**NAME OF SCHOOL: ................................................................................**

**NAME OF CANDIDATE: ..........................................................................**

**INDEX NO: ..................................... SIGNATURE: ................................**

**801/1**

**PRINCIPLES OF**

**ACCOUNTS**

**PAPER 1**

**JULY/AUGUST**

**2 ½ HOURS**



**ELITE EXAMINATION BUREAU MOCK 2019**

**Uganda Certificate of Education**

**PRINCIPLES OF ACCOUNTS**

**PAPER 1**

2 HOURS 30 MINUTES

**INSTRUCTIONS TO CANDIDATES:**

* *This paper consists of TWO sections A and B.*
* *Answer all questions in section A and any FOUR from section B.*
* *All answers in section B carry equal marks.*
* *Any additional question(s) answered will not be marked.*

**SECTION A: (20 MARKS)**

1. Which of the following items appears on the debit side of a trial balance?

A. purchases B. sales

C. returns outwards D. capital

2. The following are used to determine the value of the net purchases of a business except;

A. purchase price B. return inwards

C. carriage inwards D. returns outwards

3. The source document used to correct an over charge on a transaction is,

A. a debit note B. a receipt

C. credit note D. reserve

4. The amount set aside by the business to cater for uncertainties in future is referred to as,

A. savings B. income C. provision D. reserve

5. Given a weekly cash float of Shs 760,000 and a cheque for re-imbursement of Shs 520,000 is prepared, how much was spent by the petty cashier?

A. Shs 240,000 B. Shs 1,280,000

C. Shs 760,000 D. Shs 520,000

6. What type of error is made when a cash sale of goods worth 20,000 is debited to the sales account and credited to cash account.

A. original entry B. principle

C. complete reversal D. commission

7. When an expense account reflects a debit balance b/d then it is/are;

A. current liability in the balance sheet

B. current asset in the balance sheet

C. fixed asset

D. long term liability in the balance sheet

8. Which one of the following increases the income of partnership?

A. interest on drawings and partners

B. interest on loan given by partners

C. interest on capital

D. drawings

9. The sales in ledger control account consists of total,

A. cash sales

B. cash and credit sales

C. credit sales including sales returns

D. credit sales including purchases returns

10. The sum of all value added tax (VAT) charges on purchases invoices for a given period is known as,

A. custom tax B. input tax

C. output tax D. excise tax

11. How does a cheque payment to creditors affect balance sheet?

A. cash at bank and creditors increase

B. cash at bank reduces and creditors increase

C. creditors reduce and cash at ban increase

D. cash at bank reduce and creditors reduce.

12. Which one of the following taxes is a direct tax?

A. custom tax B. excise tax

C. pay as you earn D. export tax

13. Income received in advance is treated as a;

A. Current asset B. current liability

C. fixed asset D. long term liability

14. Which source document is used to record a credit sale in the seller’s books?

A. copy of invoice issued B. credit note

C. copy of invoice received D. debit note

15. Where is the interest on drawings recorded in the fluctuating capital method of keeping partners’ accounts?

A. credited to partners’ capital account

B. debited to partners’ current account

C. debited to partners’ capital accounts

D. credited to partners’ current account

16. The system of replacing the cashiers’ amount spent the previous period is known as;

A. imprest system B. cash float

C. petty cash D. Cash balance

17. An overdraft is when the bank account has a ………………….. balance.

A. credit B. debit C. zero D. big

18. A debit balance on a debtors control account shows,

A. total sales B. total purchases

C. total receipts D. total debtors

19. Which liability reduces when the business settles its debts by a cheque?

A. creditors B. outstanding liability

C. bank overdraft D. bank

20. Which of the following books of original entry is both a journal and a ledger?

A. sales journal B. purchase journal

C. the journal proper D. cash book

**SECTION B: (80 MARKS)**

21. a) Give any two differences between indirect and direct taxes. (4 marks)

b) Give any 4 reasons why the government of Uganda collects taxes.

