

UGANDA MARTYRS UNIVERSITY
FACULTY OF BUSINESS ADMINISTRATION AND MANAGEMENT

FUNDAMENTAL ACCOUNTING 11
FINAL EXAMINATION

2014 – 2015

BAM 1/BSC-NKOZI & RUBAGA CAMPUS

Date: 12th/ 08/ 2015

Time: 3 hours

INSTRUCTIONS:

- 1. Do not write anything on the question paper**
- 2. Answer any four questions**

Question 1

STIL Ltd, a manufacturing company, produced the following list of balances as at 31st Dec 2014

Stocks 1/1/2013	Shs '000'
Raw materials	465,625
Work in progress	333,125
Finished goods	756,875
Purchases of raw materials	8,046,250
Purchases returns	19,375
Direct expenses	205,000
Sales returns	75,938
Rates	328,125
Carriage in wards	45,500
Light, heat and power	204,375
Direct wages	11,702,500
Indirect wages	895,000
Telephone	55,625
Factory repairs	138,438
Insurances	88,750
Factory salaries	2,375,000
Office salaries	1,500,000
Sales salaries	17,146,88
Plant and machinery(at cost)	1,000,000
Prov. For depreciation on plant & machinery	4,000,000
Bad debts written off	20,313
Sales	45,095,500
Furniture & equipment(at cost)	
Factory	2,625,000
Office	3,000,000
Provişion for depreciation of furniture & equip.	
Factory	525,000
Office	600,000

Addition information:

1. Closing stock is as follows;

Raw materials 395,313,000

Work in progress 381,562,000

Finished goods 951,562,000

2. Rates and insurance of shs.28, 125,000 and shs. 13,750,000 relate to the next period.

3. Direct wages of 76,250,000, telephone expenses of 4,375,000 and light, heat and power of 13,125,000 were still outstanding as at 31 Dec 2013.
4. Depreciation is to be provided for plant and machinery and furniture and equipment at rates of 15% and 10% respectively on cost.
5. Expenses are to be apportioned to factory as follows

Rates	5/6
Insurance	2/3
Telephone	1/3
Light, heat and power	3/4

Required;

Prepare the manufacturing statement and the trading account for STIL Ltd for the period ending 31/Dec/2013

Question 2

Wasswa and Kato are in partnership sharing profits and losses equally. Below are their trial balances as at 30th June 2014

Particulars	DR	CR
Building (cost)	75,000,000	
Fixtures (cost)	11,000,000	
Provision for depreciation(fixtures)		3,300,000
Debtors/ Creditors	16,243,000	11,150,000
Cash at bank	677,000	
Stock(30 th June 2013)	41,979,000	
Sales		123,650,000
Purchases	85,416,000	
Carriage outwards	1,288,000	
Discount allowed	115,000	
Office expenses	2,416,000	
Salaries and wages	18,917,000	
Bad debts	503,000	
Provision for bad debts		400,000
Loan interest (Kabazzi)	4,000,000	
Long term loan		40,000,000
Capital accounts – Waswa		35,000,000
Kato		29,500,000
Currents accounts – Waswa		1,306,000
Kato		298,000
Drawings - Waswa	6,400,000	
Kato	5,650,000	

Total	244,604,000	244,604,000
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Addition information:

1. Stock on 30th June 2012 was valued at 56,340,000
2. Accrued expenses include office expenses and wages of 96,000 and 200,000 respectively.
3. Reduce the provision for bad debts to 320,000
4. Depreciate fixtures at a rate of 10% on straight line method and building at 1,000,000
5. Interest on drawings is 180,000 from Ruth and 120,000 from Jane
6. Partners salary of 800,000 to Sharon is not yet recorded
7. Interest on capital is 10%

Required: prepare the trading, profit and loss appropriation account for the year ending 30th June 2014 and statement of financial position as at that date.

Question 3

- (a) Explain any three factors considered when providing for depreciation (3 marks)
- (b) The following information relates to the Car general Ltd

REG No.	purchase date	Cost UGX. "000"
UAV 456M	1-Mar-08	80,000
UAM 487P	4TH/MAY/2009	50,000
UAS 445G	10th May 2009	100,000
UAU 768m	10th/Sept/2010	10,000
UAN 334Y	4TH/Oct/2010	40,000

The following are the company policies regarding the depreciation of the vehicles.

1. Depreciating the vehicles at a rate of 20% per annum using reducing balance method
2. Charge full depreciation in the year of purchase and non in the year of sale or disposal.
Due to an accident, vehicle Reg. No. UAV 456M was sold on 31st December 2010 for 10 million.

The company maintains only one vehicle account for all the vehicles and its financial year follows a calendar year.

