

UNEB U.C.E ACCOUNTS 2009

SECTION A : 20 MARKS

1. The amount set aside by the business from its profit to cater for uncertainties in future is referred to as

- a) Savings.
- b) Reserves.
- c) Income.
- d) Provision.

2. Which of the following statements is not true about a petty cash book? It is

- a) Part of the double entry system.
- b) A book of original entry.
- c) Used to record payments of suppliers invoices.
- d) Used to record payments of small expenses.

3. Which one of the following errors is disclosed by a trial balance?

- a) Error of principle.
- b) Error of omission.
- c) Compensation error.
- d) Error of overcast in an account.

4. Opio bought goods for shs2, 000,000 and was offered a 5% trade discount and a 2% cash discount. Calculate the cash discount.

- a) Shs98,000
- b) Shs38,000
- c) Shs40,000
- d) Shs78,000

5. Which one of the following increases the income of a partnership?

- a) Interest on loan given by partners.
- b) Interest on capital.
- c) Interest on drawings by partners.
- d) Drawings.

6. The entries made when provision for bad debts is created is

- a) Dr. profit & Loss A/C. and Cr. Provision for Bad Debts A/C.
- b) Dr. Debtors' A/C. and Cr. Provision for Bad Debts A/C.
- c) Dr. Bad Debts A/C. and Cr. Provision for Bad Debts A/C.
- d) Dr. Provision for Bad Debts A/C and Cr. Profit & Loss A/C.

7. The purpose of a worksheet is to

- a) Make original entries in the books of accounts.
- b) Make the preparation of the final accounts and balance sheet easy.
- c) Determine the amount of debtors and creditors in the business.
- d) Detect errors in the books of accounts.

8. Given furniture -shs1,000,000, debtors-shs800,000, prepaid rent-shs300,000, creditors-shs900,000 and outstanding salaries-shs400,000, calculate the capital of the business:

- a) Shs200,000
- b) Shs900,000
- c) Shs1,800,000
- d) Shs800,000

9. If gross profit is subtracted from sales, the value ascertained is

- a) Expenses.
- b) Net profit
- c) Cost of sales.
- d) Net purchases.

10. Which system of bookkeeping states that every debt entry has a corresponding credit entry?

- a) Single entry system.
- b) Imprest system.
- c) Contra system.
- d) Double entry system.

11. The source document used to correct an overcharge on a transaction is

- a) A debit note
- b) A receipt.
- c) A credit note.
- d) An invoice.

12. Given a trial balance with totals of shs11, 900 on the credit side and shs11, 000 on the debit side, what will be posted to the suspense account?

- a) Dr. suspense A/C- shs1, 800.
- b) Dr.suspense A/C- shs900.
- c) Cr.suspense A/C - shs1, 800.
- d) Cr.suspense A/C - shs900.

13. The subsidiary book used to record goods returned to the business is

- a) Returns Inwards Journal.
- b) Sales Journal.
- c) Returns Outwards Journal.
- d) Purchases Journal.

20. A petty cashier maintains an imprest of shs170, 000 per week. If he spent shs153, 000, how much will be re-imbursed?

- a) Shs17,000
- b) Shs187,000
- c) Shs153,000
- d) Shs170,000

SECTION B: (80 marks)

21. a) i) Define the term provision as used in accounting.

ii) Explain how provision for discount allowed and provision for discount received are treated in the profit & Loss Account and balance sheet.

b) Kiira farm makes a provision for bad debts at a rate of 10% of debtors. The debtors' balances as at 31st December for four consecutive years are:

Shs

2005 3,000,000

2006 5,000,000

2007 8,000,000

2008 7,000,000

Required: For each of the four years, show:

- i) Provision for bad debts account.
- ii) Balance sheet extract.

22. a) State any five causes of the differences between the cash book and the Bank statement balances.

b) On 31st March, 2007 the cash book of Lisa Enterprises, a sole trader, showed a bank balance of shs4,710,000 (Dr.). during the month, the following transactions took place:

- # A cheque of shs280, 000 received from Gene Ber Co. Ltd and entered in the cash book was not credited.
- # A remittance by credit transfer of shs1, 140,000 by a customer was credited by the bank but no entry was made in the cash book.
- # Cheques drawn to creditors amounting to shs2, 680,000 were not paid by the bank.
- # The bank debited Lisa Enterprises' Account with shs140, 000 for interest and bank charges but no entries were made in the cash book.
- # Standing order paid amounted to shs120,000
- # A cheque received worth shs160, 000 was dishonored by the bank but Lisa Enterprises had not recorded this fact.
- # Received a bank statement showing shs7,830,000 (Cr.)

