

**UGANDA MARTYRS UNIVERSITY, LUBAGA CAMPUS**

**FACULTY OF BUSINESS ADMINISTRATION AND  
MANAGEMENT**

**DEPARTMENT OF ACCOUNTING & FINANCE**

**BAM III EVENING SEMESTER TWO 2017/18**

**COURSE UNIT: ADVANCED ACCOUNTING**

**DATE: Monday, 7th May 2018**

**Time allowed: 4:00pm- 7:00pm**

**Instructions to Candidates:**

Read the following before answering the examination questions.

- 1) Do not write anything on this question paper.
- 2) Write neatly and show all workings clearly.
- 3) Start every question on a new page
- 4) Clearly state the question number & sections attempted
- 5) Attempt any FOUR (04) questions, choose at least one question from both sections A and B.

## SECTION A ADVANCED ACCOUNTING

### QUESTION ONE

The trial balance for BAM Ltd is given below;

#### **BAM Ltd**

#### **Trial Balance for the year ended 31<sup>ST</sup> December, 2010**

Details	UGX ('000)	UGX ('000)
Ordinary share capital @ Ugx 1		300,000
Share premium		20,000
General reserve		16,000
Retained earnings as at 1 <sup>st</sup> January, 2010		55,000
Inventory as at 1 <sup>st</sup> January, 2010	66,000	
Sales		962,000
Purchases	500,000	
Administrative costs	10,000	
Distribution costs	6,000	
Plant and machinery-cost	220,000	
Plant and machinery-provision for depreciation		49,000
Returns outwards		25,000
Returns inwards	27,000	
Carriage inwards	9,000	
Warehouse wages	101,000	
Salesmen's salaries	64,000	
Administrative wages and salaries	60,000	
Hire of motor vehicles	19,000	
Director's remuneration	30,000	
Rent receivable		7,000
Trade receivables	326,000	
Cash at hand	62,000	
Trade payables		66,000
	<b><u>1,500,000</u></b>	<b><u>1,500,000</u></b>

The following additional information is supplied;

- Depreciate plant and machinery 20% on straight line basis
- Inventory at 31<sup>st</sup> December, 2010 is Ugx 90,000,000
- Accrue auditor's remuneration Ugx 2,000,000
- Income tax for the year will be Ugx 58,000,000 payable October, 2011
- It is estimated that 7/11 of the plant and machinery is used in connection with distribution, with the remainder for administration. The motor vehicle costs should be allocated to distribution.

**Required:**

Prepare a statement of comprehensive income and statement of financial position in compliance with the requirements of IAS 1. No notes to the accounts are required  
(25 Marks)

**QUESTION TWO**

- a) Define the following terms as applied in IAS 11 Construction Contracts
- i) Fixed price contract
  - ii) Cost plus contract
  - iii) Contractee
  - iv) Contractor (04 Marks)
- b) Haggrun Co has two contracts in progress, the details of which are as follows;

	Happy (profitable)	Grumpy (loss making)
	UGX	UGX
Total contract price	300,000	300,000
Costs incurred to date	90,000	150,000
Estimated costs to completion	135,000	225,000
Progress payments received	116,000	116,000

**Required:**

Show extracts from the statement of profit or loss and other comprehensive income and the statement of financial position for each contract, assuming they are both;

- i) 40% complete
- ii) 36% complete ( 11marks)
- c) Revenue is one largest figure/value that appears in the financial statements which should be recognised and measured appropriately. IAS

18: Revenue provides standard accounting practice in this area.

**Required:**

- i) Explain the meaning of revenue and the basis of measurement Under the principles of the standard. (02 Marks)
- ii) Identify and explain the different forms of revenues recognised under IAS 1 (04 Marks)
- iii) Explain the recent developments applying to IAS 18: Revenues and explain the five step model under IFRS 15 for recognition of revenues (04 Marks)

### QUESTION THREE

The Conceptual Framework states that the qualitative characteristics are the attributes that make financial information useful to users. The Conceptual Framework distinguishes between **FUNDAMENTAL** and **ENHANCING** qualitative characteristics for analysis purposes.

