



UGANDA CERTIFICATE OF EDUCATION
UGANDA NATIONAL EXAMINATION BOARD
ACCOUNTS 2008

SECTION A: (20 marks)

1. The amount of annual depreciation of a club's furniture is
 - a) Debited to the Receipts and payments accounts.
 - b) Credited to the income and expenditure account.
 - c) Debited to the income and expenditure account.
 - d) Credited to the receipts and payments accounts.

2. Liability is the same as
 - a) Profit
 - b) Cost
 - c) Debt
 - d) Drawings

3. Determine the amount of adjusted net profit, given that net profit as per books was shs140,000, salaries were understated by shs20,000 and purchases overstated by shs5,000.

- a) Shs125, 000
- b) Shs115, 000
- c) Shs155, 000
- d) Shs165, 000

4. Which one of the following entries is both a book of original entry as well as a ledger?

- a) The journal
- b) Purchases daybook
- c) Cash book
- d) Sales daybook

5. The following items are classified as capital expenditure except

- a) Cost of installing machinery.
- b) Cost of painting a new building.
- c) Legal cost of acquiring a land title.
- d) Cost of repairs to a motor van.

6. The amount in the invoice issued will be entered first in the

- a) Sales ledger
- b) Purchases ledger
- c) Sales journal
- d) Purchases journal

7. Okono bought goods worth shs580, 000 on the 1st Jan, 2006. The terms of payment were that if pays within 10days, he would get a 10% cash discount. Okono paid on the 9th Jan, 2006. How much did he pay?

- a) Shs58, 000

b) Shs522, 000

c) Shs580, 000

d) Shs638, 000

8. What entries are made when cash drawings are made by the owner for personal use?

a) Dr. Drawings A/C, Cr.Cash A/C

b) Dr. Cash A/C, Cr. Drawings A/C

c) Dr. Cash A/C, Cr. Bank A/C

d) Dr. Bank A/C, Cr.Cash A/C

9. Ascertain the amount of revenue of a club given the total expenses of shs2, 400,000 and surplus of shs250, 000.

a) Shs2, 650,000

b) Shs1, 250,000

c) Shs2, 150,000

d) Shs2, 400,000

10. When a partnership business is operating a fluctuating capital account then the balance sheet will show

a) Capital accounts only

b) Current accounts only

c) Capital and current accounts

d) Appropriation accounts only

11. Determine the value of owners' equity from the following:

Shs

Cash 160,000

Creditors 80,000

Debtors 15,000

Furniture 65,000

a) Shs320, 000

b) Shs80, 000

c) Shs160, 000

d) Shs240, 000

12. The following are applicable to the partnership act, 1890 except:

a) Interest on capital is not paid.

b) Interest is charged on drawings.

c) No salary is paid.

d) Profits and losses are shared according to agreed ratio.

13. Which of the following groups of items are added to accumulated fund?

i. Salaries and wages

ii. Donations to be capitalized

iii. Small donations to meet expenses

iv. Net surplus

a) (I) and (iv)

b) (i) and (iii)

c) (ii) and (iii)

d) (ii) and (iv)

14. If the sales amount is entered on the debit side of the trial balance, how will the totals be affected? The totals will

a) Agree

b) Disagree by the original figure of sales

c) Disagree by double the figure of sales

d) Double

15. Which of the following errors will be revealed by the trial balance?

- a) A cheque of shs95, 000 to Kato a creditor was entered into Kato account also a creditor.
- b) Selling expense of shs980, 000 was entered in the account as shs890, 000.
- c) A transaction involving purchasing of goods for shs250, 000 was omitted.
- d) A mistake of entering shs50, 000 for sales as shs500, 000 in the book of original entry.

16. Which of the following journals is used to record purchases of goods sold on credit?

- a) Purchases journal
- b) Sales journal
- c) Sales returns journal
- d) Purchases returns journal

17. Which one of the following is a personal account?

- a) Land account
- b) Rent account
- c) Cash account
- d) Retailer's account

18. The following can be described as sales except

- a) Goods sold for cash
- b) Goods sold on credit
- c) Sale of office furniture
- d) Sale of goods previously included in purchases.

19. Calculate opening capital from the following:

Shs

Net profit 423,000

Drawings 266,000

Closing capital 1,468,000

a) Shs1, 468,000

b) Shs1, 734,000

c) Shs1, 891,000

d) Shs1, 311,000

20. The excess of gross profit over expenses is known as

a) Net profit

b) Gross loss

c) Net loss

d) Gross profit

SECTION B: (80 marks)

21. a) i) Mention the two orders of arranging items in a balance sheet.

ii) State the two formats of presenting a balance sheet.

lii) Give one reason for preparing a balance sheet.

b) The following balance sheet was extracted from the books of PATEM enterprises on 1st January, 2008.

