

**BISHOP'S SENIOR SCHOOL MUKONO**  
**S.3 PRINCIPLES OF ACCOUNTS**  
**TIME: 2 HOURS.**

### INSTRUCTIONS:-

- Attempt questions given to you from section A and B.

## SECTION A:

1. Which of the following account is debited when goods are sold on credit?  
A. Debtors Account. B. Credit Account.  
C. Purchases Account . D. Cash Account.
2. The following books are used to record credit transaction except;  
A. Cash Book. B. Sales Day Book.  
C. Return inwards Journal. D. Purchases Journal.
3. A credit is a person who;  
A. borrows money from the business. B. supplies goods to a business on credit.  
C. buys goods from the business on credit. D. owns a business.
4. Preparation of a trading account is useful in that;  
A. selling and distribution expenses can be calculated.  
B. the total value of expenses can be entertained .  
C. stock can be included in it.  
D. a trader can calculate how much Gross profit or loss he has made.
5. The closing balance of profits and loss A/C is transferred to;  
A. trial-Balance. B. Capital account. C. Balance sheet. D. Bank statement.
6. Which one of the following items is added to Gross-profit in the profit & loss Account?  
A. Interest receivable. B. cash paid.  
C. Discount allowed. D. None of the above.
7. Which one of the following statements is correct as regards the order of liquidity?  
A. The most permanent asset appears first.  
B. The least permanent asset appears first.  
C. fixed assets appear before current assets.  
D. long term liabilities appear before current liabilities.
8. The profit which is calculated in the trading account is called;  
A. Gross-loss. B. Net-loss. C. Gross -profit. D. Net profit.
9. The following are liabilities except;  
A. loan. B. furniture. C. Bank overdraft. D. Creditors.

10. How will a loss affect capital?

A. It will increase it.

B. It will decrease it.

C. It will remain constant.

D. It will be doubled.

**SECTION B:**

11.

KAZI – NGUMU'S  
TRIAL BALANCE  
AS AT 31. DEC.2016

DETAILS	DR.	CR.
Purchases / Sales	480,000	700,000
Stock Jan.1.2016	90,000	
Sales returns	10,000	
Rent received		55,000
Insurance	60,000	
Machinery	600,000	
Debtors / Creditors	250,000	100,000
Cash	100,000	
Capital		790,000
Electricity	80,000	
Drawings	40,000	
Discount received		65,000
	<b><u>1,710,000</u></b>	<b><u>1,710,000</u></b>

Additional information;

Closing stock Shs.140,000.

Required to prepare;

i) Trading, profit & loss account.

ii) Balance sheet.

12. Katoto started business of tomato selling. During March 2014 he carried out the following transactions.

1<sup>st</sup> March, Started business with cash Shs.40,000,000.

2<sup>nd</sup> " Purchased tomatoes for cash Shs.20,000,000.

3<sup>rd</sup> " Paid salaries in cash Shs. 1,000,000.

4<sup>th</sup> " Received cash Shs.70,000,000 from Bruno.

5<sup>th</sup> " Sold goods for cash Shs.60,000,000.

7<sup>th</sup> " Bought more goods for cash Shs.30,000,000.

Bought computers for cash Shs. 50,000,000.

Required to prepare;

i) Cash Account.

ii) Ledgers.

iii) Trial Balance.

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- **END** -