Required:

- a) State and explain the fundamental and enhancing qualitative characteristics of financial information **(04 Marks)**
- b) Define “conceptual framework” and state any two advantages and disadvantages of the conceptual framework **(02 Marks)**
- c) State and explain the different measurement bases that are used in financial statements. **(04 Marks)**
- d) Define the following terms as applied in IAS 41 Agriculture
  - I. Biological transformation
  - II. Biological asset
  - III. Agricultural produce
  - IV. Harvest **(04 Marks)**
- e) Liberty PLC owns a herd consisting of ten 2 year old animals as at 1<sup>st</sup> January 2001, one 2.5 year old cow purchased on 1<sup>st</sup> July 2001 for USD 108 and one calf which was born on 1<sup>st</sup> July 2001. No animals were disposed off during the year ended 31<sup>st</sup> December 2001.

The following information is also available;

Age of animal	Fair value less estimated costs to sale (USD)
2 year old at 1 <sup>st</sup> Jan 2001	100
New born animal at 1 <sup>st</sup> July 2001	70
2.5 year old animal at 1 <sup>st</sup> July 2001	108
New born animal at 31 <sup>st</sup> December 2001	72
0.5 year old animal at 31 <sup>st</sup> December 2001	80
2 year old animal at 31 <sup>st</sup> December 2001	105
2.5 year old animal 31 <sup>st</sup> December 2001	111
3 year old animal at 31 <sup>st</sup> December 2001	120

Required:

- I. Show how this will be presented in the statement of financial position of liberty Plc and the statement of financial performance **(08 Marks)**
- II. State any 3 disclosures under IAS 41 Agriculture **(03 Marks)**

#### **QUESTION FOUR**

- a) Explain a Group in accordance with IAS 27 **(3 Marks)**
- b) Explain control and how it is evidenced in accordance with IFRS3 **(7 Marks)**
- c) On 1/1/2010 Dominion Ltd acquired 100% of 100,000 UGX 50 Ordinary shares in Temple Ltd for UGX 70 per share in cash and gained control. The fair value of the net assets of Temple Ltd at the date was the same as the book value. The individual statements of financial position immediately after the group accounts at that date were as follows;

Details	Dominion Ltd	Temple Ltd
Non current Assets	200,000,000	100,000,000
Current assets	2,000,000	800,000
Current liabilities	1,800,000	600,000
	<b>200,200,000</b>	<b>100,200,000</b>
Share capital	100,000,000	50,00,000
Retained earnings	100,200,000	95,200,000
	<b>200,200,000</b>	<b>100,200,000</b>

**Required:**

- i. Calculate the Goodwill for the inclusion in the group account **(3 Marks)**
- ii. Calculate the assets and liabilities of the two companies for group. **(2 Marks)**
- iii.** Calculate the consolidated share capital and reserves for the group **(2 Marks)**
- iv. Prepare the Financial Position of the Group **(8 Marks)**

## **SECTION B: PUBLIC SECTOR ACCOUNTING**

### **QUESTION FIVE**

- a) The procedure involved in public sector accounting is quite elaborate, it involves strict adherence with legal procedures and compliance with reporting schedules. Based on Public Finance and Accounting Act 2003, the Accountant general shall be the chief Accountant of government accounts. Explain the role of the Accountant General in this context **(10 Marks)**
- b) Explain the relationship between the roles of the Secretary to Treasury, the Auditor General and that of the Accountant General **(15 Marks)**

### **QUESTION SIX**

- a) Explain the following terms as commonly used in public financial Management
- I. Vote books
  - II. Asset register
  - III. Consolidated fund **(06 Marks)**
- b) Discuss the payment procedure in government **(08 Marks)**
- c) Explain the reasons for preparation of budgets in the public sector **(06 Marks)**
- d) Explain the roles of the Parliamentary Accountability Committee in the accountability framework of the public sector **(05 Marks)**

*End of Exam*

*Good Luck*