

Students Name:

School Name:..... Index Number

810/1

PRINCIPLES OF

ACCOUNTS

2 ½ Hours

UGANDA CERTIFICATE OF EDUCATION

PRINCIPLES OF ACCOUNTS

2 HOURS 30 MINUTES

INSTRUCTIONS:

*This question paper consists of **two** sections **A** and **B**.*

*Answer **all** questions in section **A** and any **four** questions from section **B**.*

*Answers to **all** questions **must** be written in the answer booklet provided.*

***All** questions in section **B** carry **equal** marks.*

Untidy work may be penalized.

SECTION A: (20 marks)

1. The provision for bad and doubtful debts is kept in business to safe guard against;
 - A. debtors who cease to be in business.
 - B. creditors who become bankrupt.
 - C. business against debtors who fail to pay.
 - D. debtors who become bankrupt.

2. The excess of expenditure over income in a non – profit organization represent:
 - A. deficit.
 - B. surplus.
 - C. gross profit.
 - D. gross loss.

3. Arrange the following assets in order of permanence
 - (i) cash balance
 - (ii) sundry debtors
 - (iii) plant and machines
 - (iv) land
 - A. (iv), (iii), (ii) and (i).
 - B. (iii), (iv), (i) and (ii).
 - C. (iii), (iv), (ii) and (i).
 - D. (iv), (ii), (iii) and (i).

4. Which of these will be credited to the debtors control account?
 - A. Discount received.
 - B. Dishonoured cheques.
 - C. Sales.
 - D. Discount allowed.

5. If sales account had been overcast, which accounting entries are needed to correct this error?

- A. Debit debtors A/C, credit suspense A/C.
 - B. Debit suspense A/C, credit sales A/C.
 - C. Debit sales A/C, credit suspense A/C.
 - D. Credit debtors A/C, debit sales A/C.
6. Ivan borrowed shs 400,000 from Otim, but he paid only 75% of the amount due. The 25% is referred to as
- A. debtor.
 - B. provision for bad debt.
 - C. bad debt.
 - D. loss.
7. The main source of income to a non – profit making organization is
- A. sales.
 - B. donation.
 - C. membership fees.
 - D. annual subscription.
8. An instruction to the bank to pay a regular fixed sum of money to a specified firm is known as
- A. standing order.
 - B. credit transfer.
 - C. bank statement.
 - D. bank draft.
9. If provision for bad debts on 1st Jan 2013 is 50,000 and by 31st December 2013 it increases to 70,000. How much should be charged to the profit and loss account for the year?
- A. Shs. 50,000.

- B. Shs. 70,000.
- C. Shs. 120,000.
- D. Shs. 20,000.

10. Calculate the amount payable by a retailer for goods worth shs 600,000 when he is allowed cash discount of 8% and a trade discount of 2% and he pays within the specified period.

- A. Shs. 540,960.

Turn Over

- B. Shs. 540,000.
- C. Shs. 552,000.
- D. Shs. 588,000.

11. Which entries are made to record interest on drawings?

- A. Dr. Drawings account, Cr. Appropriation account.
- B. Dr. Current account, Cr. Appropriation account.
- C. Dr. Appropriation account, Cr. Current account.
- D. Dr. Appropriation account, Cr. Drawings account.

12. Determine the value of owner's equity from the following.

Cash	160,000
Creditors	80,000
Debtors	15,000
Furniture	65,000

- A. Shs. 320,000.
- B. Shs. 160,000.
- C. Shs. 80,000.
- D. Shs. 240,000.

13. Given a trial balance with totals of shs. 11,900 on the credit side and shs. 11.000 on the debit side, how much will be posted to the suspense account?

- A. Dr. suspense account shs. 1,800.
- B. Dr. suspense account shs. 900.

- C. Cr. suspense account shs. 1,800.
 - D. Cr. suspense account shs. 900.
14. What effect will a bank deposit of shs. 10,000,000 have on a current account with an overdraft of 3,000,000? It will
- A. increase by shs. 10,000,000.
 - B. reduce by shs. 7,000,000.
 - C. increase by shs. 7,000,000.
 - D. reduce by shs. 3,000,000.
15. Which account is equivalent to a cashbook in a non – profit making organisation?
- A. Profit and loss account.
 - B. Trading account.
 - C. Receipts and payments account.
 - D. Income and expenditure account.
16. Which of the following accounts is closed off by transfer to the trading account?
- A. Salaries account.
 - B. Insurance account.
 - C. Carriage outwards account.
 - D. Carriage inwards account.
17. A liability is the same as:
- A. profit.
 - B. cost.
 - C. debt.
 - D. drawings.
18. Determine the opening capital from the following:
- Drawings 266,000
- Net profits 423,000
- Closing capital 1,468,000

- A. Shs 1,468,000.
 - B. Shs 1,891,000.
 - C. Shs 1,734,000.
 - D. Shs 1,311,000.
19. Rent income prepaid is a
- A. current asset.
 - B. current liability.
 - C. Dr. balance in the rent income account.
 - D. Cr. Balance in the rent income account.
- Turn Over**
20. Which of the following is not required when preparing a sales ledger control account?
- A. Cash sales.
 - B. Payment from customers.
 - C. Total invoice issued to customers.
 - D. Total credit notes issued to customers.

SECTION B: (80 marks)

*Answer any **four** questions from this section.*

21. (a) State any **two** source documents. (02 marks)
- (b) Given the details of transactions of Kamoga Property Consultants during the month of October 2013.

