**810/1**

**PRINCIPLES OF**

**ACCOUNTS**

**AUGUST 2019**

**2hours 30 minutes**



**JINJA JOINT EXAMINATIONS BOARD**

*Uganda Certificate of Education*

**MOCK EXAMINATIONS – AUGUST, 2019**

**PRINCIPLES OF ACCOUNTS**

2 hours 30 minutes

**INSTRUCTIONS TO CANDIDATES**

*Number each question you attempt.*

*Untidy work will be penalized.*

*Answer ALL questions in section A and* ***FOUR*** *from section B.*

*All questions in section B carry equal marks.*

*Answer all questions on the answer sheets provided.*

**SECTION A ( 20 MARKS)**

1. The assets of the business that are used to meet the day to day requirements of the business are referred to as…
2. fixed assets
3. current assets
4. tangible assets
5. intangible assets
6. What book of original entry is used to record the total value of invoices received from credit suppliers?
7. Sales Day book
8. Purchase Journal
9. Returns inwards Journal
10. Returns outwards Journal
11. In what account is outstanding salaries transferred to at the end of the year?\
12. Salaries A/c
13. Profit & loss A/c
14. Prepaid salaries A/c
15. Outstanding salaries A/c
16. What is effect on the Balance Sheet if the owner of the business invests more cash into the business?
17. Both capital and assets increase.
18. Both capital and assets reduce.
19. Capital increases and assets reduce.
20. Capital increases and liabilities reduce.
21. Which one of the following items increase surplus of a sports club?
22. Ground hire
23. Purchase of balls
24. Printing of tickets
25. Members’ subscriptions
26. Determine cost of goods available for sale of the firm given:

Opening stock Shs 1,500,000. Returns outwards Shs 200,000, Drawings of goods Shs 120,000 and Purchases Shs 2,800,000.

1. Shs2,480,000
2. Shs2,720,000
3. Shs 3,980,000
4. Shs 4,100,000
5. What is double entry for discount allowed?
6. Debit Discount Allowed A/c : Credit Discount Received A/c
7. Debit Discount Allowed A/c : Credit Creditor’s A/c
8. Debit Debtor’s A/c : Credit Discount Allowed A/c
9. Debit Discount Allowed A/c : Credit Debtor’s A/c
10. The following items are credited to the partner’s current Account **except:**
11. Partner’s salary
12. Share of profits
13. Interest on capital
14. Interest on drawings
15. An increase in liabilities can be shown by a…………
16. single entry
17. double entry
18. debit entry
19. credit entry

10. Calculate Rate of stock turn of the firm given Cost of sales Shs 90,000, Opening Stock Shs 60,000 and Closing Stock Shs 30,000.

1. 1 time
2. 1.5 times
3. 2 times
4. 3 times

11. Which one of the following statements is made when preparing final accounts?

of a business with incomplete records?

1. Bank statement
2. Statement of Affairs
3. Statement of account
4. Bank Reconciliation statement.

12. The legal description to which a tax applies is referred to as…………

1. Taxation
2. Tax base
3. Tax liability
4. Tax compliance

13. What correcting entries are made when Shs 100,000 paid to a creditor is credited to his account?

1. Debit Creditor’s A/c Shs 100,000 : Credit Suspense A/c Shs 100,000
2. Debit Suspense A/c Shs 100,000 : Credit Creditor’s A/c Shs 100,000
3. Debit Creditor’s A/c Shs 200,000 : Credit Suspense A/c Shs 200,000
4. Debit Suspense A/c Shs 200,000 : Credit Creditor’s A/c Shs 200,000

14. Which one of the following items increase debtor’s balance?

1. Bad debts w/o
2. Credit Sales
3. Sales Returns
4. Discount allowed

15. What account is debited with an increase in provision for bad debts at the end of the year?

1. Debtor’s A/c
2. Trading A/c
3. Profit & loss A/c
4. Provision for bad debts A/c

16. Which one of the following statements is correct when a firm’s expenses exceed incomes?

1. Incurs Net loss.
2. Incurs Gross Loss.
3. Gets Net Profit.
4. Gets Gross Profit.

17. What was the balance on the customer’s Bank account who had an overdraft

of Shs 360,000 and then deposited a cheque of Shs 600,000?

1. Debit balance of shs 240,000
2. Credit balance of shs 240,000
3. Debit balance of shs 360,000
4. Credit balance of shs 600,000

18. The following sets of items are real accounts **except:**

1. Cash and stock
2. Premises and land
3. Wages and salaries
4. Furniture and Motor van

19. Compute the book value of a machine in the second year that cost Shs. 1,000,000 with depreciation rate of 20% per annum using diminishing balance method.

