

UGANDA NATIONAL EXAMINATION BOARD
UGANDA CERTIFICATE OF EDUCATION
ACCOUNTS
2005

SECTION A: (20 marks)

1. Suppliers of goods on credit are recorded in

- a) Cash book
- b) Sales journal
- c) Purchases journal
- d) General journal.

2. If one part of the journal entry represents an expense, the other part of the entry will represent

- a) Debit and asset account.
- b) Credit and asset account.
- c) Debit and liability account.
- d) Credit and liability account.

3. When goods are withdrawn for personal use, the accounting entries are

- a) Debit drawings account, credit purchases account.
- b) Debit drawings account, credit cash account.
- c) Debit purchases account, credit capital account.
- d) Debit drawings account, credit sales account.

4. Given purchases shs240, 000, carriage inwards shs20, 000, returns of purchases shs150,000, wages shs35,000 and closing stock shs100,000. Calculate the cost of sales.

- a) Shs235,000
- b) Shs180,000
- c) Shs210,000
- d) Shs140,000

5. Which one of the following is an example of revenue to a business?

- a) Discount allowed.
- b) Commission payable.
- c) Rent payable.
- d) Rent receivable.

6. Bad debts recovered will

- a) Reduce the debtor's account.
- b) Increase sales.
- c) Increase cash.
- d) Reduce the net profit.

7. Who owes money to the business? A

- a) Debtor.
- b) Creditor.
- c) Liability.
- d) Supplier.

8. A credit balance brought down in the subscriptions account will represent

- a) Subscriptions in arrears.
- b) Subscriptions re-paid.
- c) Subscriptions written off.
- d) Subscriptions in advance.

9. Calculate capital when given assets of shs100, 000,000 and liabilities of shs50,000,000.

- a) Shs100,000,000
- b) Shs50,000,000
- c) Shs150,000,000
- d) Shs300,000,000

10. Cost of goods sold can be determined by:

- a) Sales-purchases.
- b) Opening stock+ carriage inwards-closing stock.
- c) Purchases + sales returns – closing stock.
- d) Carriage inwards + purchases + closing stock – opening stock.

11. The arithmetic accuracy of the books of accounts is checked by use of

- a) Trial balance
- b) Balance sheet
- c) Trading account
- d) Income statement.

12. The petty cashier was given periodic imprest of shs500, 000. He spent shs455, 000 on petty cash items in a given month.

How much should be re-imbursed?

- a) Shs500,000
- b) Shs955,000
- c) Shs455,000
- d) Shs45,000

13. The difference between current assets and current liabilities is known as

- a) Capital employed.
- b) Net profit
- c) Fixed capital
- d) Working capital

14. Kato purchased office furniture for the business from his personal funds shs250,000. What effect would this transaction have on capital?

- a) Has no effect on capital.
- b) Increase capital by shs250,000
- c) Increases capital by shs500,000
- d) Decrease capital by shs250,000

15. Ramadan purchased goods worth shs1,000,000 on credit under the following terms; 5% trade discount and 2% cash discount. How much did he pay?

- a) Shs1,000,000
- b) Shs950,000
- c) Shs930,000
- d) Shs931,000

16. Which one of the following errors will cause a disagreement in the trial balance?

- a) Complete reversal of entries.
- b) Omission of an entry.
- c) Errors of omission.
- d) Error of original entry.

17. The concept that requires accounting figures to be shown at their historical amount purchased in the books of accounts is called a

- a) Business concept.
- b) Realization concept.
- c) Cost concept.
- d) Going concern.

18. The document issued by a bank to inform its customers of their financial state of affairs is referred to as

- a) Bank statement.
- b) Cash book.
- c) Cheque book.
- d) Bank reconciliation statement.

19. Goods of shs23, 000 purchased from C.Muwonge were credited to C.Muwozi. Find the net profit after correcting the error given that the net profit was shs57, 000.

- a) Shs23,000
- b) Shs34,000
- c) Shs57,000
- d) Shs80,000

20. Which of the following statements about the partnership salary is not correct?

- a) In the absence of a partnership deed, no partner is entitled to salary.
- b) It is debited to the partners' current account.
- c) It is credited to the current account.
- d) It is debited in the appropriation account.

SECTION B: (80 marks)

21. a) Give two purpose of preparing control accounts.

b)The following debtors control account was prepared by an inexperienced book-keeper.

Debtors' Control Account			
Balance b/d	Shs	Cash (refund to a debtor)	Shs
Cash (receipts)	400,000		60,000
Bank (receipts)	200,000	Credit sales	500,000
Returns inwards	100,000	Discount allowed	10,000
	40,000	Provision for bad debts	20,000
Balance b/d	740,000	Balance c/d	150,000
	150,000		740,000

On further examination of the books, the following information was discovered:

- i) Discount allowed total included shs4, 000 allowed on cash sales.
- ii) Bad debts of shs5, 000 were written off and not recorded.
- iii) A debtor's cheque for shs50, 000 which was dishonored was not recorded in the control account.
- iv) The balances brought down in the debtors control a/c was shs659, 000.