(4 marks)

c) J.B Moris, James Opio and Nabirye Betty are employees of Uganda Baati Ltd. Their employment provisions are as follows.

i) J.B Moris’ annual salary Shs 72,000,000

ii) James Opio’s annual salary Shs 14,400,000

iii) Nabirye Betty’s annual salary Shs 8,400,000

In addition,

Their employment contract has the following monthly terms and conditions.

|  |  |  |  |
| --- | --- | --- | --- |
| Employees’ name | Housing allowance | Medical allowance | Lunch allowance |
| J.B Moris | 1,000,000 | 560,000 | 600,000 |
| James Opio | 300,000 | 220,000 | 130,000 |
| Nabirye Betty | 200,000 | 140,000 | 80,000 |

Tax payable to URA per month using the PAYE income tax brackets is given below.

|  |  |  |
| --- | --- | --- |
| **Chargeable monthly income (Shs)** | | **Tax rate** |
| 1. | Not exceeding Shs. 235,000 | NIL |
| 2. | Exceeding Shs 235,000 but not exceeding Shs 335,000 | 10% of the amount by which chargeable income exceeds Shs 235,000 |
| 3. | 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 |
| 4. | Exceeding Shs 410,000 | i) Shs 25,000 plus 30% of the amount by which chargeable income exceeds Shs 410,000  ii) An additional of 10% is chargeable to incomes exceeding 10,000,000 |

Using the above information, you are required to calculate;

a) Monthly PAYE paid by each employee to URA. (10 marks)

b) Total amount of Tax payable to URA. (2 marks)

22. The bursar of KONOOWEKA HIGH SCHOOL operates on imprest system. A weekly cash float of Shs 700000 is usually issued to him by the head teacher. During the week ended 31st May 2017, the following transactions took place.

i) 27th May 2017 Balance b/d 140,000

Re-imbursement ?

Staff transport 30,000

Staff meals 40,000

Cleaners’ wage 20,000

ii) 28th May 2017 Staff meals 40,000

Reams of paper 50,000

Staff transport 55,000

HM’s fuel 20,000

Office desk repair 15,000

iii) 29th May 2017 Staff meals 50,000

Staff transport 30,000

Cleaners’ wage 60,000

Teachers prep books 10,000

iv) 30th May 2017 Staff transport 40,000

Staff meals 50,000

School chalk 30,000

HMs’ fuel 20,000

v) 31st May 2017 Staff meals 40.000

Staff transport 30,000

Cleaners’ wage 45,000

Teachers’ pens 10,000

**Required**:

a) Prepare a petty cash book with the following analysis;

Columns.

- meals

- stationery

- travelling

- wages

- Office expenses (15 marks)

b) Post to relevant expenses accounts in the general ledger. (5 marks)

23. a) Give any three advantages of using control accounts. (3 marks)

b) The following information was obtained from the books of K. K. ROBERTS LTC relating to the year 2016.

Customers’ balance b/f 100,000

Suppliers of goods balance b/f 60,000

Cash paid to suppliers 460,000

Cash received from credit customers 960,000

Cash sales 30,000

Cash purchases 15,000

Discount received 20,000

Bad debts written off 6,000

Sales returns 100,000

Purchase returns 20,000

Discount allowed to customers 25,000

Interest charged to customers on overdue debts 1750

Debtors’s cheques dishonoured 9,000

Bills payable accepted 90,000

Credit sales 1,100,000

Bad debts recovered 5,000

Credit purchases 600,000

Bills receivable accepted 80,000

Creditors account balance (Dr) 2,500

**Required**:

i) Total debtors control A/C (9 marks)

