

PROJECT MANAGEMENT QUESTIONS

1. You are a general manager of a bakery which is operating as a public limited liability.
 - a) Write a notice inviting all share holders to an annual general meeting.
 - b) Prepare an agenda for the meeting
 - c) Present an organizational plan for the bakery
 - d) Design a flier to be issued to your potential customers
2. You are operating a rapidly expanding large scale retail stationery business. you would like to start a new branch and have other suppliers so as to meet the increasing demand.
 - a) Write a letter of inquiry to one of your suppliers.
 - b) Develop a budget for pre operating expenses for the new branch.
 - c) Prepare an action plan for the new branch.
 - d) Draft rules and regulations to ensure proper conduct of workers.
3. You are operating a business which imports electric appliances. It was reported that your workers lack good customer care, no wonder you have realised a gradual decline in sales.
 - a. Develop a root cause analysis for the declining sales.
 - b. Prepare a guidelines to ensure importation of quality products.
 - c. Present a market flow chart for your business.
 - d. Develop a consumer satisfaction survey tool to be used by the business.
4. You have established a juice processing plant in your home area. The demand is rapidly increasing and you are to recruit more workers to attend to the increasing number of the customers.
 - a. Develop a mission statement and objectives for your business
 - b. Design a daily time schedule to be used in the business.

- c. Prepare a programme for conducting interviews.
 - d. Prepare cash receipt for use in the business.
5. You plan to start a plastic and waste management project in your community.
- a) State the (i) vision
 - (ii) mission
 - (iii) objectives
 - b) Prepare a **GEPIC** structure Advocacy of the community
 - c) Draw a programme for the official launch of the project by the district environment office.
 - d) Formulate guidelines for ensuring safety and security of your employees at the work pace.
6. You have decided to start a medium scale maize milling business in your village.
- a) Prepare guidelines that you will follow to ensure gender balance of employees in the business.
 - b) What measures will you put in place to maintain a competitive edge of the business over other similar businesses?
 - c) Identify other business opportunities which may arise from the existence of your business.
 - d) Write instructions that your employees should observe for proper maintenance of the milling machine.
7. You intend to start a juice processing plant in your home area,
- a) Prepare the production plan for your business.
 - b) Estimate the start up expenses for your business.
 - c) Place an order to the suppliers of fruits to the business.
 - d) Draft rules that your employees will follow for effective time management in the business.
8. You have been hired as a human resource manager of **DAKS** enterprises which is experiencing a high labour turnover.

- a) Draft a questionnaire to find out the causes of the high labour turnover in the enterprise.
 - b) Prepare a job specification for an accountant of the business.
 - c) Advise management on strategies that should be adopted to improve the welfare of the employees.
 - d) Design a procedure that should be followed by management when handling indiscipline employees of the employees.
9. You have obtained a bank loan of sixty million shillings for expanding your carpentry workshops, the loan is payable in eight equal monthly installments at the interest rate of 4% per month on reducing balance.
- a. Prepare the loan repayable schedule
 - b. Formulate guidelines for proper loan management
 - c. Develop a partnership deed for your business
 - d. Explain the business ethics to be observed by business towards,
 - (i) Customers
 - (ii) Employees
10. You are involved in the production of honey in your home town.
- a) Write a quotation to one of your customers who has written an inquiry to establish about your product.
 - b) Design a programme to promote your product.
 - c) Prepare a programme to be followed when insuring your business in one of the insurance companies.
 - d) Develop a marketing plan for your business.
11. You have established a juice processing plant in your home area.
- a) Develop a vision statement
 - b) Design a programme for conducting interviews
 - c) Prepare policy guidelines to ensure proper inventory management
 - d) Write an appointment letter for the newly recruited marketing manager.
 - e) Show the plant layout of your business.

12. You are operating a medical center as a profit making enterprise with branches in major towns. Your research has proved that your community has had a prolonged malaria outbreak.

- a) Design a medical form for patients
- b) Write a circular to doctors in charge of the other branches outlining measures to prevent outbreak of malaria.
- c) Draw a root cause analysis to establish the root cause of malaria.
- d) Prepare a programme for a one day training and sensitization workshop for the workers.

13. Your bakery business experiencing declining sales. You are in the process of re-activating the glory of the business.

- a) Design a customer satisfaction survey questionnaire for use by your business.
- b) Perform a root cause analysis on the declining sales.
- c) Draw a training programme for the new sales persons for your business.
- d) Prepare a programme for carrying out personal selling .
- e) Redraft the marketing plan of the business.
- f) Draft a one week promotional programme for your business.

14. You are operating a leather tanning factory. The workers have become indisciplined.

- a) Prepare the administrative plan for your company.
- b) Write a code of conduct for the staff to observe so as to promote discipline.
- c) Prepare a programme for minimizing risks in your business.
- d) Prepare the financial plan for your factory.

15. You are a partner in a rapidly expanding business dealing in the production of furniture.

Develop a capital expenditure budget to be followed in increasing investment in the business.

- a) Prepare a programme for taking an insurance policy.
- b) Develop a guidelines for promoting gender equality.
- c) Prepare the production plan for your business.
- d) Design a flier to promoting your products.

16. Given that your society is faced with a number of **PEDVU** (poverty Environment Degradation, Disease, Violence, and Uneducated) problems and you have decided to start a social enterprise to address a social entrepreneur.

- a) Write a vision and mission statement for your project.
- b) Develop a **GEPIC advocacy appeal** for enlisting members and support of the community.
- c) Write a letter requesting for financial support from the **ASHOKA** foundation for your cause.
- d) Prepare a programme for becoming a social entrepreneur

17. You are operating a cosmetic producing business.

- a) Prepare a programme for conducting interviews for your sales persons.
- b) What factors would you consider when drafting the financial plan for your business.
- c) Prepare a programme for taking an insurance policy.
- d) Choose a medium of advert and design it for your business.
- e) Prepare a marketing plan for your business.
- f) Design a label to be placed on the packaging material for your products.

18. You own a restaurant specializing in a local dishes. Sales promotion has been your strategy to attract more customers and the business is in the process of expanding its human resources.

- a) Formulate a statement of vision and mission for the restaurant.
- b) Choose a medium and prepare an advertising message for promoting business products.
- c) Design a training programme for the workers.

