

**NAME OF SCHOOL:** .....

**NAME OF CANDIDATE:** .....

**INDEX NO:** ..... **SIGNATURE:** .....

**801/1  
PRINCIPLES OF  
ACCOUNTS  
PAPER 1  
JULY/AUGUST  
2 ½ HOURS**



**ELITE EXAMINATION BUREAU MOCK 2019**  
**Uganda Certificate of Education**

**PRINCIPLES OF ACCOUNTS  
PAPER 1**

**2 HOURS 30 MINUTES**

**INSTRUCTIONS TO CANDIDATES:**

- *This paper consists of TWO sections A and B.*
- *Answer all questions in section A and any FOUR from section B.*
- *All answers in section B carry equal marks.*
- *Any additional question(s) answered will not be marked.*

### SECTION A: (20 MARKS)

- Which of the following items appears on the debit side of a trial balance?  
A. purchases  
B. sales  
C. returns outwards  
D. capital
- The following are used to determine the value of the net purchases of a business except;  
A. purchase price  
B. return inwards  
C. carriage inwards  
D. returns outwards
- The source document used to correct an over charge on a transaction is,  
A. a debit note  
B. a receipt  
C. credit note  
D. reserve
- The amount set aside by the business to cater for uncertainties in future is referred to as,  
A. savings  
B. income  
C. provision  
D. reserve
- Given a weekly cash float of Shs 760,000 and a cheque for re-imbursement of Shs 520,000 is prepared, how much was spent by the petty cashier?  
A. Shs 240,000  
B. Shs 1,280,000  
C. Shs 760,000  
D. Shs 520,000
- What type of error is made when a cash sale of goods worth 20,000 is debited to the sales account and credited to cash account.  
A. original entry  
B. principle  
C. complete reversal  
D. commission
- When an expense account reflects a debit balance b/d then it is/are;  
A. current liability in the balance sheet  
B. current asset in the balance sheet  
C. fixed asset  
D. long term liability in the balance sheet
- Which one of the following increases the income of partnership?  
A. interest on drawings and partners  
B. interest on loan given by partners  
C. interest on capital  
D. drawings

9. The sales in ledger control account consists of total,  
A. cash sales  
B. cash and credit sales  
C. credit sales including sales returns  
D. credit sales including purchases returns
10. The sum of all value added tax (VAT) charges on purchases invoices for a given period is known as,  
A. custom tax  
B. input tax  
C. output tax  
D. excise tax
11. How does a cheque payment to creditors affect balance sheet?  
A. cash at bank and creditors increase  
B. cash at bank reduces and creditors increase  
C. creditors reduce and cash at bank increase  
D. cash at bank reduce and creditors reduce.
12. Which one of the following taxes is a direct tax?  
A. custom tax  
B. excise tax  
C. pay as you earn  
D. export tax
13. Income received in advance is treated as a;  
A. Current asset  
B. current liability  
C. fixed asset  
D. long term liability
14. Which source document is used to record a credit sale in the seller's books?  
A. copy of invoice issued  
B. credit note  
C. copy of invoice received  
D. debit note
15. Where is the interest on drawings recorded in the fluctuating capital method of keeping partners' accounts?  
A. credited to partners' capital account  
B. debited to partners' current account  
C. debited to partners' capital accounts  
D. credited to partners' current account
16. The system of replacing the cashiers' amount spent the previous period is known as;  
A. imprest system  
B. cash float  
C. petty cash  
D. Cash balance

17. An overdraft is when the bank account has a ..... balance.  
A. credit      B. debit      C. zero      D. big
18. A debit balance on a debtors control account shows,  
A. total sales      B. total purchases  
C. total receipts      D. total debtors
19. Which liability reduces when the business settles its debts by a cheque?  
A. creditors      B. outstanding liability  
C. bank overdraft      D. bank
20. Which of the following books of original entry is both a journal and a ledger?  
A. sales journal      B. purchase journal  
C. the journal proper      D. cash book