Required; Prepare

- i) An Adjusted cash book.
- ii) A bank reconciliation statement.

23. a) Define the term imprest as used in a petty cash book.

b) Mr. Onyu was issued an imprest of shs150, 000 on 1st April, 2006

April, 2006 shs

1st transport 18,000

Meals 5,000

Stationery 1,000

2nd Accommodation 24,000

Meals 5,000

Telephone 3,000

Transport 2,000

3rd Meals 7,500

Accommodation 24,000

Stationery 1,500

Telephone 4,200

4th Stationery 2,000

Transport 2,500

Meals 5,000

Accommodation 13,000

5th Meals 2,500

Transport 20,000

Telephone 1,000

Required: Prepare a petty cash book with the following columns.

- Accommodation

- Meals

- Telephone

- Transport

- Stationery.

24. The following trial balance was obtained from the books of Mame, a trader as at 31st Dec.2008.

Debit	Credit
Shs	Shs
Sales	13,160,000
Purchases 7,520,000	6,600,000
capital	180,000
Stock (1/01/2008) 1,980,000	<u>21,840,000</u>
Cash at hand 140,000	
Cash at bank 760,000	
Salaries 1,720,000	

Discounts 460,000	
Debtors and creditors 3,280,000	
Rent 680,000	
Computer (at cost) 960,000	
Provision for bad debts	
Motor vehicle (at cost) 1,600,000	
Vehicle repairs 300,000	
Bad debts written off 540,000	
Drawings 1,900,000	
<u>21,840,000</u>	

Additional Information:

- Stock at as 31st December, 2008, shs2,340,000
- Salaries accrued shs60,000
- Provision for depreciation: computer 5% per annum on cost.
- Motor vehicle 10% per annum on cost.
- Rent prepaid shs80, 000.

Required; prepare a

- a) Trading, profit and loss account for the year ended 31st December, 2008.
- b) Balance sheet as at 31st December, 2008.

25. a) State any four errors which affect the agreement of the trial Balance.

b) The trial balance of a trader on 31/12/2006 failed to agree. The debit totals exceeded the credit totals by shs37, 500. Later, the following errors were discovered;

- # The owner had taken goods worth shs350, 000 for personal use but no record was made.
- # Purchases Day book was over-cast by shs50, 000.
- # Goods purchased from Makoko for shs120, 000 had been credited to the account of Mako.
- # Returns Inwards book was under-cast by shs5, 000.
- # A debit balance in the cash book was written as shs205,000 instead of shs255,000
- # A receipt of shs41, 000 from Doo stores was not posted from the cash book to his personal account.
- # Goods worth shs68, 500 returned to Bosco Olu was recorded in his personal account as shs86, 500.
- # A credit sale of goods worth shs8, 250 to Ray was posted on the credit side personal account.

Required:

- i. Show the rectification entries in the journal.
- ii. Prepare a suspense Account as it would appear after the errors have been corrected.

26. a) Define double entry.

b) Give three reasons why the double entry system of book-keeping is important.

c) Mangen, a sole trader, had the following balances extracted from his ledger as at 31st March, 2008.

Shs

Capital 28,620,000

Loan from stanbic bank 54,000,000

Debtors 24,480,000

Creditors 38.664,000

Equipment 17,604.000

Stock 31,680,000

Cash at bank 47,520,000

During the month of April, 2008, the following transactions were carried out.

- # Bought extra stock shs1,062,000
- # Bought new equipment valued at shs2, 160,000 which he paid for by cheque.
- # Paid creditors by cheque shs15, 570,000 from amount owing.
- # Serviced a loan by paying interest with a cheque for shs1.080, 000.

Required:

- i. Enter Mangen's transactions in the ledger and balance the accounts.
- ii. Draw Mangen's Balance Sheet as at 30/04/08.