

UNEB U.C.E ACCOUNTS 2010

SECTION A : 20 MARKS

1. The following are objectives of accounting to a business except to
 - a) Ascertain the profit or loss of the business.
 - b) Determine the accounting concepts to be followed.
 - c) Report the net worth of the business.
 - d) Provide financial information to the users of such information.
2. The cost of delivering goods to a customer is charged to the
 - a) Sales account
 - b) Balance sheet
 - c) Trading account
 - d) Profit and loss account
3. Why is a provision for bad debt necessary in a business? To safeguard
 - a) Debtors who become bankrupt
 - b) Debtors who cease to be in business
 - c) Business against debtors who fail to pay
 - d) Creditors who become bankrupt.
4. If a given monthly cash float is shs120, 000 and shs90, 000 is spent on petty cash items, how much would be re-imbursed?
 - a) Shs90,000
 - b) Shs210,000
 - c) Shs120,000
 - d) Shs30,000
5. Capital receipts are income received from
 - a) Sale of current assets.
 - b) Donations
 - c) Sale of goods
 - d) Sale of fixed assets
6. What type of error is committed where an invoice of shs86,000 is entered in the purchases Day Book as shs68,000? Error of
 - a) Original entry
 - b) Principle
 - c) Commission

d) Omission

7. Which of the following provisions applies to the partnership Act of 1890?

- a) Profits and losses must be shared equally
- b) All partners earn salary
- c) Loan from a partner attracts interest of 8% per annum
- d) Interest must be charged on drawings.

8. The excess of income over expenditure in a non-profit organization represents

- a) Net profit
- b) deficit
- c) gross profit
- d) Surplus

9. A contra-entry is best defined as a

- a) Practice of debtors paying directly into the bank
- b) Transaction whose balance appears twice in the balance sheet
- c) Transaction whose double entry is completed in the cash Book
- d) Transaction which is recorded in the control account.

10. Hot Loaf Bakeries Ltd bought raw materials on credit on 15th June, 2010 for shs2, 500,000 under cash discount terms of 5% within 14 days and 2% within 30 days. How much did Hot loaf Bakeries Ltd pay on 17th July 2010?

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

11. Which account is equivalent to a Cash Book in a non-profit making organization?

- a) Receipts and payments' account.
- b) Profit and loss account
- c) Trading account.
- d) Income and expenditure account.

12. Which entries are made when receipts are banked?

- a) Credit cash: credit bank
- b) Debit bank: debt cash
- c) Debt cash: credit bank
- d) Debit bank: credit cash

13. The formula for calculating working capital is

- a) Fixed assets + current assets - liabilities.
- b) Total assets - total current liabilities.

c) Total current assets -total current liabilities.

d) Current assets + current liabilities.

14. When the debit total of a trial balance exceeds the credit total, the difference is posted to the

a) Balance sheet.

b) Suspense account.

c) Trading account.

d) Profit and loss account.

15. The following transactions are recorded in the sales ledger control account except

a) Returns inwards

b) Bills receivable

c) Carriage outwards

d) Bills payable

16. Given the following details, find the value of the credit purchase:

Jan 1st, 2009 creditor's shs25, 000

31st Dec, 2009 creditor's shs42, 000

Payments to creditor's shs320, 000

a) Shs295,000

b) Shs278,000

c) Shs670,000

d) Shs370,000

17. An under cast in the sales account is corrected by

a) Crediting sales account and debiting suspense account.

b) Debiting sales account and crediting suspense account.

c) Crediting suspense account and debiting customer's account.

d) Crediting customer's account and debiting suspense account.

18. Errors should be corrected through the journal entries in order to

a) Avoid congesting the ledgers.

b) Save the time of a book-keeper and keep the double-entry policy.

c) Provide an explanation and keep the double-entry policy.

d) Quicken tracing of errors.

19. Where are creditors' accounts kept? In the

a) Sales ledger.

b) Purchases ledger.

c) General ledger

d) Sales journal.

20. If the liabilities of a business exceed its assets, such a business is said to be

a) Solvent.

b) Over- capitalized.

c) Bankrupt.

d) Insolvent.

SECTION B : 80 MARKS

21. Below is a trial balance for Nayiga Ltd.as at 31st December 2009

	Debit (shs)	Credit (shs)
Capital	250,000	400,000
Land (cost)	10,600	9460
Commission received	261,540	46,380
Advertising	145,000	362,460
Purchases	48,140	9,650
Furniture (cost)	43,070	
Salaries	61,400	
Creditors	8,200	
Sales		
Stock		
Rent income		
Debtors		
Insurance		
TOTAL	827,950	827,950

Additional information:

i. Closing stock as at 31st December 2009 valued at shs50, 800.

ii. 5% of debtors to be written off as bad debts.

iii. Rent income prepaid shs1, 650.

iv. Commission shs1, 200 was accrued.

v. Salaries outstanding shs3, 500.

vi. Depreciate fixed assets at 10% per annum on cost.

vii. Prepaid insurance shs2, 050.