### **SECTION B: (80 MARKS)**

21. a) Give any two differences between indirect and direct taxes. (4 marks)
- b) Give any 4 reasons why the government of Uganda collects taxes. (4 marks)
- c) J.B Moris, James Opio and Nabirye Betty are employees of Uganda Baati Ltd. Their employment provisions are as follows.
- i) J.B Moris' annual salary Shs 72,000,000
  - ii) James Opio's annual salary Shs 14,400,000
  - iii) Nabirye Betty's annual salary Shs 8,400,000
- In addition,

Their employment contract has the following monthly terms and conditions.

Employees' name	Housing allowance	Medical allowance	Lunch allowance
J.B Moris	1,000,000	560,000	600,000
James Opio	300,000	220,000	130,000
Nabirye Betty	200,000	140,000	80,000

Tax payable to URA per month using the PAYE income tax brackets is given below.

Chargeable monthly income (Shs)		Tax rate
1.	Not exceeding Shs. 235,000	NIL
2.	Exceeding Shs 235,000 but not exceeding Shs 335,000	10% of the amount by which chargeable income exceeds Shs 235,000
3.	Exceeding Shs 335,000 but not exceeding Shs 410,000	Shs 10,000 plus 20% of the amount by which chargeable income exceeds Shs 335,000
4.	Exceeding Shs 410,000	i) Shs 25,000 plus 30% of the amount by which chargeable income exceeds Shs 410,000 ii) An additional of 10% is chargeable to incomes exceeding 10,000,000

Using the above information, you are required to calculate;

- a) Monthly PAYE paid by each employee to URA. (10 marks)
- b) Total amount of Tax payable to URA. (2 marks)

22. The bursar of KONOOWEKA HIGH SCHOOL operates on imprest system. A weekly cash float of Shs 700000 is usually issued to him by the head teacher. During the week ended 31<sup>st</sup> May 2017, the following transactions took place.

- i) 27<sup>th</sup> May 2017
 

Balance b/d	140,000
Re-imbursement	?
Staff transport	30,000
Staff meals	40,000
Cleaners' wage	20,000
- ii) 28<sup>th</sup> May 2017
 

Staff meals	40,000
Reams of paper	50,000
Staff transport	55,000
HM's fuel	20,000
Office desk repair	15,000
- iii) 29<sup>th</sup> May 2017
 

Staff meals	50,000
Staff transport	30,000
Cleaners' wage	60,000
Teachers prep books	10,000
- iv) 30<sup>th</sup> May 2017
 

Staff transport	40,000
Staff meals	50,000
School chalk	30,000
HMs' fuel	20,000
- v) 31<sup>st</sup> May 2017
 

Staff meals	40,000
Staff transport	30,000
Cleaners' wage	45,000
Teachers' pens	10,000

**Required:**

a) Prepare a petty cash book with the following analysis;

Columns.

- meals
- stationery
- travelling
- wages
- Office expenses (15 marks)

b) Post to relevant expenses accounts in the general ledger. (5 marks)

23. a) Give any three advantages of using control accounts. (3 marks)

b) The following information was obtained from the books of K. K. ROBERTS LTC relating to the year 2016.

Customers' balance b/f	100,000
Suppliers of goods balance b/f	60,000
Cash paid to suppliers	460,000
Cash received from credit customers	960,000
Cash sales	30,000
Cash purchases	15,000
Discount received	20,000
Bad debts written off	6,000
Sales returns	100,000
Purchase returns	20,000
Discount allowed to customers	25,000
Interest charged to customers on overdue debts	1750
Debtors's cheques dishonoured	9,000
Bills payable accepted	90,000
Credit sales	1,100,000
Bad debts recovered	5,000
Credit purchases	600,000
Bills receivable accepted	80,000
Creditors account balance (Dr)	2,500