- d) Develop guidelines for the employees to observe to promote good customer care.
19. You are operating a business which deals in a sale of cosmetics and it has been reported that workers have exhibited insufficient customer care. No wonder you have noted gradual decline in sales.
- a) Develop a root cause analysis for the declining sales
 - b) Design a customer satisfaction survey tool to be used by the business.
 - c) Present a market flow chart for your business.
 - d) Prepare a programme for carrying out personal selling.
20. You are a procurement manager of a bus company which is in serious competition with many other bus companies in your country.
- a) Write a purchase order for how brand new buses from an exporter in Japan.
 - b) Prepare a travel schedule for your firm.
 - c) Write an appreciation letter to your best driver to be given to him at the end of year party.
 - d) Formulate a job specification document for the proposed new bus mechanic.
21. You have just established a detergent making in your home area dealing with the production of liquid soap, hand wash soap etc. you intend to launch your business to create community awareness.
- a) Write a letter seeking permission from your area local council chairperson to hold the launch.
 - b) Prepare a one day launching programme for your business.
 - c) Design a flier to be issued to potential customers.
 - d) Prepare a marketing plan for your business product.
22. Having made a partnership with your classmates after S.6 you hope to plan to venture into a cosmetic selling business.
- a) Explain the items you would include in your partnership deed.
 - b) Develop a daily distribution schedule for the workers to follow.

- c) Prepare a payroll for to workers in your business.
- d) Explain the benefits of your business in the community.

23. You are operating a small scale poultry farm employing your people in your home area.

- a. Prepare an organization plan for your project.
- b. Draft a quality policy for your project.
- c. Formulate a policy to be followed when selling goods on credit.
- d. Write a price list for the business.

24. You own a small scale industry that is experiencing continuous machine break down and increasing rate of accidents.

- a) Write an executive summary for your business.
- b) Prepare a programme for undertaking insurance against business risks.
- c) Write a notice inviting all workers to a one day sensitization workshop about risk management.
- d) Draft guidelines to ensure proper machine handling.

25. You own a maize milling plant and you have noted with great concern the need to stock more raw materials. Due to inadequate funds you have decided to acquire a loan of shs 10,000,000 payable in your equal installment at an interest rate of 5% per month on reducing balancing method.

- a) Prepare a programme for purchasing raw materials for the business.
- b) Draft a working budget for the business.
- c) Prepare guidelines to ensure proper management of the loan in the business.
- d) Design a cash payment voucher to be used in the business.

26. You are the marketing manager of a bakery producing a variety of baked items in your home area.

- a) Design a sign post for your bakery.
- b) Design a flier to be issued to the potential customers.

- c) Prepare a marketing plan for the business.
- d) Design a customer satisfaction survey tool to be used to get feedback from customers about your business.

27. You have a bee keeping project in your home area which you would like to launch.

- a) Write a letter to the police stationery seeking permission to launch your business project.
- b) Prepare a programme for launching your project.
- c) Write a cheque in payment to one of your service provider.
- d) Design a news paper advert for your business.

28. You have accumulated funds to operate a juice processing plant in your home area and you are to recruit workers. Prepare an action plan for your juice processing plant.

- a) Prepare a production plan for your business.
- b) Prepare production plan for your business.
- c) Design a stock requisition form to be used in your business.
- d) Develop guidelines to ensure proper code of conduct of workers at the workplace

29. You plan to establish a money lending project in your home area.

- a) Prepare a report about the operation of the business that you will read at the launch of the project.
- b) Write a letter to the district trade licensing authority for permission to register your business.
- c) Design a sign post for your business.
- d) Draw a programme for the launch of the project.

30. You plan to establish a groundnut milling project during your senior six vacation.

- a. Identify the pre-operating expenses for your project
- b. You intend to use shs 2,000,000 for production of your products . prepare a projected production cost statement.

- c. Prepare guidelines which you will use to select a supplier of materials for the project.
 - d. Formulate rules for minimizing production costs of the project.
31. Your fish farming business has expanded and you plan to recruit more employees.
- a) Identify the sources of recruiting for your employees.
 - b) Prepare an induction programme for the new employees.
 - c) Design a policy for the remuneration structure of your employees.
 - d) Draft strategies for retention of the employees.
32. You have established a business dealing in a farm machinery and equipment. Many farmers have approached you to purchase the items on credit.
- a) Design a client information form to be filled by farmers who want to purchase items on credit.
 - b) Write the terms and conditions to be included in the credit purchase agreement.
 - c) Prepare a price current for a customer who is inquiring about your products.
 - d) Draft a debtor's payment voucher.
33. You are the vision bearer and founder of fabrication unit in a busy area.
- a) Construct the business site plan.
 - b) Formulate policy guidelines for insuring quality production in your enterprise.
 - c) Prepare a purchase order for a new machine
 - d) Prepare a job advertisement for the post of the production manager of the unit.
34. You are the human resource manager of mara maize milling factory. You have identified the need to recruit and train staff for improved organizational performance.
- a. Prepare a recruitment programme for the new staff.

- b. Write a notice inviting all workers for one week training exercise
- c. Prepare a one week training programme for the workers .
- d. Design the employee evaluation form for the human resource department.

35. You have been chosen as the director of studies of your school,

Prepare a memo informing teachers to submit the end of term exams.

Draft a time table for the end of term exams.

Develop guidelines to be followed during the end of term exams.

Develop the A level terminal report for your school.

36. You have established a restaurant providing both local and foreign dishes. Sale promotion has been identified as a leading restaurant in the whole area.

- a) Develop a menu card for your business
- b) Design a brochure for your business.
- c) Prepare a business card for promoting your business.
- d) Prepare guidelines for your employee to observe and to promote good customer care.

37. you are operating a bookshop and your stock is found of being misallocated and disorganized from and within the shelves of the business

- a) Design a stock card for use in the business.
- b) Prepare a policy guidelines for ensuring proper inventory management.
- c) Write to any four of your customers who claim to have been over charged.
- d) Prepare a statement of account for **BIDDEN HIGH SCHOOL** for the previous months.

38. You are a promoter of a newly incorporated limited liability company in clay products.

- a) Design a flier to be given out to potential customers .
- b) Prepare a notice to the members of the public informing them about the availability of shares for sale.

- c) Present a weekly promotional programme for the company.
 - d) Write a prospectus inviting members of the public to subscribe for shares.
39. You are operating a bakery in your home village and you are entering into a contract with a cashier of Nalongo Secondary School to supply bread for students break fast.
- a) Prepare the terms and conditions to be included in the contract.
 - b) Prepare an invoice to the school administration for the bread supplied for the previous month.
 - c) Design a production plan for your bakery.
 - d) Design a cash sale receipt to be issued to one of your customers.
40. You have been hired to help **COSMOK** limited improve its declining performance as a consultant. In your first meeting with the company directors it was resolved that you initiate change that will revive the company's lost image.
- a) Prepare a vision statetment for the company
 - b) Develop guidelines that will govern the conduct of employees.
 - c) Write a letter to the managing director of Green Hotel seeking consent to the host new employees induction training.
 - d) Prepare employees pay roll for the month of August .
41. You have started a new mineral water bottling company competing with other firms in the market.
- a) Give the mission statement of your company.
 - b) Design an advert for promoting your company .
 - c) Develop a programme for launching your products
 - d) Write a letter of credit to one of your customers who is complaining aboutit having been over invoiced.
42. You are a farmer and have won shs10m contract to supply poultry products to UHURU hotel.
- a) Prepare a marketing budget of shs 4,000,000for one month.