Re-draft the debtors control account with errors corrected.

22. The following were assets and liabilities of Mr. Kizito Brown on 1st May, 2004.

Shs

Cash at bank 185,000

Building (for store) 115,000

Mukama (creditor) 80,000

Stock of goods 35,000

The following transactions took place.

May 2 rented office premises and paid by cheque shs6,000.

3 bought stock of goods on credit from Mukama shs10, 000.

4 purchased office furniture by cheque shs5, 000.

5 paid mukama by cheque.

6 purchased motor van on credit from Uganda Motors shs46, 000.

Required:

a) Ledger accounts to record the above transactions.

b) Balance sheet as at 6th May, 2004.

23. A motor vehicle was purchased for shs4, 000,000 on 1st Jan, 2001. Depreciation was to be provided at the rate of 25% per annum on diminishing balance method. Show the entries as they would appear in the books of accounts up to December, 2003.

- a) Motor vehicle account.
- b) Provision for depreciation on motor vehicle account.
- c) Profit and loss account (extract).
- d) Balance sheet (extract).

24. Muziki, Tabu and Nam are partners sharing profits and losses in the ratio 4:3:2 respectively.

The partnership Trial Balance for the year ended 31.12.2003 is as follows:

Dr.	Cr.
Shs	shs
Capital accounts: muziki 1,040,000	
Tabu 780,000	
Nam 520,000	
Current accounts: muziki 156,000	
Tabu 117,000	
Namu 52,000	
Stock 1 st Jan, 2003 390,000	
Purchases 2,243,800	
Sales 5,298,800	
Returns 73,000	85,500
Fixtures and fittings 248,200	
Plant and machinery 2,800,000	
Trade debtors 424,800	
Trade creditors 634,000	
Salaries and wages 1,892,800	
Rent and rates 228,500	
General expenses 173,200	
Cash in hand 24,300	
Bank overdraft 478,500	

Salary to Nam 60,000
Carriage inwards 57,200
8,888,800 8,888,800

The following further information is available:

- i) Wages amounting to shs12, 600 was outstanding.
- ii) Rates for shs9, 700 had been paid in advance.
- iii) Closing stock on 31.12.2003 was valued at shs585, 500.
- iv) Plant & machinery and fixtures & fittings to be depreciated by 10%.
- v) Nam receives a salary of shs12, 000 payable in two installments of shs60,000 each, in June and December.

Prepare:

- a) Trading, profit & loss a/c for the year ended 31.12.2003.
- b) A partnership appropriation account for the period.

25. a) What are the essential features of a receipts and payments account of a club?

b) The Bursar of luro primary school submits the following receipts & payments account to you for the ended 31st December, 2003.

RECEIPTS AND PAYMENTS A/C

Dr.	Cr.
Shs	Shs
Balance b/d 20,000	Staff salaries 85,000
School fees 14,000,000	Grass cutter's wages 3,500
Sale of school badges 100,000	Electricity & water 15,000
Donations for buildings 500,000	Books for library 50,000
14,620,000	Stationery 25,000
	Extension of building 450,000
	Printing badges 3,400
	Repairs of furniture 5,000
	Annual prizes 20,000
	Balance c/d 13,963,100

	14,620,000
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Additional information:

- School fees of shs14, 000,000 includes shs400, 000 representing arrears for 2002; school fees amounting to shs250, 000 is still outstanding.
- Amount of shs400 is owing to the printers of school badges.
- Staff salaries of shs85, 000 includes shs15, 000 in advance for 2004.
- Furniture and equipment should be depreciated by 5% and 10% respectively by straight line method.
- On 1st Jan.2003 the school had the following fixed assets at cost.

Shs

Building 5,000,000

Furniture 2,000,000

Library books 1,400,000

Equipment 500,000

Required:

- i) Income and expenditure a/c for the year ended 31st December, 2003.
- ii) The Balance sheet as at that date.

26. A trail balance extracted from the books of M.Balayo had the following totals:

Debit side total shs9, 384,000

Credit side total shs9, 323,000

Balayo opened a suspense account and placed the difference in the trial balance.

He later discovered the following errors:

- i) A credit for shs23, 000 received from Biashara retailers wholesalers had not been recorded anywhere in the books.
- ii) A credit note for shs14, 000 issued to busiki retailers had been entered correctly in appropriate subsidiary book but had not been posted to the personal account.
- iii) A cheque for shs74, 000 received from Nkore was entered as shs47,000 in the cash book and posted to the ledger accordingly.
- iv) Discounts allowed shs23, 500 were credited to discounts received account in the ledger.
- v) Rent received shs22, 000 has been credited to premises account.
- vi) Sales day book was under-cast by shs94, 000.

Required:

- a) Journal entries to rectify the above errors.
- b) Suspense account duly balanced.