**Required:**

i) Total debtors control A/C (9 marks)

ii) Total creditors control A/C (8 marks\_

24. The following trial balance was extracted from the business books of WASSWA on 31<sup>st</sup> December 2017.

Details	Debit (Shs)	Credit (Shs)
Stock 1. 1. 2017	200,000	
Premises	3,000,000	
Purchases / sales	1,550,000	2,850,000
Returns	150,000	100,000
Plant and machinery	1,400,000	
Advertising	150,000	
Discounts	100,000	120,000
General expenses	80,000	
Fixtures and fittings	1,000,000	
Debtors / creditors	300,000	500,000
Insurance	130,000	
Cash at bank	250,000	
Cash at hand	150,000	
Drawings	100,000	
Bank overdraft		350,000
Bank loan (equity)		1,500,000
Wages	110,000	
Salaries	200,000	
Provision for bad debts		30,000
Provision for departmental machinery		100,000
Provision for departmental fixtures		150,000
Bad debts written off	50,000	
Capital 1. 1. 2017		3,220,000
Total	8,920,000	8,920,000

**Additional information.**

- Stock as at 31. 12. 2017 was valued at Shs 300,000
- Provide for depreciation machinery and fixtures at a rate of 10% and 15% respectively.
- Salaries Shs 50,000 and insurance Shs 30,000 is prepaid while discount receivable of Shs 20,000 is earned but not yet received.
- Make a provision for bad debts at a rate of 15%.

**Required:**

a) Prepare WASSWA's trading, profit and loss account for the period ended at 31<sup>st</sup> December 2017. (10 marks)

b) Prepare WASSWA's balance sheet as at 31<sup>st</sup> December 2017.(10 marks)

25. a) State any four provisions of the partnership ACT 1890. (4 marks)

b) The following information is available from records of JAMES, JAILO and JOHN who are trading partners. Their partnership agreement provides the following;

- i) Interest on capital to be allowed at a rate of 5% per annum.
- ii) Interest on drawings to be charged at a rate of 10% per annum.
- iii) Profit and losses to be shared in the ratio 5:3:2 respectively.
- iv) John and Jailo to receive a monthly salary of Shs 25,000 and 20,000 respectively.

The following information was also available.

Current account balance 1. 1. 2015.

JAMES	258,000 DR
JAILO	96,000 CR
JOHN	54,000 CR

v) Drawings during the year

JAMES	60,000 (1. 1. 2015)
JAILO	100,000 (1. 7. 2015)
JOHN	40,000 (1. 10. 2015)

vi) Capital accounts balance 1. 1. 2015

JAMES	2,200,000
JAILO	900,000
JOHN	1,200,000

vii) Net profit for the year ended 31<sup>st</sup> December 2015 was Shs 2,400,000.

**Required:**

**Prepare:**

i) Profit and loss appropriation account. (10 marks)

ii) Partner current accounts. (6 marks)



26. a) State any four errors that do not affect the agreement of the trial balance. (4 marks)
- b) The trial balance of Mugoya a trader at Kazo on 31<sup>st</sup> December 2018 failed to agree.  
The debit totals exceeded the credit totals by Shs 170,000 later the following errors were discovered.
- i) The owner had taken goods worth 245,000 for personal use but no record was made.
  - ii) A credit sale of goods worth Shs 360,000 to Mubiru was posted on the credit side of his personal account.
  - iii) Returns inward books was under cast by Shs 50,000
  - iv) A receipt of Shs 330,000 from KIKUUBO retailers was not posted from the cash book to his personal account.
  - v) Goods purchased from Mukasa for Shs 650,000 had been credited to the account of Mukisa.
  - vi) A debit balance in the cash book was written at Shs 315,000 instead of Shs 355,000.
  - vii) Purchases day book was over cast by 650,000.
  - viii) A payment for wages for Shs 260,000 had been debited to salaries account.

**Required;**

- i) Show the rectification entries in the journal (ignore narrations)(8 marks)
- ii) Prepare a suspense account as it would appear after the errors had been corrected. (8 marks)

**END**