- b) Prepare a delivery note for the initial supply of the products.
 - c) Develop terms and conditions to be included in the contract with UHURU Hotel.
 - d) Thieves have broken into your farm and ran off with more than half of your chicken. How will you sustain the contract.
43. You are operating a small scale business dealing in the production of metallic products and you have found it necessary to expand it using a loan obtained from your bank.
- a) Prepare a financial plan for your business.
 - b) Draw up a weekly distribution schedule for your products.
 - c) Given that to expanded business requires more employees prepare a job advert for the post of purchasing manager.
 - d) Design a programme for the induction f the newly recruitment employees .
44. You are operating a fruit processing business which is experiencing a decline in sales. You have an intention to convene a meeting to discuss the way forward.
- a) Develop a root cause analysis to the challenge.
 - b) Write an Agenda for the meeting.
 - c) Make an order for purchase of refreshments for members in the meeting.
 - d) Give a job description for the post of sales agent.
45. You are operating a bus transport business.
- a) Design a bus fare ticket for use in the business.
 - b) Draw a daily travel schedule for the buses.
 - c) Develop guidelines for your employees to observe for handling the buses.
 - d) Prepare a weekly maintenance programme for your buses.
46. You want to start a business dealing in bakery products
- a) Prepare a letter of inquiry to your would be suppliers
 - b) Write a purchase order to your suppliers requesting for the supply of the products required.

- c) Prepare a questionnaire to your customers who want to be supplied with your products.
 - d) Design a receipt to be issued to your customers.
- 47. You are operating a restaurant and take away business
 - a) Prepare duties and responsibilities of waiter/waitress.
 - b) Develop a job analysis for the chef.
 - c) Design a cash receipt for your business use.
 - d) Design a menu for your products.
- 48. You are operating a partnership printing business and you have agreed to change it into a public limited company.
 - a) Develop a (i) memorandum of association.
 - a. (ii) Articles of association
 - b) Develop a company profile for your project.
 - c) Prepare a prospectus you are to use when selling shares to the public.
 - d) Present a general description of your business.
- 49. You have completed your Advanced level certificate of Education and Seeking employment as a sales person in Lint Textile Distribution Company.
 - a) Write an application letter for the post of sales person.
 - b) Write your curriculum vitae to be attached to your application.
 - c) As a new sales person design a new identity card for use in business.
 - d) Develop a questionnaire to be used in conducting a market survey.
- 50. You are a general manager of a motor garage that offers credit facilities to customers as a sales promoting strategy.
 - a) Prepare a credit recovery programme for the business.
 - b) Prepare a brochure to be issued to potential customers.
 - c) Develop credit terms and conditions for your business.
 - d) Due to increased clients you have decided to recruit an accountant.

assistant. Write an appointment letter to the newly accounts assistant

51. Your motor vehicle washing bay has registered customer's complaints about delayed services and theft of the properties and motor vehicle parts.

- a) Present a layout for your project
- b) Design a work order form to be used by your customers
- c) Prepare a programme for a one day sensitization and training workshop intended to improve service delivery in your business.
- d) Develop new security guidelines to be observed at the workplace.

52. You own an old farm tractor that frequently has mechanical problems due to poor handling. You have decided to sell it off and use the money to buy a new one.

- a) Formulate terms and conditions for the sale of the old tractor.
- b) Draft rules and regulations to be followed by the farm workers when using the tractor.
- c) Design a certificate to be issued to an employee whose performance is outstanding.
- d) Design a reception register that shall be used in the business.

53. You have secured a loan of shs 100millions to establish a partnership business dealing in Rice processing

- a) Prepare an operational budget for your business
- b) Draft a capital expenditure budget for your business.
- c) Write a notice inviting prospectus partners for a meeting.
- d) Prepare a partnership deed for the business.

54. You are operating a day works project. you have received an inquiry about the goods available for sale.

- a) Prepare a quotation to reply the above inquiry.
- b) Write a warning letter to Ms Nassanga Juliet a secretary whose performance is below the minimum acceptable standards

- c) Formulate safety guidelines to be followed by your workers during the production process.
- d) Advertise the sale of your old truck at its disposal value.

55. You have acquired a large building and you intend to start a supermarket.

- a) Design a retail layout for the business
- b) Prepare a budget for starting the business
- c) Design a goods received note for the business
- d) Write a standing order instructing your bank to make monthly deductions of shs 150,000 and transfer it to UMEME's account.

56. You have bought a large scale poultry farm and you want to acquire a bank loan to help you improve the farm.

- a) Write an application letter for a bank loan to be included in the business plan.
- b) Prepare a memorandum inviting all the existing staff to attend an urgent meeting to discuss how to revive the farm.
- c) Write a tender notice for the supply of poultry feeds to the farm.
- d) Draft a programme for training workers about poultry keeping.

57. You intend to start a brick making project in your home area.

- a) Prepare a process layout for the project.
- b) Write up a programme for reducing the negative effects of your project on the natural environment.
- c) Design a banner for promoting your products.
- d) Write a warning to the public to be placed at the site informing them that the land belongs to you.

58. You have obtained sufficient funds to start a saving and credit society.

- a. Design a cheque deposit slip for customer's use.
- b. Develop a credit policy for the project.
- c. Formulate a loan recovery programme for your project.

- d. Develop a constitution governing the operations of the project.
59. You are operating a coffee processing factory and you have decided to expand your operation by recruiting more employees.
- a. Write a circular inviting all your employees to an urgent meeting
 - b. Prepare an advert for the post of a marketing manager
 - c. Draw a programme for the induction of new employees.
 - d. Design an organizational chart for your factory.
 - e. Prepare a week's distribution schedule for your products.
60. You have started a mineral water processing factory and you are competing with other firms in the market. You are carrying out intensive campaigns to make your new product known.
- a) Design a business card to promote your business.
 - b) Draw a programme for launching the enterprise.
 - c) Write up your major goals of the business.
 - d) Write a credit note to your customer who is complaining of being over involved.
61. Your construction firm has been incorporated into a company after receiving a grant from entrprie Uganda limited.
- a) Write a share certificate to be issued to share holders
 - b) Prepare your company's asset register.
 - c) Write a termination letter to Mr Kudu Isaac who is fradualent.
 - d) Design an appraisal form for usage in the human resource department.
62. You are a New Headteacher of Ashoka High School.
- a) Formulate rules and regulations to be followed by the school.
 - b) Draft guidelines to be followed by the store manager on receipt of items from suppliers.
 - c) Design a pass out chit for usage while students are moving in and out of school