ii) Total creditors control A/C (8 marks\_

24. The following trial balance was extracted from the business books of WASSWA on 31st December 2017.

|  |  |  |
| --- | --- | --- |
| **Details** | **Debit (Shs)** | **Credit (Shs)** |
| Stock 1. 1. 2017 | 200,000 |  |
| Premises | 3,000,000 |  |
| Purchases / sales | 1,550,000 | 2,850,000 |
| Returns | 150,000 | 100,000 |
| Plant and machinery | 1,400,000 |  |
| Advertising | 150,000 |  |
| Discounts | 100,000 | 120,000 |
| General expenses | 80,000 |  |
| Fixtures and fittings | 1,000,000 |  |
| Debtors / creditors | 300,000 | 500,000 |
| Insurance | 130,000 |  |
| Cash at bank | 250,000 |  |
| Cash at hand | 150,000 |  |
| Drawings | 100,000 |  |
| Bank overdraft |  | 350,000 |
| Bank loan (equity) |  | 1,500,000 |
| Wages | 110,000 |  |
| Salaries | 200,000 |  |
| Provision for bad debts |  | 30,000 |
| Provision for departmental machinery |  | 100,000 |
| Provision for departmental fixtures |  | 150,000 |
| Bad debts written off | 50,000 |  |
| Capital 1. 1. 2017 |  | 3,220,000 |
| Total | 8,920,000 | 8,920,000 |

**Additional information.**

i) Stock as at 31. 12. 2017 was valued at Shs 300,000

ii) Provide for depreciation machinery and fixtures at a rate of 10% and 15% respectively.

iii) Salaries Shs 50,000 and insurance Shs 30,000 is prepaid while discount receivable of Shs 20,000 is earned but not yet received.

iv) Make a provision for bad debts at a rate of 15%.

**Required**:

a) Prepare WASSWA’s trading, profit and loss account for the period ended at 31st December 2017. (10 marks)

b) Prepare WASSWA’s balance sheet as at 31st December 2017.(10 marks)

25. a) State any four provisions of the partnership ACT 1890. (4 marks)

b) The following information is available from records of JAMES, JAILO and JOHN who are trading partners. Their partnership agreement provides the following;

i) Interest on capital to be allowed at a rate of 5% per annum.

ii) Interest on drawings to be charged at a rate of 10% per annum.

iii) Profit and losses to be shared in the ratio 5:3:2 respectively.

iv) John and Jailo to receive a monthly salary of Shs 25,000 and 20,000 respectively.

The following information was also available.

Current account balance 1. 1. 2015.

JAMES 258,000 DR

JAILO 96,000 CR

JOHN 54,000 CR

v) Drawings during the year

JAMES 60,000 (1. 1. 2015)

JAILO 100,000 (1. 7. 2015)

JOHN 40,000 (1. 10. 2015)

vi) Capital accounts balance 1. 1. 2015

JAMES 2,200,000

JAILO 900,000

JOHN 1,200,000

vii) Net profit for the year ended 31st December 2015 was Shs 2,400,000.

**Required:**

**Prepare**:

i) Profit and loss appropriation account. (10 marks)

ii) Partner current accounts. (6 marks)

26. a) State any four errors that do not affect the agreement of the trial balance. (4 marks)

b) The trial balance of Mugoya a trader at Kazo on 31st December 2018 failed to agree.

The debit totals exceeded the credit totals by Shs 170,000 later the following errors were discovered.

i) The owner had taken goods worth 245,000 for personal use but no record was made.

ii) A credit sale of goods worth Shs 360,000 to Mubiru was posted on the credit side of his personal account.

iii) Returns inward books was under cast by Shs 50,000

iv) A receipt of Shs 330,000 from KIKUUBO retailers was not posted from the cash book to his personal account.

v) Goods purchased from Mukasa for Shs 650,000 had been credited to the account of Mukisa.

vi) A debit balance in the cash book was written at Shs 315,000 instead of Shs 355,000.

vii) Purchases day book was over cast by 650,000.

viii) A payment for wages for Shs 260,000 had been debited to salaries account.

**Required**;

i) Show the rectification entries in the journal (ignore narrations)(8 marks)

ii) Prepare a suspense account as it would appear after the errors had been corrected. (8 marks)

**END**