1. Shs 640,000
2. Shs 800,000
3. Shs. 840,000
4. Shs 1,000,000

20. A credit balance in Electricity account represents….

1. Prepaid electricity.
2. Electricity owing.
3. Electricity paid by cash.
4. Electricity paid in advance

**SECTION B (80 MARKS)**

21*.* **B.P ENTERPRISE** had the following record of transactions for the month of January 2019:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 2019 |  |  |  |  |  |  | | Shillings |
| January | 1st | : | Balance brought forward | Cash | : |  | | 2,300,000 |
| ” |  | : |  | Bank | : |  | | 3,200,000 |
| ” |  | : |  | Debtors : | : | J. Opio | | 4,000,000 |
| ” |  | : |  |  |  | A. Male | | 2,600,000 |
| ” |  | : |  | Creditors: | : | P.Oyo | | 1,800,000 |
| ” |  | : |  |  |  | L. Asio | | 3,500,000 |
| January | 2nd | : | Brought goods by cheque | | | | : | 2,600,000 |
| ” | 3rd | : | Paid for Electricity by cheque | | | | : | 600,000 |
| ” | 3rd |  | Received a cheque from J.Opio less 5% discount | | | | : |  |
| ” | 4th | : | Withdrew cash from the bank for office use | | | | : | 2,000,000 |
| ” | 6th | : | Sold goods by cheque | | | | : | 5,500,000 |
|  | 7th |  | Paid for Advertising by cheque | | | | : | 400,000 |
| ” | 8th | : | Paid L. Asio by cheque less 8% discount | | | | : |  |
| ” | 9th | : | Bought more goods by cash | | | | : | 1,800,000 |
| ” | 10th | : | Sold more goods by cash | | | | : | 3,800,000 |
| ” | 10th | : | Banked cash | | | | : | 2,500,000 |
| ” | 12th | : | Received a cheque from A. Male of Shs 2,000,000 and the balance by cash  cash. | | | | : |  |
| ” | 15th | : | Withdrew cash for private use | | | | : | 500,000 |
| ” | 18th | : | Paid P. Oyo by cash less 2% discount | | | | : |  |
| ” | 20th | : | Bought a motor van by cheque | | | | : | 6,000,000 |
| ” | 23rd | : | Cash sales | | | | : | 1,500,000 |
|  |  | : | Cash purchases | | | | : | 900,000 |
| ” | 28th | : | Paid wages by cash | | | | : | 300,000 |
| ” | 30th | : | Cash purchases | | | | : | 2,200,000 |

**Required:** Prepare **B. P Enterprises’**

a) **Three Column Cash Account** (16 Marks)

b) **Ledger Accounts for Discounts Allowed and Discount Received**

(04 Marks)

22. The **Trial balance** given below was extracted from the books of **John Walube** as at December 31st 2017.

**JOHN WALUBE’S**

**TRIAL BALANCE**

**AS AT DECEMBER 31ST 2017**

|  |  |  |
| --- | --- | --- |
| **PARTICULARS** | **DEBIT**  **Shs** | **CREDIT**  **Shs** |
| Sales |  | 7,500,000 |
| Purchases | 4,800,000 |  |
| Stock1/1/2017 | 2,200,000 |  |
| Machinery | 3,500,000 |  |
| Rent payable | 380,000 |  |
| Debtors | 2,300,000 |  |
| Creditors |  | 1,800,000 |
| Advertising | 800,000 |  |
| Returns inwards | 200,000 |  |
| Returns outwards |  | 100,000 |
| Commission |  | 1,200,000 |
| Cash at bank | 1,920,000 |  |
| Insurance | 622,000 |  |
| Discounts allowed | 160,000 |  |
| Discount received |  | 210,000 |
| Capital |  | 6,072,000 |
|  | **16,882,000** | **16,882,000** |

**Adjustments**

i) Create provision for bad debts of 10% per annum.

ii) Rent payable due Shs 20,000

iii) Insurance prepaidShs 122,000

iv) Commission owing Shs 300,000

v) Closing stock Shs 1,700,000

Required: Prepare John **Walube’s work sheet** as at December 31st 2017. (20 Marks)

23 a) State any **four** features of **Income and Expenditure Account**. (04 Marks)

b) The **Trial Balance** given below was extracted from the books of **MBALE MUNICIPAL COUNCIL SPORTS CLUB** as at June 30th 2018:

**MBALE MUNICIPAL COUNCIL SPORTS CLUB’S**

**TRIAL BALANCE**

**AS AT JUNE 30TH 2018**

|  |  |  |
| --- | --- | --- |
| **PARTICULARS** | **DEBIT**  **Shs** | **CREDIT**  **Shs** |
| Gross Profit b/d |  | 2,250,000 |
| Club premises | 4,550,000 |  |
| Accumulated Fund |  | 13,380,000 |
| Staff salaries | 750,000 |  |
| Rent and Rates | 1,500,000 |  |
| Club debtors | 1,900,000 |  |
| Cash at bank | 4,400,000 |  |
| Cash in hand | 2,400,000 |  |
| Sports equipment | 3,600,000 |  |
| Subscriptions received |  | 2,600,000 |
| General expenses | 250,000 |  |
| Telephone | 380,000 |  |
| Donation |  | 900,000 |
| Club Creditors |  | 1,000,000 |
| Furniture | 400,000 |  |
|  | **20,130,000** | **20,130,000** |

**Additional information:**

1. Staff salaries owing Shs 50,000
2. Subscriptions prepaid Shs 320,000
3. Create provision for depreciation of 10% per annum on Club premises and Sports Equipment.