- d) Design a stock issue and requisition form to be used by the stores department.
63. You are operating a Hotel in a busy trading center and you are in the process of transforming the human resource department.
- (a) Develop
 - (i) A job description for the cashier..
 - (ii) A job specification for a cashier.
 - b) Prepare an arrival and departure to be used in monitoring employees.
 - c) Prepare an employment contract for the waiter.
 - d) Prepare a goods returned note to the supplier of fruits
64. You have been appointed the New Manager of **HOPE MEDICAL CENTER**, operating in your home area.
- a. Design a new medical treatment form to be used.
 - b. Formulate hygienic conditions to be given to employees to observe cleanliness.
 - c. Design an employee record card for your workers.
 - d. Prepare a radio advert to promote the services of your business.
65. You are a managing Director of Biscuits manufacturing factory operating in kampala city.
- a. Write a prospectus inviting members of the public to subscribe for shares.
 - b. Write a days petty cash voucher for making officers' transport allowances.
 - c. Prepare a dispatch note for the goods you are about to send to a customer.
 - d. Prepare a one day promotional programme for your biscuits in Mukono.
66. You are conducting a research herbal tooth paste and you are planning to start commercial production.
- a) Design a News paper advert to publicise your project.
 - b) Design a label to be placed on the packaging material of herbal tooth paste.

- c) Write a letter of inquiry to the supplier of packaging material.
 - d) Prepare a programme for obtaining a loan funds to start commercial productions.
67. You are operating a maize milling plant in your home area and you are in the process of signing contracts to supply maize flour to Iganga secondary school.
- a) Prepare terms and conditions to be included in the contract.
 - b) Prepare a delivery note for the initial supply of maize flour.
 - c) Design a cash sale slip for use in the business.
 - d) Prepare an invoice to a customer who has made a credit purchase.
68. You have obtained a loan of ug shs 20,000,000 from equity bank to expand your fruit processing project. The loan is payable in five monthly equal installment starting with June at an interest of 10% on outstanding balance.
- a) Prepare the loan repayment schedule.
 - b) Draw a financial plan for the expansion of your business.
 - c) Prepare a purchase order for packaging materials.
 - d) Prepare an action plan for your business expansion.
69. You are the personnel manager of **SURE & SONS LTD** enterprise dealing in mental fabrication. The firm is undergoing expansion and thus recruiting more manpower to improve efficiency.
- a) Develop a programme for orientation of new woklers.
 - b) Prepare a master daily work schedule for the workers.
 - c) Formulate a policy guidelines for handling machinery in your business.
 - d) Write a letter of recommendation to Mr kafeero Paul an engineer seeking to join **HWAN SUNG Ltd**.
70. You are engaged in the marketing of cosmetics as a sales manager . the company has experienced declining sales.
- a) Write a report on the market research you have carried out.
 - b) Prepare a package sheet for the goods you are about to send to your

customer.

- c) Write a credit status inquiry on a new client who wants to take goods worth shs 1000,000 on credit from your business.
- d) Draw a day's supply schedule for your product.

71. You are a production manager of **BUYINZA BAKERY LTD** the sales have gone down and you are charged with the responsibility of making it regain its glory.

- a) Present quality guidelines for your department.
- b) Draft guidelines to ensure proper inventory management.
- c) Draw a site plan for your enterprise.
- d) Prepare a production plan for the business.

72. You are a newly appointed managing director of **KULIKA & SONS** Ltd dealing in manufacturing of soap. The business has many creditors and workers who are about to strike due to lack of communication channels, delayed payments and neglect by the administration.

- a) Write a memo to your human resource manager inviting him to an urgent meeting to discuss the current situation.
- b) Design a reception register that shall be used in business.
- c) Prepare a payroll for your employees for the month that has just ended
- d) Write a cheque of shs 1,000,000 in payment to one of the credit suppliers of packaging materials.

73. You have started a money lending SACCO in your community

- (a) Draft the rights and duties of SACCO member
- (b) Develop the SACCO lending terms and conditions.
- (c) Prepare a loan repayment schedule for a customer who has borrowed shs4,000,000 for five years to be paid in equal installments at an interest rate of 5% per month
- (d) Design a cash withdraw form to be used by the SACCO.

74. You are operating a stationery shop that also offers a variety of secretarial services.

- (a) Write a letter inviting a technician to service the office machines.
- (b) Design a programme for servicing the office machines
- (c) Prepare a credit note for a customer who was overcharged by shs200,000.
- (d) Develop guidelines for proper handling of business machines

75. You plan to establish a decoration business worth shs7,850,000 using your personal savings.

- (a) Prepare a pre-operational budget for your business
- (b) Develop an organizational plan for the business
- (c) Draft guidelines for maintaining a competitive advantage for your business
- (d) Design a customer satisfaction survey tool for use in your business

Questions on financial ratios

QN1. A retail had the following information in the year 30th/June /2015

Sales	3,600,000	Land and building
790,000		
Capital	1200,000	Plant and machinery
600,000		
Bank loan	1,430,000	Motor van
320,000		
Drawings	260,000	Furniture
400,000		
Closing stock	600,000	Creditors
640,000		
Debtors	500,000	Bank overdraft
400,000		
Cash balance	350,000	Net profit for the year
600,000		

Required

(a) Prepare the balance sheet as at 30th /6/2015

(b) Calculate

(i) Working capital

(ii) Working capital ratio

(iii) Capital employed

QN 2. The following information was obtained from MATUA enterprises Ltd at 30th/8/2013

Net sales shs 690,000

Average stock shs 260,000

Cost of sales shs 450,000

Goods available for sale shs 560,000

Determine

(i) Gross profit

(ii) Closing stock

QN3. The following information was obtained from the books of KOOTEPEE Ennrprises Ltd for the year ended 31st.12.2013

Particulars	shs	particulars	shs
Purchases	2,300,000	Sales	3,000,000
Bank balance	360,000	Land	790,000
Debtors	500,000	Bank loan	1,440,000
Motorcycle	320,000	Gross profit	800,000
Creditors	540,000	Drawings	1,200,000
Capital	600,000	Machinery	200,000
General expenses	600,000	Stock 31.12.2013	500,000
Furniture	400,000		

Required

(i) Gross profit margin

(vi) rate of stock turn

(ii) Liquidity ratio

(vii) net profit ratio

(iii) Average credit period for purchases in months

(iv) Average collection period for debts in weeks

(v) A cid test ratio

QN4. The following balances relate to Jinja traders ltd for the year 2012.

