheque from three star ltd. Company shs25, 000 as a share of dividends.

29 drew a cheque for shs40, 000 for office cash.

Required to prepare:

i) Three column cashbook duly balanced.

ii) The discount accounts in the ledger.

25. a) Mention any five functions of a journal proper.

b) Kazzi-ngumu, a book keeper with Sisi-Kwasisi Enterprises in Tororo extracted a trial balance which refused to agree. However, on proper analysis of the books of accounts the following errors were discovered:

- There was an overcast of shs496, 000 in rates account.
- Shs236, 000 for electricity had been entered as shs326, 000 on the account and relevant account.
- Commission received for shs524,000 was posted s shs52,000
- The repairs of stores shs352,000 were paid and entered as shs175,000
- Payments for rent had been entered under salaries account for shs620,000
- A payment of shs 250,000 to P.Kato was entered to P.Kato's account who is also a creditor.
- The value of goods shs24, 500 taken by the owner had not been entered any where in the books.
- The purchase of a lap top computer had been included in the purchases account as shs280, 000.

Required to prepare:

i) The journal to show correction of the above errors. (no narration)

ii) The suspense account.

26. Kato, Mukasa and Luutu are I partnership. Below is their trial balance as at 31st Dec, 2004.

Details DR CR

Shs shs

Capital A/Cs.

Kato 1,200,000

Mukasa 1,500,000

Luutu 1,800,000

Drawings:

Kato 31st Mar,2004 320,000

Mukasa 1st Oct, 2004 180,000

Luutu 1 st July, 2004	200,000
Purchases/ sales	1,527,000 2,000,000
Creditors	1,475,000
Discounts	47,000 25,000
Returns	205,000 5,000
Rent	720,000
Premises	1,000,000
Salaries	700,000
5% Bank loan	6,000,000
Cash	2,600,000
Furniture	5,950,000
Wages	56,000
Stock	<u>500,000</u>
	<u>14,005,000 14,005,000</u>
<u>Additional Information:</u>	

- Stock valued at shs300, 000 on 31st Dec. 2004.
- Discounts allowed due shs3,000
- Salary includes salary to luutu shs60,000
- Unpaid wages shs4, 000 and rent outstanding shs20, 000.

The partnership deed had the following:

- Interest on capital 2% per annum.
- To charge a rate of 10% on drawings.
- To share profit of losses equally.

Required to prepare:

- a) Trading profit & loss appropriation account.
- b) Fluctuating capital accounts.