

# **UGANDA MARTYRS UNIVERSITY: NKOZI CAMPUS**

**FACULTY OF BUSINESS ADMINISTRATION AND MANAGEMENT**

**DEPARTMENT OF ACCOUNTING AND FINANCE**

**CODE: ACC3111. COURSE: ADVANCED ACCOUNTING AND PUBLIC  
SECTOR ACCOUNTING**

**Date: Friday 26<sup>th</sup> May 2023**

**Time allowed: Time allowed: 3 hours**

**9:30 am-12.30 pm**

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## **INSTRUCTIONS TO CANDIDATES:**

**Read the following before answering the examination questions**

- 1) Section A has one compulsory question carrying 25marks
- 2) Section B has five numbers and only three are to be attempted. Each question carries 25marks
- 3) Write your answer to each question on a fresh page in your answer booklet

Any malpractices will **LEAD** to the **CANCELLATION** of the RESULTS

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## SECTION A

*This section has three questions one compulsory and one other question to be attempted*

### Question 1

The following trial balance is extracted from the books of DHL Ltd at 31<sup>st</sup> June 2021

	Shs."000"	Shs."0000"
Ordinary share capital Ushs 1000 each fully paid		200,000
Share premium account		20,000
Retained earnings at 31/3/2021		15,000
Cost of sales	350,000	
Rental and rates	11,400	
postage and telephone	5,600	
Sand wages	21,000	
Directors fees	12,000	
Motor expenses	24,100	
Sales		500,000
Trade receivables and payable	21,700	7,800
Stock in trade at cost	38,000	
Freehold property at cost	140,000	
Fittings and fixture at cost	120,000	
Provision for depreciation		72,000
Motor vehicles at cost	80,000	
Provision for depreciation		16,000
Cash at bank	7,000	
	830,800	830800

### Additional information

1. The authorized share capital of the company is 250,000
2. The company's freehold property was valued at shs. 190,000 on 31.3.2021. The company's directors have decided that the valuation should be reflected in the accounts
  - i. Rates and rent prepared at 31.3.2021 amounted to Shs. 2,300
  - ii. Accrued expenses included telephone and postages; motor expenses were shs. 900 and 300 respectively

- iii. In February 2021, the company sold a motor vehicle, which had been bought for shs 8,000 in January 2000. The only entry in the company's books of accounts relating to the sale concerns the receipt of the sale proceeds of shs. 1,500, which have been credited to motor expenses
- iv. The directors are recommending that a dividend of 15% be paid on the ordinary shares for the year ended 31.3.2021

**Required:**

Prepare statement of profit or loss and other comprehensive income and statement of financial position as at that date

b) IAS 1 the presentation of financial statements is one of the requirements for accountants in various organizations to adopt in the preparation of their end of years financial statements. Briefly explain the key objectives of standard to the organizations **(3 marks)**

**(Total 25 marks)**

**SECTION B**

*Attempt any three questions from this section*

**Question 2**

The following are the draft statement of financial position of Patel and Vanel on 31<sup>st</sup> December 2022

	Shs.'000 Patel	Shs'000 Vanel
Non- current Assets	90	100
Investment in Vanel at cost	<u>110</u>	
	200	100
Current assets	<u>50</u>	<u>30</u>
<b>Total assets</b>	250	130
Equity and Liabilities		
Capital and Reserve		
Ordinary share capital Shs. 1000	100	100
Retained profits	120	20
Current liabilities	<u>30</u>	<u>10</u>
Total equity an liabilities	250	130



Peter had bought 80% of the ordinary shares of Vanel on 1<sup>st</sup> January 2022 when the retained profits of Vanel had a balance of shs. 10,000. No impairment of goodwill has occurred to date.

