

**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                     |             | 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 |

**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    |
|-------------------|------------------------------|--------|
| x 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

- Examine the causes of differences in Cash book and Bank statement balances. (5 marks)
- 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<br>2014      |                     | DR<br>(SHS) | CR<br>(SHS) | BALANCE<br>(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)