BALANCE SHEET

Shs	shs
Capital 209,500,000	land & buildings 50,000,000
Creditors 42,900,000	Stock 76,000,000
Rent due 8,000,000	Debtors 102,000,000
Bank 32,400,000	
260,400,000	

During the month, the following transactions took place:

- Purchased goods for shs15, 000,000 by cheque.
- Drew a cheque for cash shs2, 000,000 for petty cash float.
- Bought a van for shs15, 000,000 by cheque.
- Got a loan from Daniel shs 10,000,000 cash
- Sold goods that had cost shs20, 500,000 for shs 34,800,000 cash.
- Purchased goods worth shs70, 000,000 on credit.
- Withdrew shs10, 000,000 for own use from bank.
- Paid a creditor shs12, 900,000 by cheque.
- Received a cheque of shs20, 000,000 from a debtor.
- Paid rent by cheque of shs24, 000,000 covering 3 months to March, 2008.

Required to:

Draw up a balance sheet after taking the transactions into consideration as at 31/1/2008.

NB: 1. No ledger accounts required.

2. The accounting period for PATEM enterprises is one month.

22. a) What will be the effect on the profit of the firm if:

- capital expenditure is treated as revenue expenditure,
- Revenue expenditure is treated as capital expenditure?

b) Give any two differences capital and revenue expenditure.

c) State whether the following items are capital expenditure or revenue expenditure.

- Carriage paid on goods purchased.
- Cost of painting a new factory.
- Fixing a new engine on a second hand truck.
- Freight and carriage on a new machine purchased.
- The cost of registration of a newly formed limited company.
- Salary paid to workers.
- Money spent as legal expenses for abuse of trade mark.
- A sum spent on assembling, transporting and re-installing a machine.
- The removal of stock from the old business place to a new one.
- An amount spent on the construction of railway track.

23. a) What is meant by the term “provisions”?

b) On 1st Jan, 2008, Gateway Bus service ltd purchased four buses costing shs108, 000,000 each. The useful life of these vehicles was estimated to be 5 years with a scrap value of shs8, 000,000 for each bus.

Required to: Prepare the following accounts for 3 consecutive years for the:

i. Motor vehicle account.

ii. Provision for depreciation of motor vehicles account.

24. On extracting the trial balance of a business on 31/12/2007, it was disclosed that total debits exceeded total credits by shs238, 000.

Investigations revealed the following:

- Sales had been overcast by shs15, 000.
- Returns outwards account had not been credited with an amount of shs61, 320.
- A payment by a debtor of shs150, 000 by direct bank transfer had not been entered in the debtors' account.
- A cash purchase of shs2, 320 had been recorded in the cash book only.
- Shs22, 000 received from a debtor had been debited to his account.

Required to:

a) Record the necessary journal entries to correct the errors.

b) Show the suspense account duly balanced.

25. From the following information, prepare a 10-column worksheet.

TRIAL BALANCE

DR. ('000shs)	CR. ('000shs)
Capital	17,000
Debtors	5,400
Drawings	1,800
Machinery	7,000
Creditors	2,800
Wages	10,000
Purchases	19,000
Opening stock	4,000
Carriage	300

Salaries 400

Rent 900

Sales 29,000

Additional information:

- Closing stock shs1,200
- Outstanding rent shs100
- Machinery to be depreciated at 10%
- Wages paid in advance shs400

26. Coffee football club had the following details:

1st January, 2006 31st December, 2006

Shs shs

Stock 58,000,000 46,000,000

Creditors canteen 89,000,000 27,000,000

Equipment 14,000,000??

Cash at bank 37,000,000??

Sports ground 34,000,000 _

During the year, 2006, the following transactions were made:

Jan 30 purchased new equipment by cheque, shs9, 000,000.

Feb 2 received donation in from of computers worth shs18, 000,000.

Feb 20 settled dance expenses shs2, 500,000 and thereafter received gate collections of shs6, 000,000.

Mar 10 the club received all the members' subscriptions amounting to shs15, 000,000.

Jun 30 bought gifts to give out to upcoming clubs, shs1, 500,000.

Sept 10 bought sports kits, shs2, 500,000.

Oct 20 paid for canteen refreshments, shs76, 000,000

Nov 10 hired a hall for meetings shs5, 000,000.

Nov 30 members paid for their membership fees, shs3, 000,000.

Dec 20 made canteen refreshments sales, shs22, 000.

Required to prepare:

a) A receipts and payments account.

b) An income and expenditure account, given the canteen gross loss of shs6, 500, 000.

c) A balance sheet as at 31st December, 2006.

END