**N.B: There was no Closing Stock.**

Required: Prepare **Mbale Municipal Council Sports Club’s**

1. **Income and Expenditure Account.** ( 08 marks )
2. **Balance Sheet as at June 30th 2018** ( 08 marks )

24 a) Give any two sources of information for the **Sales ledger control Account.**

(02 Marks)

b) The following information was extracted from the books of **Spear motors (U)** **Ltd** for the month of March 2019:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 2019 |  |  |  | Shillings |
| March 1st | Purchases ledger balance Cr | | | 1,180,000 |
| ” | Sales ledger balance Dr | | | 1,152,000 |
| ” | Paid for Electricity by cheque | | |  |  |
| March 31st | Totals for the month | | |  |
| ” | Purchases journal | | | 3,860,000 |
| ” | Sales journal | | | 2 ,900,000 |
|  | Returns outwards | | | 40,000 |
| ” | Returns inwards | | | 70,000 |
| ” | Cheques issued to credit suppliers | | | 700,000 |
| ” | Cheques received from debtors | | | 2,400,000 |
| ” | Discount allowed | | | 94,000 |
| ” | Discount received | | | 120,000 |
| ” | Bad debts W/o | | | 88,000 |
| ” | Customers cheques dishonoured | | | 700,000 |
| ” | Bills payable | | | 900,000 |
| ” | Bills receivable | | | 850,000 |
|  | Sales ledger debits transferred to purchase ledger | | | 140,000 |
| ” | Debit balance in sales ledger | | | 264,000 |
| ” | Credit balance in Purchase ledger | | | 1,140,000 |

**Required:**  Prepare

i) **Sales ledger Control Account.**  (10 Marks)

ii**) Purchases ledger Control Account**. (08 Marks)

25 a) Give **two** format of arranging the **Balance sheet**. (02 Marks)

b) **M. K. Enterprise** prepared a **Balance Sheet** as shown below:

**M.K ENTERPRISE’S**

**BALANCE SHEET**

**AS AT DECEMBER 31ST 2018**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Shs** |  |  | **Shs** |
| Capital | 8,500,000 |  | **Fixed assets** |  |
| **Add**: Net loss | 1,450,000 |  | Stock 31st Dec 2018 | 3,200,000 |
| Equity capital | 9,950,000 |  | Depreciation : Motor van | 225,000 |
| **Long term liabilities** |  |  | **Current liabilities** |  |
| Cash at bank | 4,485,000 |  | Bank loan | 4,800,000 |
| Bank overdraft | 2,600,000 |  | Creditors | 1,900,000 |
| **Current Assets** |  |  | Insurance unpaid | 300,000 |
| Debtors | 2,500,000 |  | Motor van | 4,500,000 |
| **Add**: provision for bad debts | 250,000 |  | Drawings | 600,000 |
|  | 2,750,000 |  | Suspense | 6,100,000 |
| Rent income owing | 1,840,000 |  |  |  |
|  | **21,625,000** |  |  | **21,625,000** |

**Required:**

**Re- draft** the **Balance sheet** given above with its proper arrangement for Capital, Long term liabilities, Current Liabilities, Fixed Assets and Current Assets. (18 marks)

**N.B: Remove Suspense.**

26 a) Define the following terms as used in **taxation**:

i) Tax liability (02 Marks)

ii) Tax compliance (02 Marks)

b**) Tom Okalang**, an employee of Century Bottling Company (U) Limited receives the following benefits on monthly basis:

|  |  |
| --- | --- |
|  | Shillings |
| Basic salary | 500,000 |
| Transport allowance | 200,000 |
| Medical allowance | 200,000 |
| Housing allowance | 300,000 |
| Airtime | 100,000 |

The following **tax brackets** are used by employers:

|  |  |
| --- | --- |
| **Chargeable Monthly Income (Shs)** | **Tax Rate** |
| Not exceeding Shs 235,000 | Nil |
| Exceeding Shs 235,000 but not exceeding Shs 335,000 | 10% of the amount by which chargeable income exceeds Shs 235,000 |
| Exceeding Shs 335,000 but not exceeding Shs 410,000 | Shs 10,000 plus 20% of the amount by which chargeable income exceeds  Shs 335,000 |
| Exceeding Shs 410,000 | Shs 25,000 plus 30% of the amount by which chargeable income exceeds  Shs 410,000 |

**Required:** Calculate

1. Taxable income (04 Marks)
2. Total allowance (04 Marks)
3. Income tax liability (04 Marks)
4. Net amount (04 Marks)