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**UGANDA MARTYRS UNIVERSITY**  
**FACULTY OF BUSINESS ADMINISTRATION AND MANAGEMENT**  
**BAM I SUPP EXAM SEMESTER I, 2014/2015**  
**Fundamental Accounting I**

Date: 5<sup>th</sup>/08/2015

Time: 3 hours

**Instructions**

Show all the necessary workings.

Section A is **compulsory** and carries 40 marks. Attempt any three questions of your choice from section B.

Be neat and orderly in your presentations

**SECTION A**

The following trial balance was extracted from the ledger of Tasha Ltd for the financial year ended 31 December 2013

PARTICULARS	DR (shs)	CR (shs)
Capital		50,000,000
Land at cost	24,000,000	
Motor vehicle at cost	14,800,000	
Furniture at cost	5,600,000	
Accounts Receivables and Payables	32,800,000	17,000,000
Bank balance	15,800,000	
Inventory at 1st Jan 2012	17,160,000	
(20% Bank loan <i>Bank</i> )		25,000,000
Purchases and Sales	96,000,000	131,600,000
Returns	1,200,000	5,400,000
Salaries	17,160,000	
General expenses	7,000,000	
Bad debts	1,200,000	
Provision for bad debts		4,200,000
Commission received		13,600,000
Discounts	2,400,000	5,000,000
Accumulated depreciation		
- Furniture		360,000
- Motor Vehicle		440,000
Rent	10,000,000	
Electricity	7,480,000	
	252,600,000	252,600,000

3.200.000

by  
to

328000

to - Acc<sup>1</sup>

1097 20 H/V  
1/10  
1/5

Increased by 30,000 → Direct  
" " to 30,000

SCF 10 SCF

Additional information

- ✓ 1. Inventory at 31<sup>st</sup> December 2013 was valued at 29,400,000/=
2. Bad debts of 800,000/= are to be written off
3. Provide for bad debts at a rate of 10% of the Accounts Receivables
4. The company charges depreciation on cost, at a rate of 10% on furniture and 20% on motor vehicles
5. Salaries to the tune of 2,400,000/= have not been paid
6. 20% of the rent paid relates the next financial year
7. The 20% interest on the Bank loan has not been paid.

Required:

- a) Journalize the adjustments (8marks)
- b) Open up the T accounts affected and post the adjusting entries (10 marks)
- c) Prepare the company's Statement of Comprehensive Income for the year ending 31 December 2013 (12 marks)
- d) Prepare the company's Statement of Financial Position as at 31 December 2013. (10 marks)

**SECTION B**

**Question Two**

Briefly explain the following Basic Accounting principles (2 marks each)

- (a) Historical Cost
- (b) Going concern
- (c) Business entity
- (d) Realization
- (e) Accruals

**Question Three**

- a) Give three advantages of using an imprest system in management of cash. (3 marks)
- b) Enter the following items in the Petty Cashbook of Boom Traders for the month of June 2014; use analysis columns for office expenses, motor expenses, cleaning expenses and ledger A/C. The cash float is Shs. 350,000. At 30 June 2014, balance off the Petty Cashbook, restore the original imprest and post to the respective ledgers. (17 marks)



June 2014		Shs
1 <sup>st</sup>	Akol - Casual Labour	12,000
2 <sup>nd</sup>	Letter head	22,000
2 <sup>nd</sup>	Unique motors- motor repairs	30,000
3 <sup>rd</sup>	Cleaning Materials	16,000
3 <sup>rd</sup>	Envelopes	14,000
3 <sup>rd</sup>	Petrol	8,000
7 <sup>th</sup>	Mukasa - Casual Labour	15,000
7 <sup>th</sup>	Mrs. Modo - Cleaner	7,000
7 <sup>th</sup>	Paper clips	2,000
13 <sup>th</sup>	Petrol	11,000
14 <sup>th</sup>	Type writer repairs	1,000
16 <sup>th</sup>	Petrol	9,000
16 <sup>th</sup>	Motor taxation	50,000
16 <sup>th</sup>	Mwanga - Casual Labor	21,000
16 <sup>th</sup>	Mr. Modo - cleaner	10,000
22 <sup>nd</sup>	Odongo - Casual Labor	19,000
23 <sup>rd</sup>	Copy paper	7,000
28 <sup>th</sup>	Flat cars - motor expenses	21,000
30 <sup>th</sup>	Petrol	12,000
30 <sup>th</sup>	Peter the Boss	16,000

#### Question Four

- a) Examine the causes of differences in Cash book and Bank statement balances. (5 marks)  
b) The bank columns in the cash book for May 2014 and the bank statement for that month for Rhoda are as follows:

Dr		Cash Book		Cr	
2014		Shs	2014		Shs
✓ 1 <sup>st</sup>	Balance b/d	3,475,000	✓ 5 <sup>th</sup>	Hope ✕	400,000
✓ 7 <sup>th</sup>	Mary	105,000	✓ 12 <sup>th</sup>	Remy	1,247,500
✓ 16 <sup>th</sup>	William	137,500	✓ 16 <sup>th</sup>	Stanley	52,500
✓ 28 <sup>th</sup>	Sliver	510,000	29 <sup>th</sup>	Brian ✕	5,000
30 <sup>th</sup>	Brenda ✕	<u>1,405,000</u>	30 <sup>th</sup>	Balance c/d	<u>3,927,500</u>
		<b>5,632,500</b>			<b><u>5,632,500</u></b>

### Bank Statement

May 2014		DR (SHS)	CR (SHS)	BALANCE (SHS)
1 <sup>st</sup>	Balance b/d			3,475,000
7 <sup>th</sup>	Cheque		105,000	3,580,000
8 <sup>th</sup>	Lilly	400,000		3,180,000
16 <sup>th</sup>	Cheque		137,500	3,317,500
17 <sup>th</sup>	Remy	1,247,500		2,070,000
18 <sup>th</sup>	Stanley	52,500		2,017,500
28 <sup>th</sup>	Cheque		510,000	2,527,500
29 <sup>th</sup>	MM standing order	80,000		2,447,500
30 <sup>th</sup>	Fred: A debtor		110,000	2,557,500
30 <sup>th</sup>	Bank charges	57,500		2,500,000

**You are required to:**

- Prepare an adjusted Cash Book (7 marks)
- Draw up a bank reconciliation statement as at 31 May 2014. (8 marks)

### Question Five

- Explain your understanding of Prime books of entry. (1 mark)
- Highlight any four types of journals explaining the purpose of each. (5 marks)
- Robert Sempala, a business man in Kisekka Market had the following transactions during the month of November 2013.

Nov 01 Started business with 25,000,000/= cash at hand and 35,000,000/= cash at bank

Nov 02 Bought goods worth 8,000,000/= from Juma on credit

Nov 04 Sold goods to Maria for 2,000,000/= on credit

Nov 06 Returned goods worth 100,000/= to Juma

Nov 08 Maria rejected and returned goods worth 200,000/=

Nov 11 Received cash 1,500,000/= from Maria

Nov 13 Paid Juma 5,000,000/= by cheque

Nov 16 Sold goods worth 5,000,000/= receiving cash from Shadia

Nov 18 Paid rent 500,000/= by cash and 700,000/= by cheque

Nov 20 Contributed a personal pick-up truck valued at 6,000,000/= to the business

Nov 22 Purchased goods worth 5,000,000/= from James on credit

Nov 24 Sold goods worth 4,000,000/= to Betty on credit



Nov 25 Betty returned goods worth 500,000/= and Robert also returned goods worth 300,000/= to James  
 Nov 27 Received cash 1,000,000/= and a cheque 800,000/= from Betty  
 Nov 28 Paid James 2,000,000/= by cheque  
 Nov 29 Paid salaries 4,000,000/= by cheque and 1,000,000/= by cash  
 Nov 30 Drew out cash 1,000,000/= for personal use.

**Required**

Record these transactions into the relevant journals. (14 marks)

**Question Six**

Odoch started business on 1 November 2013 with the following assets:

	Shs '000'
Motor vehicles	32,500
Furniture and fittings	11,500
Premises	210,000
Cash at bank	23,750
Cash at hand	1,750

The following transactions occurred during the month of November 2013.

- ✓ 1 Purchases by cheque Shs 12,500,000 and cash Shs 177,000
- ✓ 2 Purchases on credit from Babirye Shs 21,775,000.
- ✓ 6 Cash sales Shs 4,237,000, postage by cash Shs 12,000, and telephone connection fee by cheque Shs 125,000.
- 8 Cleaning materials by cash Shs 127,000, sales on credit to Richard Shs 21,125,000.
- 10 Repairs to broken window cash Shs 625,000.
- ✓ 13 Cash sales Shs 8,625,000, paid 7,000,000 into the bank.
- ✓ 16 Purchases on credit from Babirye Shs 8,000,000.
- 20 Cash sales Shs 8,190,000, paid into bank Shs 5,000,000.
- 22 Paid wages to casual workers cash Shs 162,500.
- 23 Drew cash for personal use by cheque Shs 5,000,000.
- ✓ 29 Postage cash Shs 17,000, sales on credit to Mwalimu Shs 2,750,000.
- 30 Wages by cash Shs 375,000, advertising by cheque Shs 605,000.

**Required:**

- (a) Open up the various T accounts needed in the books of Odoch. (15 marks)
- (b) Extract the Trial Balance as at 30 November 2013. (5 marks)