Particulars	Debit (shs)	Credit (shs)
Capital		10,000,000
Purchases	4,000,000	

Fixed assets	3,350,000	
Turnover		6,500,000
Sundry expenses	1,099,000	
Discount received		4,500
Debtors/creditors	2,500,000	844,500
Rent received		5,500
Stock 01/01/ 2012	380,000	
Drawings	15,000	
Cash balance	6,010,500	
TOTAL	17,354,500	17,354,500

Addition information

- Un used stationery on 31st/Dec/ 2012 was shs 220,000
- Net profit for the year

(a) Calculate the following

- Cost of sales
- Gross profit
- Working capital

(b) Compute and interpret

- Inventory turnover period
- Administration ratio
- Gross profit margin
- Average collection period fro debts
- Rate of return on capital employed

QN5. The following information is for KICONCO ENTERPRISES ltd is provided for the year 2011

Net sales shs 600,000
Cost of sales shs430,000
Rent shs80,000

Electricity shs30,000
Insurance shs20,000

Calculate the following

- i. Gross profit
- ii. Net profit

QN 6. Given the following about JOBALO Enterprises Ltd for the year ending 2011

Sales shs 7,000,000
Purchases shs4,800,000
Closing stock shs2,100,000
Expenses shs1,800,000
Opening stock shs2,300,000

Calculate

- i. Gross profit ratio
- ii. Net profit
- iii. Net profit ratio

QN7. Given that a purchase invoice shows five items of shs 8,000,000 each less 25% trade discount and 10% cash discount. If the value of the invoice was paid within the credit period.

Calculate the amount of

- i. Cash discount
- ii. To be paid to the supplier

QN8. Given the following information

Net sales shs1,200,000
Cost of sales shs 860,000
Advertising shs 60,000
Telephone shs40,000
Salaries shs160,000

Calculate the,

- (i) Gross profit
- (ii) Net profit

QN 9. Given the following information

Fixed assets shs8,000,000
current assets shs3,600,000
Long term liabilities shs4,200,000
Current liabilities shs 1,500,000

calculate the;

- (i) Working Capital
- (i) Net Worth of the business

QN 10. The following was obtained from KUKU traders for the year ended Dec 31st 2004

Sales	shs20,000,000
Opening stock	shs2,000,000
Closing stock	shs5,000,000
Margin rate	25%

Calculate;

- (i) Gross profit
- (ii) Purchases

QN 11. MOMA Enterprises purchased a grinding mill at shs 30,000,000 the rate of depreciation is 25% using the diminishing balance method, calculate the

- (i) Total depreciation
- (ii) Book value after two years

QN 12. JATU Enterprises had the following information at 31st/ dec/ 2011

Industrial machinery	shs10,000,000	Debtors	shs1,800,000
Bank	shs2,000,000	Accrued salaries	shs1,500,000
Prepaid rent	shs2,000,000	Accrued incomes	shs600,000
Creditors	shs3,000,000	Closing stock	shs1,200,000
Bank overdraft	shs800,000	Prepaid incomes	shs1,000,000

Calculate

- (i) Total current liabilities
- (ii) Total assets
- (iii) Working capital
- (iv) Acid test ratio
- (iv) Capital employed

QN 13. Given the following details from kakembo and sons Ltd for the period ending 31st/Dec/2010

Opening stock	shs1,000,000
Sales	shs10,000,000
Closing stock	shs2,500,000
Goods available for sale	shs8,500,000

Calculate the

- (i) Cost of sales
- (ii) Gross profit mark up

QN14. Given the following information for GIFTLAND HOLDING ON 31st/dec/2008

Net loss	3,200,000	Stock 1/1/2008	600,000
Debtors	900,000	Cash at bank	760,000
Creditors	600,000	Machinery	1,200,000
Stock 31.12.2008	980,000	Furniture and fittings	480,000
Advertising	100,000	Cash in hand	240,000
Drawings	400,000	Salaries and wages	1,000,000

for the year 2012

Items	shs		
Sales	40,000,000	Purchases	20,000,000
Purchases returns	1,620,000	Sales returns	500,000
Opening stock	10,000,000	Salaries and wages	3,000,000
Telephone	600,000	Debtors	980,000
Creditors	700,000	Cash in bank	300,000
Csh in hand	100,000	Motor vehicle	3,000,000
Shop fittings	4,000,000	Closing stock	980,000
Capital employed	18,010,000		

REQUIRED

(a) Compute the following

- | | |
|------------------------|--|
| i. Cost of sales | (v) Gross profit |
| ii. Margin | (vi) Net profit |
| iii. Acid test ratio | (vii) Rate of return on capital employed |
| iv. Rate of stock turn | (viii) Average collection period for debtors |

(b) Interpret your answer in part (viii)

QN17. The following balances were extracted from the financial STATEMENTS OF Moses Owori's business at the end of 2014

Sales	shs 288,000,000	Total fixed assets	shs
65,500,000			
Closing stock	Shs 50,400,000	Average debtors	shs 90,000,000
Total current assets	shs 36,100,000	Opening stock 1.1.2014	40,200,000
Cost of sales	shs 201,600,000	Equity capital	68,400,000
Total current liabilities	shs 16,800,000	Net profit before interest and tax	40,600,000
Long term liabilities	shs 38,500,000	Interest expense for the year	5,700,000

Required

(a) Compute the following ratios for the year

- | | |
|------------------------------|-----------------------------|
| (i) Gross profit margin | (ii) stock turn over |
| (ii) Debtors collection days | (iv) leverage ratio |
| (iv) Interest cover | (vii) working capital ratio |
| (Viii) Net profit margin | |

(b) Interpret the following ratios using your results in (a) above

- | |
|---------------------|
| (i) Stock turn over |
| (ii) Interest cover |

QN18. The following information was extracted from the books of quality whole salers as at 31st

Dec 2014

Capital shs1,500,000	shs10860,000	Stock 1 st /1/2014	
Cash shs3,500,000	shs1,800,000	Bank	
Purchases shs24,050,000	shs8,000,000	Sales	
Short term loan	shs 150,000	wages and salaries	shs2,000,000
Creditors	shs4,500,000	Return inwards	shs50,000
Return outwards	shs600,000	Stock 31 st /dec/2014	shs300,000
Debtors shs13,000,000	shs4,000,000	Motor van	
Electricity	shs 360,000	Rent	shs 700,000
Discount allowed shs3,060,000	shs60,000	Drawings	
Machinery	shs6,000,000	Long term loan	shs3,870,000

Required

- (a) Calculate
- i. Turnover
 - i. Cost of goods available for sale
 - ii. Cost of sales
- (b) **Compute**
- (i) Working capital ratio
 - (ii) Rate of stock turn
 - (iii) Net profit to sales
 - (iv) Debtors to owners equity ratio
 - (iii) Gross profit
 - (iv) Net profit
 - (v) Rate of return on capital employed
 - (vi) Stock turn over period in days
 - (vii) Fixed cost turnover ratio
 - (viii) Average credit period for creditors in months