Required: prepare

a) Trading, profit and loss accounts for Nayiga Ltd. For the period ended 31st December, 2009.

b) Balance sheet as at 31st December 2009.

22. a) Give four advantages of maintaining a petty cash book.

b) The petty cashier of Muluya Enterprises Ltd uses a cash float of shs65, 000 every month. At the end of March 2010, he had a balance of shs12, 000. During the month of March, the following transactions took place:

2010 March

1 received a cash reimbursement form the main cashier.

3 paid postage shs300

5 bought newspapers shs800

5 bought sugar for staff shs2, 200

7 paid cleaners shs1, 500

8 bought cleaning detergents shs3, 500

8 paid for staff tea shs1, 500

15 Bought paper clips for shs300

17 paid taxi fare shs3, 000

21 paid for postage shs300

21 bought postage envelopes shs1, 200

25 paid for fax to Boston shs1, 250

26 paid for bus fare to Masindi shs7, 000

28 bought newspapers shs800

31 bought writing pads shs2, 300

Required: Prepare a petty cash book for Muluya Enterprises under analysis columns; stationery, cleaning, postage, travelling and office expenses.

23. Ofwono and Onyango are in partnership sharing profits and losses in the ratio 3:2 respectively. Their trial balance as at 31-12-2009 was as below:

	Dr (shs)	Cr (shs)
Gross profit	120,000	160,000
Creditors	50,000	76,500
Debtors	80,000	700,000
Capital accounts: Ofwono	80,100	500,000
Onyango	24,400	122,000
Current accounts: Ofwono	248,000	132,000
Onyango	670,000	8,500
Drawings: Ofwono	25,000	8,500
Onyango	150,000	
Provision for bad debts	25,000	
Bank	100,000	
Discounts	135,000	
Stock		
Buildings		

Insurance		
Motor van		
Van running expenses		
Furniture		
Salaries		
Total	1,707,500	1,707,500

Additional information:

- i. Interest on capital and drawings to be charged at 5% and 8% respectively.
- ii. Provision for bad debts to be adjusted to 5% of debtors.
- iii. Depreciate motor van at 10% and furniture at 15% per annum respectively.
- iv. Van running expenses included prepaid spares of shs3,000
- v. Insurance shs5,000 is prepaid

Required: prepare partners:-

- a) Profit, loss and Appropriation Account for the period ended 31st December 2009.
- b) Current accounts.

24. a) State the purpose of a suspense account.

b) A trial balance extracted from the books of Lily Rose on 31-12-2009 had the following totals:

Debit shs700, 000

Credit shs151, 500

Later the following errors were discovered:-

- Petty cash of shs126, 000 was omitted from the trial balance.
- Rent shs300, 000 was not recorded on the rent account.
- Sales day book was under-cast by shs2, 000,000.
- Goods sold to Thomas recorded correctly in the sales day book as shs1, 200,000 was debited to his account as shs120, 000.
- Machinery sales of shs1, 900,000 was credited to sales account.
- Sales shs272, 500 to Kojo were recorded in the sales account.
- Purchases from Abola for shs1, 200,000 had been credited to Aboda.

Required: prepare

- i. Journal entries to correct the above errors.
- ii. A suspense account.

25. The following transactions appeared in the books of Akola for the month of March 2010.

2010 March

- 1 started business with cash at hand shs10, 980,000
- 2 bought goods from Sharifa for shs400, 000 on credit
- 3 paid for electricity by cash shs90, 000

6 cash sales shs340, 000
13 bought goods cash shs180, 000
13 paid insurance cash shs220, 000
15 paid sharifa cash shs250, 000
17 bought equipment cash shs260, 000
21 sold goods to Alex shs530, 000
26 received cash from Alex shs530, 000

Required: prepare

- a) Akola's ledger accounts for the above transactions.
 - b) Trial balance as at 31st march, 2010.
26. a) Give two advantages of preparing control accounts.
- b) The following information was extracted from the books of beauty shop Ltd.

Balances as at 1st July, 2010. **Dr (shs) Cr (shs)**

Sales ledger 251,600 (Dr) 3,500 (Cr)

Purchases ledger 1,100 (Dr) 16,360 (Cr)

Details of transactions during the period:

Payments to suppliers 1,196,800

Receipts from customers 2,563,900

Credit sales 2,792,800

Credit purchases 1,263,000

Refunds of overpayment to customers 3,100

Discount received 19,600

Discount allowed 23,200

Returns inwards 146,000

Returns outwards 35,700

Bad debts written off 21,000

Debit balance on purchase ledger

Transferred to sales ledger 8,500

Required: prepare

- i. Sales ledger control account.
- ii. Purchases ledger control account.