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= 89%

UGANDA MARTYRS UNIVERSITY-RUBAGA CENTRE

ASSESSMENT SERIES 2017

FACULTY OF BUSINESS ADMINISTRATION AND MANAGEMENT

Paper: Fundamental Accounting I. Test I

Time allowed: 1 hour

Year: BAM I. Reg. No.

2017-2022-20036

Name: CSEMPTJA ISAAC

Instructions

- Write neatly and show workings where required.
- Attempt all questions

Section A

From the list of answers below (A, B, C and D) choose the most appropriate answer(s).

- _____ is the art of recording, classifying and summarizing the transactions and events of a business and interpreting the results thereof.
A. Book-keeping
☒ B. Accounting
C. Management
D. Auditing
- Which of the following statements is false?
A. If you increase an asset account, you could increase a liability account
☒ B. If you decrease an asset account, you could increase a shareholders' equity account
C. If you increase an asset account, you could decrease an asset account.
D. If you decrease an asset account, you could decrease a shareholders' equity account.
- Accounting Policies and Procedures once decided should not be changed till any sound reason is there. This is known as:
A. Accrual Concept
B. Conservatism
C. Business Entity Concept
☒ D. Consistency
- Transactions and other events are accounted for and presented in accordance with:
A. Their legal form
B. Their materiality
☒ C. Their substance and economic reality
D. Their tax impact
- Which of the following represents the accounting equation?
A. Assets + Liabilities = Equity
B. Assets = Liabilities = Equity
C. Assets = Liabilities - Equity
☒ D. Assets = Liabilities + Equity
- Change in the capital A/c of proprietor may occur due to _____.
A. Profit earned
B. Loss incurred
C. Capital Introduced
☒ D. All of the above
- Small items like, pencils, pens, files, etc. are written off within a year according to _ concept.
☒ A. Materiality
B. consistency

$$A = L + E$$

$$A - L =$$

- C. Conservatism
D. Realisation
8. Which accounting concept specifies the practice of crediting closing stock to the trading account?
A. Historical Cost
B. Realisation
C. Going concern
D. Matching
9. For every debit there will be an equal credit according to _____ concept
A. Matching concept
B. Historical Cost concept
C. Money measurement concept
D. None of the above
10. Which of the following closely describes a sole trader?
A. Employs one person, has limited liability and does not need to have its accounts audited
B. Employs many persons, has unlimited liability and needs to have its accounts audited
C. Employs many persons, has unlimited liability and does not need to have its accounts audited.
D. Employs one person, has limited liability and needs to have its accounts audited.
11. Resources owned by an entity are referred to as Assets
12. Obligations are referred to as Liabilities
13. Assets minus liabilities equal Equity
14. Accounting entries involve a minimum of how many accounts? 2
15. When cash is received, the Cash account will have a Debit entry
16. M. Peter set up a new business. Before he started selling anything, he bought a motor vehicle for Ushs 20 million, Premises Ushs 50 million and a stock of goods for Ushs 10 million. He did not pay in full for the goods and still owe Ushs 4million in respect of them. He had borrowed Ushs 30million from H. Florence. After the events just described, and before trading starts, he has Ushs 1 million cash in hand and Ushs 7 million cash at bank.
Required: Calculate the amount of his capital

on answer sheet

Section B (Choose one question)

17. The following transactions relate to Immaculate Enterprises for the month of October 2015
- Started business with cash £ 3,000 and a loan from the bank of £ 7,000 which was put in his bank account
 - Purchased computers for £ 700 cash and a sound system for £ 3,000 by cheque
 - Bought CDs and DVDs at £ 200 cash
 - Sold half of the CDs and DVDs at £ 150 cash
 - Bought a van to carry crew members to market their music at £ 5,000 by cheque.
 - Sold DVDs worth £ 80 to Derrick on credit at their cost price

Required

Prepare the accounting equation for each of the above items

18. The following details were obtained from the records of Nalongo a business woman from Owino market for the month of September 2016.

PL Sept. 1 Credit purchases from: R. Betty \$ 2,500; C. Martha \$ 1,450 & M. Adrian \$ 3,550
SL Sept. 5 Credit sales to: S. Daisy \$ 4,100; T. Lea \$ 3,400 and P. Brian \$ 2,700

- PL Sept. 7 Credit purchases from: A. Titus \$ 1,470, R. Betty \$ 1,000 and C. Martha \$ 1,900
 RO Sept. 9 Goods returned to: R. Betty \$ 350; C. Martha \$ 500 ✓
 RN Sept. 10 Goods returned by: T. Lea \$ 250 and P. Brian \$ 300
 PL Sept. 12 Credit purchases from: A. Titus \$ 1,860, R. Betty \$ 2,500, and C. Martha \$ 800
 SL Sept. 15 Credit sales to: T. Lea \$ 1,500 and S. Daisy \$ 2,200 ✓
 RO Sept. 18 Goods returned to: A. Titus \$ 200 and C. Martha \$ 100 ✓
 RI Sept. 25 Goods returned by: T. Lea \$ 180 ✓

Required

Prepare the relevant books of prime entry.

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$$\begin{aligned}
 A &= L + E \\
 10 &= 5 + 5
 \end{aligned}$$