**Required:**

Prepare a consolidated statement of financial position at 31<sup>st</sup> December 2022 assuming that the Patel group values the non-controlling interest using the proportion of the assets methods. **(12marks)**

b) As an accountant responsible for the financial statements of an entity, briefly explain the main disclosures for Non-current Asset Held for Sale under IFRS 5

**(5marks)**

c) As finance officer of HTL Ltd the junior accounts in your department have a challenge of interpreting adjusting events for the period. You have been identified to explain the staff concept of **Adjusting and Non adjusting events** with examples as per IAS 10 **(8marks)**

**(Total 25marks)**

**Question 3**

At 1st January, Naspers Limited carried a property in its statement of financial position at its valued amount of shs. Shs. 14 million in accordance with IAS 16 PPE Depreciation is charged at Shs. 300,000 per year on the straight line method

In April 2022, the management decides to sell the property and it was advertised for sale. By 31<sup>st</sup> April 2022 the sale was considered to be highly probable and the criteria for IFRS 5 Non-current Assets Held for Sale and Discontinue Operations were met at this date. At that date, the assets fair value was Shs. 15,5m. Cost to sell the asset was estimated at Shs.300, 000. On 31<sup>st</sup> January 2025, the property was sold for shs. 15.6 million

The transactions regarding the property are deemed to be material and no entries have been made in the financial statement regarding this property since 31<sup>st</sup> December 2014

**Required**

Show the above transaction should be dealt with in the financial statement of Naspers Limited for the year ended 31<sup>st</sup> December 2022 **(10 marks)**

b) The main business of KKL Company is building work. At the end of October 2021 there is an uncompleted contract on the books, details of which are as follows. Date of commence 1.1.2021 and expected completion date 23.12.2023

	Shs
Total contract revenue	350,000
Costs to date 30.9.2022	220,500
Value of performance obligations certified to 30.9.2022	240,000
Amounts invoiced for work certified to 30.9.2022	230,000
Cash received to 30.9.2022	204,000
Estimated costs to completion at 30/9/2022	30,500

### Required

- Show the percentage to completion and the amount to be included in the statement of profit or loss and statement of financial position at 30.9.2022 extract in accordance with IFRS 15 **(7marks)**
- Explain the 5 Step-model in the recognition of revenue from contracts with customers in accordance with IFRS 15 Revenue from contracts **(8marks)**

### Question 4

Walt Disney Company's financial statements show profit before tax of UGX 2,000 in each of years one, two and three. The profit is stated after charging depreciation of UGX 200 per annum. This is due to the purchase of an asset costing UGX 600 in year 1 which is being depreciate over its three year useful economic life on a straight line basis

The tax allowances granted for the related asset are:

- Year 1 Ugx 250
- Year 2 Ugx 220
- Year 3 Ugx 160

Income tax is calculated as 30% of taxable profits

In year one the carry value of the asset in year one and two is Shs. 400 and Shs., 200 with the tax base of Shs.360 and Shs. 160 respectively and non in year three  
Apart from the above depreciation and tax allowances there are no other differences between the accounting and taxable profits

### Required

- Ignoring deferred tax, prepare statement of profit or loss extracts for each of years one ,two and three as per IAS 12 **(10marks)**
- Accounting for deferred tax, prepare statement of profit or loss and statement of financial position extracts for each year's as per IAS 12 **(10marks)**



b) The goals of social accounting are to honor a stakeholder's right to information, balance power and responsibility, increase organizational transparency, and identify the social and environmental costs of traditional (economic) success briefly explain the significance of social accounting in the business setting **(5marks)**

**(Total 25 marks)**

**Question 5**

a) Government that prepares and presents consolidated financial statements under the accrual basis of accounting and elects to disclose financial information about the general government sector shall do so in accordance with the requirements of the Standard (IPSAS22). Disclosure of financial information about the General Government Sector.

**Required**

- i. Explain the term "General government sector" **(3marks)**
  - ii. Describe the characteristics of a general government business **(5marks)**
  - iii. Give the disclosures made in respect of the general government sector **(5marks)**
- b) Discuss the three major concepts of changes in Accounting policies, Accounting Estimates and prior years errors with their disclosures in accordance with IPSAS 3 **(12marks)**

**(Total 25marks)**

**Question 6**

a) You are a financial management specialist in the Ministry of Finance, planning and Economic Development. Your supervisor has asked you to prepare detailed notes for him to present at the National consultative budget conference for the financial year 2021/2022. The theme of the conference is: strengthening public financial management and accountability.

**Required**

Discuss the measures which have been undertaken by Government of Uganda to improve public financial management **(12marks)**

b) Assess the benefits of Integrated Financial Management System (IFMS) implementation to Government in financial management **(5marks)**

c) The Ministry of Finance, Planning and Economic Development derives its mandate and functions from the 1995 Constitution of the Republic of Uganda. Discuss the roles of the Minister of finance as per the Public Finance Management Act, 2015 of Uganda **(8 marks)**