Required;

- (a) Motor vehicle Account (6 marks)

- (b) Provision for depreciation Account (10 marks)
(c) Disposal accounts (6 marks)

Question 4

The treasurer of Long Lane FC club provided you with the following information on receipts and payments accounts for the year ended 31.12.2014.

Receipts	'Shs'	Payments	'Shs'
Balance 01/01/2014	524	Payment to suppliers	38,620
Bar sales	61,280	Wages:	
Donations received	800	Grounds man and assistant	19,939
Subscription received	14,350	Barman	8,624
		Bar expenses	234
		Repairs to stands	740
		Ground upkeep	1,829
		Secretary's expenses	938
		Transport costs	2,420
		Balance 31/12/2014	3,610
	76,954		76,954

The following information was also provided;

	31/12/2013 'Shs'	31/12/2014 'Shs'
Bar creditors	3294	4340
Transport costs accrued	-	265
Bar expenses owing	225	336
Bar inventory	4496	5558
Subscriptions in arrears	1,400	1,750
Subscription in advance	-	1,200

- The land and football stands were valued at 31st/12/2013 at: land: Shs. 40,000; football stands Shs. 20,000. The stands are to be depreciated at 10% per annum.
- Equipment at 31st/12/2013 was valued at Shs. 2,500 and is to be depreciated at 20% per annum.
- Subscriptions owing by members amounted to Shs. 1,400 on 31st/12/2013 and Shs. 1,750 on 31st/12/2014.

Required:

- a) Trading Account (7 marks)
- b) Income and expenditure statement (11 marks)
- c) Statement of financial position at the end of year 31/12/2014 (7 marks)

Question 5

- (a) Explain why some businesses maintain single or incomplete records. (5 marks)
- (b) Examine the causes of depreciation and the factors considered in calculating depreciation (6marks)
- (c) Discuss the advantages and disadvantages of a partnership business (8marks)
- (d) Partnership business is formed by a partnership deed, explain the contents of a partnership deed (6 marks)

Attempt either 6a or 6b

Question 6a

Bob has kept records of his business transactions in a single entry form, but he did not realize that he had to record cash drawings. His bank account for the year 2013 is as follows:

Receipts	Shs "000"	Payments	Shs "000"
Balance 1 st /01/2013	920	Cash withdrawn from bank	12,600
Receipts from debtors	94,200	Trade accounts payables	63,400
Loan from Allen	2,500	Rent	3,200
		Insurance	1,900
		Drawings	11,400
		Sundry expenses	820
		Balance 31 st /12/2013	4,300
	97,620		97,620

Records of cash paid were: sundry expenses Shs. 180,000; Trade accounts payable Shs. 1,310,000. Cash sales amounted to Shs. 1,540,000.

The following information is also available:

	1 st / 01/ 2013 Shs "000"	31/ 12/ 2013 Shs "000"
Cash in hand	194	272
Trade accounts payable	7,300	8,100
Accounts receivable	9,200	11,400

Rent owing	-	360
Insurance paid in advance	340	400
Equipment (at valuation)	5,500	4,600
Inventory	24,200	27,100

Required:

Prepare a statement of comprehensive income for the year ended 31st/ 12/2013 and a statement of financial position as at that date. Show all the workings.

Question 6b

While extracting the Trial Balance of BAM I Traders and Sons Ltd as at 31.12.2005, it was observed that the total debits exceeded the total credits by Shs. 238,000. Discoveries later revealed the following errors.

- (i) Sales had been overcast by Shs. 15,000
- (ii) Cash Purchases of 2,500,000 were totally omitted
- (ii) Returns outwards account had not been credited with an amount of Shs. 61,320
- (iii) A payment by a debtor Shs. 150,000 by a direct bank transfer had not been entered in the debtor's account
- (iv) A sale of goods of goods worth 2,562,000 were recorded as 2,625,000
- (v) Cash purchases of Shs. 2,320 had been recorded in the cash book only
- (vi) Sales to P Musoke of 5,000,000 had been posted to R Musoke's account
- (vii) Shs. 22,000 received from a debtor had been debited to his account
- (viii) Purchase of computer of 950,000 by cheque had been posted to computer repairs account

You are required to show:

- (a) The necessary Journal entries to correct the above errors.
- (b) Suspense account duly balanced as at would appear after the correction of the above errors.

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MANAGEMENT**

**PRINCIPLES OF MARKETING
SUPPLEMENTARY/SPECIAL Examination**

2014 - 2015

BAM II – NKOZI Campus

Date: 12TH AUGUST 2015

Instructions

- 1. Do not write anything on the question paper**
- 2. Section I is COMPULSORY.**
- 3. Answer any 2 questions of your choice from section II.**
- 4. All Questions carry equal marks.**