QN19. The following information was obtained from the books of Kente on 30th June 2015

Stock (1.1.2014)	5,000,000	Stock 30.06.2015	3,000,000
Sales	20,000,000	Inventory turnover ratio	$3\frac{1}{4}$
Net profit margin	5%	Debtors	2,000,000
Cash	800,000	Bank	1,200,000
Creditors	2,500,000	Outstanding salaries	1,000,000

Furniture 1,400,00
Equipment 1,100,000

Machinery 2,500,000

Required

(a) Calculate the value

- (i) Cost of sales
- (ii) Net purchases
- (iii) Goods available for sales
- (iv) Operating expenses

(b) Compute and interpret the,

- (i) working capital ratio
- (ii) Acid test ratio
- (iii) credit period in weeks
- (iv) Fixed Asset Turnover

QN 20. The income statement below was extracted from records of ABC wholesalers Ltd on 31/12/2015

Particulars	Shs (000)	Shs(000)
Net sales		25,000,000
Stock/1/120	3,500,000	
Net purchases	9,500,000	
Goods available for sale	13,000,000	
Stock 31/12/2015	(2,500,000)	
Cost of sales		(10,500,000)
Gross profit		14,500,000
Total operating expenses		(8,300,000)
Net profit before tax		6,200,000

The following balances were also available

Total creditors shs450,000,000
Total interest expenses shs620,000,000
Total current assets shs10,500,000,000
Cash balance shs3,000,000,000
Bank balance shs2,500,000,000
Total current liabilities shs7,500,000,000
Total fixed assets shs5,000,000,000

Calculate and interpret

- I. Current ratio
- II. Interest cover
- III. Inventory turnover ratio
- IV. Cash ratio
- V. Average credit payment period for purchases in weeks
- VI. Rate of return on capital employed

QN21. The following information was extracted from records of kikuubo trader for the period ended 31st/12/ 2016

Inventory (1/01/2016)	Shs 6,000,000
Inventory (31/12/2016)	shs 5,000,000
Inventory turnover ratio	3 times
Turnover	shs 30,500,000
Net profit ratio	20%
Delivery van	shs 1,800,000
Fixtures and fittings	shs 1,000,000
Debtors	shs 1,650,000
Creditors	shs 2,500,000
Insurance due	shs 1,500,000
Equipment	shs 250,000
Bank balance	shs 750,000
Cash balance	shs 600,000

Required to :

(a) Calculate

- | | |
|-------------------------------|-------------------------------|
| (i) cost of sales | (iii) Net purchases |
| (ii) goods available for sale | (iv) Total operating expenses |

(b) compute and interpret

- | | |
|--|---------------------------|
| (i) current ratio | (iii) quick asset ratio |
| (ii) credit collection period in weeks | (iv) fixed asset turnover |

QN 22. The following balances were extracted from the financial statement of Nalufeenya Enterprises at the end of 2016.

Particulars	shs	particulars	(shs)
Cash	2,010,000	Bank	(600,000)
Sales	35,000,000	Purchases	9,500,000
Average stock	4,000,000	Rate of stock turn	5 times
Fixed assets	5,000,000	Accounts payable	450,000
Closing stock	2,500,000	Accounts receivable	6,590,000
Total operating expenses	8,750,000	Interest receivable due	50,000

Required to;

(a) Calculate

- | | |
|------------------------|----------------------|
| (i) Cost of sales | (iv) Gross profit |
| (ii) Net profit | (v) Opening stock |
| (iii) Net profit ratio | (vi) Working capital |

(b) Compute and interpret

- (i) Stock holding period in weeks
- (ii) Rate of creditors turnover
- (iii) Quick asset ratio
- (iv) Debtors collection period in days

QN23. The following financial statement relate to kabo enterprises Ltd

Kabo Enterprises Ltd
Income statement for the year ended 31st Dec 2016

Particulars	shs	shs
Sales		
850,000,000		
Less cost of sales		
<u>610,000,000</u>		
Gross profit		
240,000,000		

Less operating costs:	
Administrative costs	72,000,000
Selling costs and distribution costs	50,000,000
Other costs	<u>18,000,000</u>

140,000,000

Profit before tax

100,000,000

Less taxation 30%

30,000,000

Profit after tax

70,000,000

Kabo enterprises Ltd
Statement of financial position
As at 31st December 2016

<u>Fixed assets</u>	shs
Motor vehicles	120,500,000
Land and premises	100,000,000
Furniture and fittings	80,400,000
Equipment	<u>60,100,000</u>
Total fixed assets	361,000,000
<u>Current assets</u>	
Inventory	35,500,000
Debtors	64,900,000
Prepayments	6,200,000
Bank	<u>45,400,000</u>
Total current assets	<u>152,000,000</u>
Total assets	<u>513,000,000</u>
<u>Capital and liabilities</u>	
<u>Capital</u>	
Owners equity	200,500,000
<u>Liabilities</u>	
Five year loan	130,000,000
Creditors	152,500,000
Unpaid tax	<u>30,000,000</u>
Total capital and liabilities	<u>513,000,000</u>

Required

(a) Compute the following

(i) Gross profit margin

(v) Acid test ratio

- (ii) Net profit margin
- (iii) Profit on total assets ratio
- (iv) Current ratio
- (vi) Fixed asset turnover
- (vii) Debtors turnover

Note:

(b) Kabo enterprises has applied for a shortterm bank loan of shs40,000,000 repayment within six months. Give reasons why the bank should accept or reject the application basing on the current ratio in 2 (a) (iv) above

QN24. The following were extracted from the books of Bakulu on 31st/12/2014

Details	shs	details	shs
Capital	2,700,000	Stock 1/1/2014	250,000
Plant and machinery	2,500,000	Motor vehicle at cost	800,000
Purchases	3,600,000	Sales	6,160,000
Wages and salaries	200,000	purchases returns	400,000
Discount allowed	600,000	Discount received	600,000
Carriage inwards	40,000	Transport	25,000
Water and electricity	105,000	Bad debts written off	86,000
General expenses	10,000	Rent rates	85,000
Debtors	150,000	Creditors	550,000
Cash	60,000	Bank	300,000
Loan	400,000		

Additional information

- i. Closing stock was valued at shsh225,000
- ii. Depreciation was charged at 10% and 20% on plant and machinery and motorvehicle respectively
- iii. Rent and rates prepaid amounted to shs 50,000
- iv. Provision for bad debts to be increased by shs 3000

Required

Compute and interpret

- i. Cost of sales
- ii. Gross profit mark up
- iii. Rate of stock turn debts
- iv. Average number of days stock was held before selling capital
- v. General expenses ratio turnover
- (vi) Net profit ratio
- (vii) Quick asset ratio
- (viii) collection period for
- (ix) Rate of return on
- (x) Fixed asset

QUESTIONS ON TAXATION

1. UNGA Enterprises had the following VAT exclusive transactions with VAT registered enterprises

Purchases shs236,000,000

Sales shs259,600,000

Required

- (i) Calculate the amount of VAT paid by UNGA Enterprises to Uganda Revenue Authority for that period (use 18% as Vat rate)
- (ii) Determine UNGA enterprises total sales value (VAT inclusive)

b) James Omara is an enterprises where he earns a total gross salary of shs 8,400,000 per year. This means that James' earnings fall under the forth income tax bracket indicated below.

