

UGANDA MARTYRS UNIVERSITY
FACULTY OF SCIENCE
FINAL ASSESSMENT SEMESTER TWO 2009/2010
NATIONAL INCOME ACCOUNTING
BSC III GEN & ECON

DATE: 30TH APRIL 2010

TIME: 9:00am – 12:00Noon

Instructions

Section A is Compulsory.

Choose three questions from section B

SECTION A (Choose the correct alternative)

1. Suppose that in the country of Betania, the real gross national product in 1987 was £1483 billion (1972 = 100). In 1988, real gross national product is £1510 billion (1972 = 100). In Betania, real gross national product grew by
A. -2.4%
B. 4.6%
C. 1.8%
D. -3.5%
2. Real Gross National Product is best defined as
A. the pound value of all final goods and services produced in the economy during a particular time period and measured in current prices.
B. The pound value of all goods produced for final consumption by households in a particular year and measured in constant prices.
C. The current pound value of all new and used goods produced and sold in the economy during a particular time period.
D. The market value of all final goods and services produced by the economy during a given time period, with prices held constant relative to some base period.
3. The total market value of all final goods and services produced within a given period by factors of production located within a country is
A. Gross national product
B. Gross domestic product
C. Net national product
D. Net national income
4. Real GDP is gross domestic product measured
A. In the prices of a base year
B. At a constant output level but at current prices
C. In current dollars
D. As the difference between the current year's GDP and last year's GDP
5. Gross national product can serve as a measure of happiness only if
A. Material goods directly make people happy
B. Tax policies leave disposable income unaffected
C. New goods are not produced in the economy
D. All non monetary transactions are excluded from GNP

6. The difference between GNP and NNP is equal to
 A. Direct taxes
 B. Indirect taxes
 C. Depreciation
 D. Subsidies
7. In order to convert the Current prices into Constant prices, the dellator used is
 A. Value Index
 B. Price Index
 C. Income Index
 D. Quantity index
8. Net Investment is equal to
 A. Savings
 B. Investments less Savings
 C. Gross Investments minus depreciation
 D. Gross Investments plus depreciation
9. The GNP of a country is greater than its GDP if
 A. Exports are greater than Imports
 B. Imports are greater than Exports
 C. Imports are equal to Exports
 D. Prices are rising
10. The income of employees in a foreign bank operating in the US becomes part of
 A. Property income earned by US banks
 B. Compensation of employees taken as the nominal residence of US
 C. Domestic income of US
 D. Factor income earned from abroad by US

SECTION B (Choose three questions)

11. Table 1 below shows Uganda's expenditure on GDP at Constant (1997/98) prices at cost for 2004 and 2005.

Item	2004	2005
	Amount (Shs '000,000)	Amount (Shs '000,000)
GDP at factor cost	10,066,510	10,714,006
Net Indirect taxes	995,238	1,040,014
Implicit price deflator for GDP	134.4	142.6

Calculate:

- a) GDP at market prices
 b) Nominal GDP

12. Table 2 shows U.S. Gross Domestic Product, Selected Years (Numbers in billions of dollars)

	1990	1993	1995
Compensation of Employees	29.6	296.4	3351.0
Corporate Profits	-3	52.3	408.6
Proprietors' Income	5.8	51.9	381.0
Rental Income	2.5	16.2	49.1
Net Interest	3.9	10.7	452.4
Indirect Business Taxes and Misc.	7.0	46.1	478.8
Capital Consumption Allowance	7.7	56.9	711.3
(Net Factor Income from Abroad)	(.3)	(3.2)	(29.0)

Calculate:

- a) Net National Income
- b) GNP and GDP

13.

- a) State the accounting equation as well as the double entry principle.
- b) Present the narrative formats for Income statement and balance sheet.

14. The Statistician for Amandine Ltd prepared a trial balance as at 31st December 2009 as follows:

Particulars	Dr (Shs '000')	Cr (Shs '000')
Capital		20,000
Buildings	22,000	
Purchases & sales	8,900	15,000
Sales returns & Purchases returns	280	450
Drawings	760	
Stock (1.1.2009)	1,200	
Wages	800	
Freight & carriage	2,000	
Trade expenses	200	
Advertisement	240	
Interest		350
Taxes & insurance	130	
Debtors & Creditors	6,500	10,200
Bills receivable & Bills payable	1,500	700
Cash at bank	1,200	
Cash at hand	190	
Salaries	800	
TOTAL	46,700	46,700

Adjustments:

- 1) Stock on 31st December was valued at Shs 1,500,000
- 2) Insurance prepaid Shs 40,000
- 3) Outstanding liabilities: Salaries Shs 200,000; taxes Shs 130,000
- 4) Depreciate buildings at 2% per annum

Required:

Prepare Amandine's Income Statement & Balance Sheet as at 31st December 2009

...GOOD LUCK...