

UGANDA MARTYRS UNIVERSITY
FACULTY OF BUSINESS ADMINISTRATION AND
MANAGEMENT

ACC 3207: ADVANCED & PUBLIC SECTOR ACCOUNTING
Examination

2013 - 2014

BAM III – NKOZI Campus

Date: Wednesday 11th December 2013

Time: 10.00 - 1.00 pm

Instructions

1. Do not write anything on the question paper
 2. The Exam is composed of Two Sections: A & B.
 3. There are Six (6) Questions in total. Attempt 4 Questions, at least one from each section.
 4. Be neat and concise in your explanation.
 5. Additional Instruction is provided in the answer booklet
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SECTION A: ADVANCED ACCOUNTING

QUESTION ONE

- a) Discuss why IAS 40 Investment property was produced *(10 Marks)*
- b) KK Ltd has the following items on its PPE list
- UGX 1,000,000 – the right to extract a sand stone from a particular quarry. Geologists predict that the extraction at the present rate may be continued for ten years *(6 Marks)*
 - A company helicopter with an estimated life of 150,000 flying hours

Advice the company management on the depreciation policy to adopt for each of the above *(5 Marks)*

- c) The company is considering revaluing its interests in land and buildings which comprise freehold and leasehold, all used by the company or its subsidiary

Required:

Discuss the consequences of the above transaction on the depreciation policy of the company and any special instructions that need to be given to the valuer *(4 Marks)*

QUESTION TWO

The statements of financial position of BAIL Ltd and JUL Ltd AT 31ST Dec, 2012 are as follows;

	BAIL Ltd	JUL Ltd
	UGX '000	UGX '000
Assets:		
Non-current assets at cost	550,000	225,000
Depreciation	(220,000)	(67,500)
	<u>330,000</u>	<u>157,500</u>
Investment in JUL Ltd	187,500	
Current assets:		
Inventories	225,000	67,500
Trade receivables	180,000	90,000
Current account-JUL Ltd	22,500	-
Bank	<u>36,000</u>	<u>18,000</u>
	<u>463,500</u>	<u>175,500</u>
Total assets	<u>981,000</u>	<u>333,000</u>
Equity and Liabilities:		
Capital and reserves		

UGX1 common shares	196,000	90,000
General reserves	245,000	31,500
Retained earnings	225,000	135,000
	<u>666,000</u>	<u>256,500</u>
Current liabilities		
Trade Payables	383,500	40,500
Taxation	31,500	13,500
Current account JUL Ltd		22,500
	<u>315,000</u>	<u>76,500</u>
	<u>981,000</u>	<u>333,000</u>

The statements of comprehensive income for the year ended 31st Dec, 2012 are as follows;

	BAIL Ltd	JUL Ltd
	<i>UGX '000</i>	<i>UGX '000</i>
Sales	1,440,000	270,000
Cost of sales	<u>1,045,000</u>	<u>135,000</u>
Gross profit	395,000	135,000
Expenses	123,500	90,000
Dividends received from JUL Ltd	9,000	-
Profit before tax	280,500	45,000
Income tax	31,500	13,500
Profit for the period	249,000	31,500
Dividend paid	180,000	11,250
	69,000	20,250
Retained earnings brought forward	<u>156,000</u>	<u>114,750</u>
	<u>225,000</u>	<u>145,000</u>

BAIL Ltd acquired 80% of the shares in JUL Ltd in Jan, 2010 when JUL Ltd's retained earnings were UGX 80,000,000 and the balance on JUL Ltd's general reserve was UGX 18,000,000. Non-controlling interests are measured using method 1. During the year, BAIL Ltd sold JUL Ltd goods for UGX 18,000,000 which represented cost plus 50%. Half of the goods are still in stock at the year end.

During the year, BAIL Ltd and JUL Ltd paid dividends of UGX 180,000,000 and UGX 11,250,000 respectively. The opening balances of retained earnings for the two companies were UGX 156,000,000 and UGX 114,750,000 respectively.

Required:

- Prepare a consolidated statement of comprehensive income for the year ended 31st Dec, 2012 *(15 Marks)*
- A statement of financial position as at that date *(10 Marks)*

Required:

- i. Prepare statement of comprehensive income for the year ended 31st October, 2005
(15 Marks)
- ii. Prepare the statement of financial position and statement of changes in equity at 31st October, 2005 (10 Marks)

SECTION B: PUBLIC SECTOR ACCOUNTING

QUESTION FOUR

- a) Explain with illustration the main books of accounts maintained in government accounts department (8 Marks)
- b) List and examine the accountable documents (5 Marks)
- c) Distinguish cash basis and accrual basis accounting (4 Marks)
- d) Provide and elaborate explanation as to why many governments still use cash basis accounting inspite of the fact that there are many qualified accountants working in those offices (8 Marks)

QUESTION FIVE

- a) Explain with illustrations, the main procedures of government budgeting (6 Marks)
- b) Identify at each level, the role you would play as an accountant employed in any government department (7 Marks)
- c) Explain in details the following terms
 - i. Virement (3 Marks)
 - ii. Reallocation (3 Marks)
 - iii. Vote on account (6 Marks)

QUESTION SIX

- a) Identify and explain the financial statement recommended by IPSAS 1 (10 Marks)
- b) Examine and illustrate the contents of each of the statements identified in a) above (15 Marks)