4 th bracket	Tax rate per month
Shs410,000 per month and above	Shs25,000 + 30% of the amount exceeding shs 410,000

Required

Calculate the amount of pay as you earn (PAYE)expected to be paid by James for a year

QN 2. In January 2015, you imported goods at a CIF value of us\$ 3000. The importation attracted 25% import duty, 50% excise duty, 18% VAT and 6% with holding tax. At the time of importation, the exchange rate in Uganda was 1US \$ =USHS 2,000

Required

Calculate the amount of

- a) Value added tax
- b) Withholding tax
- c) total taxes payable to URA

QN 3. Okwi imported a used car from Japan in 2015 at a cost of US \$1,000. He paid US \$300 for insurance and freight respectively. The car attracted an import duty of 25%, excise duty of 50%, VAT of 18%, and environmental duty of 20%. At the time of importation, the exchange rate in Uganda was 1 US \$= USHS 3,000. Calculate OKWI'S

- (I) Customs value
- (II) Import duty
- (III) Excise duty
- (IV) Value added tax
- (V) With holding tax
- (VI) Environmental duty
- (VII) Total taxes payable
- (VIII) Cost of the car in Uganda

QN4. Study the table and answer the questions that follow

Stage	Details	Cost price (shs)	Selling price (shs)
1	Producer	2,000,000	
2	Producer to whole seller	2,000,000	24,000,000
3	Wholesaler to retailer	2,400,000	3,000,000
4	Retailer to final consumer	3,000,000	4,000,000
5	Final consumer	4,000,000	

Given the VAT rate of 18%, calculate the VAT payable at each stage.

QN5. The following VAT exclusive transactions were availed to you by VAT registered business in your community for the month of July.

- (i) Bady bought goods worth shs40,000,000
- (ii) Balu sold the same goods to Ndifu for shs 58,000,000
- (iii) Ndifu sold the same goods to Ngoma, the retailer shs70,000,000
- (iv) Ngoma sold the goods to the final consumer for shs84,000,000

Required

Using the VAT rate of

- a) Compute the VAT chargeable for the value added at each stage
- b) Advise Ngoma on the gross sales value for his goods to consumer

QN6. On 31st Dec 2015, you sold cement that cost shs35,000,000 at hss 32,000,000. All the transactions were VAT exclusive. Using the VAT rate of 18%. Calculate,

- i) VAT on purchases (input tax)
- ii) VAT on sales (output tax)
- iii) VAT refund

QN7. On 1st Nov 2015, you sold iron sheets that cost shs 15,000,000 to Mr Gonzanga at shs20,000,000. All the transactions were VAT exclusive , using the VAT rate of 18%, call

QN8. Madiba a Ugandan citizen earned the following incomes from his house in Uganda and kenya for the year 2017

House location	Monthly rent incomes (shs)
Kampala	4,500,000
Nairobi	4,000,000
Wakiso	1,800,000
Jinja	1,700,000
Total	12,000,000

Additional information

- A tenant in Wakiso disappeared with rent arrears for two months
- Madiba earned extra shs400,000
- He spent shs2,000,000 for painting his four houses

Required,

Given rental tax rate of 20% and threshold of shs2,820,000, calculate Madiba's

- (i) Annual gross rent income
- (ii) Chargeable rental income
- (iii) Rental tax liability

QN 8. Equity Holding Limited employs Martha, Eric, Francis, and Damali earning an annual salary of shs 2,400,000, shs 2,820,000. Shs 3,360,000, and shs 4,800,000 respectively. In additional, the company pays each employee shs 60,000 and shs 40,000 per month as transport and medical allowance respectively.

Given the income (PAYE) tax rates as follows

Monthly income (shs)	Tax liability
----------------------	---------------

0 \geq 235,000	NIL
235,000 \geq 335,000	10% of the amount by which chargeable income exceeds shs 235,000
335,000 \geq 410,000	Shs 10,000 plus 20% of the amount by which chargeable income exceeds shs 335,000
410,000 \geq 10,000,000	Shs 25,000 plus 30% of the amount by which chargeable income exceeds shs 410,000

Required,

calculate the PAYE tax Liability for

- (i) Martha
- (ii) Eric
- (iii) Francis
- (iv) Dianah

QN9(a). MK publishers Ltd employs three workers Okello Moses, Walimbwa James, OLupot Francis and they earn as follows shs 750,000, shs 310,000 and shs 1,500,000 per month respectively given the tax bracket below

Taxable income per month (shs)	Rate
0 - 235,000	NIL
235,000 - 335,000	10% of the amount by which chargeable income exceeds shs 235,000
335,000 - 410,000	Shs 10,000 plus 20% of the amount by which chargeable income exceeds shs 335,000
410,000 - 10,000,000	Shs 25,000 plus 30% of the amount by which chargeable income exceeds shs 410,000

Compute PAYE for each worker

(b) Study the table below and answer questions that follow

Income earner	Employment income (shs)	Business income (shs)	Property income (Shs)
Mukasa Joseph	1,000,000	2,000,000	3,400,000

Opio Dan	800,000	1,900,000	2,700,000
Nakato Mable	1,200,000	2,100,000	3,800,000
Okello Bob	600,000	1,400,000	2,300,000

For each of the above income earners the tax exempt is 8% of their total income while their expenses take 12% of total income.

Calculate

- (i) Gross income
- (ii) Taxable income

QN10. You have been invited to address entrepreneurs in your community about the procedure for tax compliance

Prepare a presentation for the entrepreneurs under the following sub themes

- (a) Causes of non-tax compliance
- (b) Procedures for tax compliance
- (c) penalties for non tax compliance

QN11. You have been approached as a business consultant by an association of traders in your home district to advise them on matters concerning taxation.

(a) Explain to the traders the meaning of the following

- (i) Tax evasion
- (ii) Tax avoidance
- (iii) Tax compliance.

