



**Section I. Thirteen (13) Compulsory questions****55 marks**

- 01.** Enumerate three elements that typically change equity. **(3 marks)**
- 02.** Indicate the role of the segments of a company's balance sheet. **(2 marks)**
- 03.** Define the following concepts:
- a. Accountancy
  - b. Bookkeeping
  - c. Accounts receivable
  - d. Cost of sales
  - e. Gross profit
- (5 marks)**
- 04.** Indicate three reports that are usually generated in financial accounting. **(3 marks)**
- 05.** What is the importance of accounting system? **(5 marks)**
- 06.** Distinguish the correct from wrong statements listed below:
- A debit is defined as the negative side of a balance sheet account and the positive side of a resulting item.
  - A credit is an expense, or an amount of money paid from an account, that results in the increase of an asset or a decrease in a liability or owner's equity on the balance sheet.
  - To debit an asset account implies that the assets increase
  - To debit an income account implies that income decreases
  - A fixed cost change with an increase or decrease in the number of goods or services produced or sold.
- (5 marks)**
- 07.** Indicate the importance of a delivery slip. **(4 marks)**
- 08.** Is there any difference between assets and liabilities? Explain. **(5 marks)**
- 09.** Using a check mark (✓) indicate how the following would be recorded. **(3 marks)**

Description	Debit	Credit
Increase in cash		
Decrease in loans		
Receipt of interest revenue		

10. What information do you need to know before preparing a profit and loss account? **(5 marks)**
11. List the types of errors that are found in the accounting records. **(5 marks)**
12. Select only the correct statements among the following:
- Cash accounting records transactions only when the revenue has been received or the expense incurred.
  - Accrual accounting records the revenue when the transaction takes place after the cash has been received.
  - Double-entry Accounting is based on the concept that every transaction affects and is recorded in at least two accounts on an organization's books.
  - Cash accounting doesn't record transactions only when the revenue has been received or the expense incurred.
  - The accounting equation states that:  $\text{Equity} = \text{Assets} + \text{Liabilities}$ .
  - Vouchers are prepared in order to create a paper trail for each transaction.
  - The Income Statement summarizes all revenue earned and expenses incurred during a specified accounting period.
  - Double-entry Accounting is based on the concept that every transaction never affect and is not at all recorded in any accounts on an organization's books.
  - Accrual accounting records the revenue when the transaction takes place before the cash has been received.
  - The accounting equation states that:  $\text{Assets} = \text{Liabilities} + \text{Equity}$ .
- (5 marks)**
13. Describe the cycle of Accounting. **(5 marks)**

14. Describe in detail the columns of a journal. **(10 marks)**
15. Record the transactions below in the Cash Book of Ms Keza. **(10 marks)**

2015		FRW
March 1	Mr. Peter Mugenzi commenced business with Cash	6,500
March 3	Bought goods for cash	685
March 4	Paid to Mugabo	95
March 6	Deposited in the bank	4,000
March 6	Purchased office furniture on cash	465
March 9	Sold goods for cash	3,000
March 12	Paid wages in cash	120
March 13	Paid for stationary	40
March 15	Sold goods for cash	2,500
March 17	Paid for miscellaneous expenses	45
March 19	Received cash from Gakire	485
March 21	Withdrew for domestic use	250
March 22	Paid salary	400
March 25	Paid rent	90
March 28	Paid electricity bill	35
March 29	Paid for advertising	40
March 31	Paid into bank	2,500

16. Explain four (4) advantages of preparing the Sales Ledger Control Account. **(10 marks)**
17. Discuss five (5) examples of accounts that must be kept in order to keep a complete record of the entire transactions of any business. **(10 marks)**

18. A) Is there any difference between Income Statement and Cash Flow Statement? Explain.

B) Using a check mark (✓) indicate assets and liabilities.

Items	Assets	Liabilities	Equity
Drawings			
Equipment			
Client savings			
Net deficit-current year			
Building			
Owner's contribution to the business			
Long term debt			
Fixtures			
Note payables			
Trade payables			

(10 marks)

**Section III. Choose and Answer any one (1) question**

**15 marks**

19. H Jumps has the following assets and liabilities as on 30 November 2002:

Creditors £39,500; Equipment £115,000; Motor vehicle £62,900; Stock £61,500; Debtors £57,700; Cash at bank £72,800 and Cash in hand £400.

Compute the balance on the capital account as at 30 November 2002.

During the first week of December 2002, Jump:

- Bought extra equipment on credit for £13,800.
- Bought extra stock by cheque £5,700.
- Paid creditors by cheque £7,900.
- Received from debtors £8,400 by cheque and £600 by cash.
- Put in an extra £2,500 cash as capital.

You are required to draw up a balance sheet as on 7 December 2002 after the above transactions have been completed.

(15 marks)

20. From the following trial balance of P Boones draw up a trading and profit and loss account for the year ended 30 September 2002, and a balance sheet as at that date.

	Dr	Cr
	£	£
Stock 1 October 19x8	23,680	
Carriage outwards	2,000	
Carriage inwards	3,100	
Returns inwards	2,050	
Returns outwards		3,220
Purchases	118,740	
Sales		186,000
Salaries and wages	38,620	
Rent	3,040	
Insurance	780	
Motor expenses	6,640	
Office expenses	2,160	
Lighting and heating expenses	1,660	
General expenses	3,140	
Premises	50,000	
Motor vehicles	18,000	
Fixtures and fittings	3,500	
Debtors	38,960	
Creditors		17,310
Cash at bank	4,820	
Drawings	12,000	
Capital		126,360
	<u>332,890</u>	<u>332,890</u>

(15 marks)

21. You are to enter the following transactions, completing the double entry in the books for the month of May 2002.

2002

May

- 1 Started business with £2,000 in the bank.
- 2 Purchased goods £175 on credit from M Rooks.
- 3 Bought furniture and fittings £150 paying by cheque.
- 5 Sold goods for cash £275.
- 6 Bought goods on credit £114 from P Scot.
- 10 Paid rent by cash £15.
- 12 Bought stationery £27, paying in cash.
- 18 Goods returned to M Rooks £23.
- 21 Let off part of the premises receiving rent by cheque £5.
- 23 Sold goods on credit to U Foot for £77.
- 24 Bought a motor van paying by cheque £300.
- 30 Paid the month's wages by cash £117.
- 31 The proprietor took cash for himself £44.

**(15 marks)**