October	1 st	Balance b/d	cash	625,000
---------	-----------------	-------------	------	---------

	bank	1,850,000
2 nd	Cash sales	450,000
5 th	Banked cash	500,000
6 th	Bought goods by cheque	500,000
8 th	Paid the following creditors by cheque less 5% cash discount in each case.	
	Jessey	375,000
	Mbabaali	750,000
	King	350,000
9 th	Bought office furniture by cheque	750,000
10 th	Cash drawings for personal use	125,000
11 th	Credit sales to Jjuuko	90,000
13 th	Received cheque from the following debtors less 10% cash discount in each case.	
	Miir	1,000,000
	Kasim	750,000
	Jalia	800,000
15 th	Paid cash to Mulindwa less 5%. Cash discount.	
23 rd	Received a cheque from CBS less 4% cash discount 375,000.	
30 th	Banked cash 250,000.	

Required:

- (i) Prepare a cashbook duly balanced. (16 marks)
 - (ii) Discount accounts in the general ledger. (02 marks)
22. (a) Differentiate between a bank statement and a bank reconciliation statement. (04 marks)
- (b) Zimbe received his bank statement for the month of September 2014 which showed a balance of shs. 5,045,000 being greater than the cashbook balance by shs. 865,000. The following were later revealed.

- The bank statement showed a direct deposit of shs. 620,000.
- A cheque of shs. 1,140,000 issued to Musa had not been presented to the bank.
- No record had been made in the cashbook for an insurance standing order of shs. 580,000.
- A cheque payment to Najjuuko for shs 385,000 did not appear on the statement.
- The bank had made shs. 40,000 as bank charge.
- A cheque of shs. 105,000 was returned dishonoured.
- A cheque received from Kayanja had not been credited by the bank shs. 175,000.
- The cash book showed a cheque from Yiga of shs 380,000, but no record had been made on the bank statement.

Required:

- (i) Draw an adjusted cashbook. (07 marks)
 - (ii) Prepare a bank reconciliation statement. (09 marks)
23. (a) State any **four** errors which do **not** affect the trial balance. (04 marks)
- (b) Mutyaba's trial balance failed to agree with total debits exceeding total credits by shs 37,500 and later the following errors were discovered.
- (i) A purchases book was over stated by shs 50,000.
 - (ii) An amount of 41,000 from Mpombo was not posted from the cashbook to his personal account.
 - (iii) Return inwards book was undercast by shs 5,000.
- Turn Over**
- (iv) A sale of goods to Mbabazi for shs. 120,000 had been debited to the account of Mbaziira.
 - (v) A debit balance in the cashbook was written as shs 205,000 instead of shs. 255,000.

- (vi) A sale of goods worth shs. 8,250 to Jimmy was posted on the credit side of his personal account.

Required:

- (a) Journal entries to rectify the above error. (07 marks)
 (b) Suspense account duly balanced. (09 marks)

24. The following balances were taken from the books of Jamiiru as at 31st December 2015.

Cash	4,000	Drawings	40,000
Capital	10,000,000	Bank overdraft	700,000
Land	10,000,000	Transport	110,000
Discount allowed	81,000	Furniture	700,000
Sales	1,940,000	Commission received	210,000
Creditors	300,000	Purchases	930,000
Debtors	95,000	Buildings	900,000
Return inwards	30,000	Opening stock	90,000
Rent	100,000	Bank	70,000

Additional information:

- (i) Accrued rent shs. 300,000.
 (ii) The current value of furniture is shs. 695,000.
 (iii) Stock on 31st Dec. 2015 shs. 10,000.
 (iv) Make a provision for bad debts shs. 4,000.

Required:

- (a) Trial balance as at 31st Dec. 2015. (10 marks)
 (b) Trading, profit and loss account for the year ended 31st December 2015. (10 marks)

25. Kintu and Lubwama are in a partnership and their deed provides the following:

- 3% interest is charged on partners drawings.
- Lubwama is allowed shs. 1,500 per month.
- 4% p.a interest is allowed on partner's capital.

- Share of profits or losses in proportion to their capital.

The following information is also available:

Drawings

Kintu	7,5000
Lubwama	30,000

Current accounts

Kintu	30,000 (DR)
Lubwama	45,000 (CR)

Capital accounts

Kintu	210,000
Lubwama	150,000
Net profit	802,500
Creditors	75,000
Prepaid electricity	7,500
Bank balance	150,000

Required:

- (a) Appropriation account. (08 marks)
- (b) Partners current accounts. (12 marks)

26. (a) State in each case whether the following are capital or revenue items.
- (i) Cost of goods purchased for sale.
 - (ii) Purchases of land for extension of factory.
 - (iii) Interest on loan.
 - (iv) Legal charges for purchase of land.
 - (v) Annual road licence fees for motor vehicle.
 - (vi) Wages paid to workmen for installation of a plant at a factory. (06 marks)
- (c) KCCA football club presents the following information by the end of the year 2014 December 31st.

PAYMENT	RECEIPTS

Equipment	330,000		
Loan interest	15,000	Gate collections	350,000
Match expenses	165,000	Donations	200,000
Repairs	170,000	Subscriptions	820,000
Stationery	140,000	Entrance fees	280,000
Salaries	130,000	Loan	450,000
Balance in books at the beginning of the year 2014			
Buildings	10,000,000		
Equipment	700,000		
Accumulated fund	14,175,000		
Cash	400,000		

Additional information:

- (i) Equipment to be depreciated by 10% p.a.
- (ii) Accrued repairs shs.30,000
- (iii) Prepaid stationery shs. 20,000

Required:

- (i) Receipts and payments account. (07 marks)
- (ii) Income and expenditure account for the year ended 31st Dec. 2014.(07 marks)

END