(b) Outline the,

- (i) Foreign trade taxes collected by URA
- (ii) Local trade taxes collected by URA

(c) If Muvubi an importer imports a machine from china at CIF value of 1,000(USD) and the machine attracts import duty of 25%, excise duty of 50% vat 18% and withholding tax of 6%
Calculate

- (i) VAT payable
- (ii) Withholding tax
- (iii) Total amount of tax payable by **Aganyira Caleb**. Exchange rate is shs 3,500 per US dollar

(d) Given that a company made a gross profit of shs 800,000 and had operating expenses of shs 350,000 during the year ended 31st AUGUST 2015, Calculate the

- (i) corporate tax payable to URA
- (ii) Net profit after tax

QN12. (a) JOVIK HOLDINGS LTD registers business dealing in the production of cloth and

employs a number of workers who include Moses, Gerald and Anthony who are paid monthly salary of shs 200,000, shs400,000 and shs 800,000 respectively.

Given the income PAYE tax rates as follows.

Taxable income per month (shs)	Rate
0 - 235,000	NIL
235,000 - 335,000	10% of the amount by which chargeable income exceeds shs 235,000
335,000 - 410,000	Shs 10,000 plus 20% of the amount by which chargeable income exceeds shs 335,000
410,000 - 10,000,000	Shs 25,000 plus 30% of the amount by which chargeable income exceeds shs 410,000

Compute the income tax payable by

- (i) Moses
- (ii) Gerald
- (iii) Anthony

(b) Given the following VAT inclusive transactions for the month of August 2015.

- JOVIK HOLDINGS Ltd bought cotton wool from the cotton out grower as shs 47,200,000
- JOVIK Ltd transformed cotton wool into cloth and sold it to Karma general enterprises the wholesaler at shs 1,240,000
- Karma general enterprises sold the cloth to Mercy a retailer at shs 72,160,000
- Mercy the retailer sold the cloth to the final consumer at shs 99,120,000

Calculate

- (i) VAT payable at each stage of production
- (ii) Total VAT payable
- (iii) VAT exclusive price charged to the final consumer in case VAT had not been included.

CASH FLOW STATEMENT QUESTIONS

QN 1. The following projections relate to Kakira enterprises during the months of May, June ,July and August 2017

- (i) On 1st May 2017, the enterprise had a cash balance of shs 40,000,000 and bank balance of shs (8,000,000).
- (ii) Out puts of 600 units, 750 units, and 950 units each at shs 1,200 were to be sold in the months of May, June , July and August on cash basis.
- (iii) Monthly credit sales were projected to be 25% of cash sales but payment would be received next month less 5% discount.
- (iv) Donations were projected as follows:

Month

shs

May	1,000,000
June	1,800,000
July	1,500,000
August	3,000,000 (in form of physical goods)

- (v) The business receives monthly rent income from its property. Rent received on 30th June was shs 600,000 but this was expected to increase by 10% after one month.
- (vi) Inputs of 500 units, 800 units, 1100 units and 1400 units each at shs 950 were to be purchased on cash basis.
- (vii) Monthly expenses were projected as follows

Expenses	shs
Utilities	250,000
VAT	180,000
Advertising	100,000

In July, no VAT was paid

- (viii) Credit purchases of shs 900,000 were made in June, the business has a policy of paying for credit purchases in 2 equal installments after one month.
- (ix) The business has a policy of paying 5% sales commission on total monthly sales. no commission was paid in the first two months.

You are required

- (a) Prepare Kakira Enterprises' cash flow statement for four months
- (b) Advise Kakira Enterprises on various ways of managing business cash surpluses

QN2. The following information relates to the books of Jafar enterprises ltd for the first four months of the finalncial year 2016 which begun on 1st July

- (i) Monthly cash sales amounted to shs 14,000,000 but this was to increase by 5% monthly
- (ii) Net cash balance in July was cash in hand shs 5,000,000 and cash at bank was shs7000,000

- (iii) Monthly creditors and debtors amounted to shs 2,500,000 and shs 3,000,000 respectively
- (iv) Acquired a loan in July worth shs 10,000,000. Principal of shs 4,000,000 was paid after one month period and the balance to be paid in the ratio of 2:3 in the 3rd and 4th months.
- (v) Dividend payment to share holders amounted to shs 3,000,000 in the month of August.

Monthly rent income was shs 500,000. This was to increase by 20% after two months .
- (vi) The business expects to make monthly donations worth shs 700,000. However this was to reduce by 10% in the 3rd month
- (vii) Monthly cash purchases are 60% of the respective monthly cash sales.
- (viii) The business has a policy of paying 2% sales commission monthly on respective cash sales
- (ix) Expected credit sales of shs 4,000,000 monthly but payment would be made in the following month of sale
- (x) The business issued a debenture of shs 2,400,000 in the month of September.

Required

- (a) Prepare cash flow budget for four months
- (b) Comment on the trend of the net cash position of the enterprise.

Qn3. The following information relate to projections made by Zanda for the months of January, February, March and April 2017.

- I. Projected cash and bank balance as at December 31st 2016 shs20,000,000
- II. Sales will be both cash and credit. January cash sales are expected to be 800 units at a price of shs10,000 each. Thereafter, cash sales will increase at a rate of 5% per month. Credit sales for each month are expected to be shs5,500,000. Debtors will be expected to pay in the month of sale
- III. The business plans to buy 15 computers at shs650,000 each in March. An import duty of 5% on total cost will be paid in addition.

IV. Monthly expected expenses and payments include;

Salaries and wages	shs30,000,000
Machine servicing	shs300,000
Depreciation	shs100,000

Salaries for April will be paid in the month of March

- V. Zanda is paying back a loan of shs 10,000,000 previously obtained. Monthly installments amount to shs2,000,000 starting February. The loan attracts interest of shs100,000 per month also payable starting February.
- VI. The business will buy 900 units of raw materials at shs6,000 each in January. The quantity of raw materials is expected to increase by 10% every month. Purchase of raw materials is strictly on cash basis.
- VII. Zanda expects to receive sh10,000,000 as a donation in April and plans to sell off an old vehicle at shs9,000,000 in March.

Required

Prepare Zandas cash flow budget for four months

QN.4. Eliana is a student of S.6 and she plans to open up a restaurant in her S.6 vacation. Here is a summary of her cash plan for the first three months of the year.

- i. Cash sales shs 1,860,000, shs 1,395,000 and shs 1,450,000 respectively.
- ii. Loan from youth development fund shs 1,450,000 January.
- iii. Receipts from debtors shs 890,000 in February and shs9,250,000 in march.
- iv. Cash purchases of shs720,000, shs480,000, shs240,000 respectively.
- v. Direct wages shs 30,000 per month.
- vi. Administrative expenses shs63,000, shs61,000 and 61,000 respectively.
- vii. Electricity shs48,000 per month.
- viii. Selling expenses shs20,000, shs15,000 in January and March respectively.
- ix. Taxes shs226,000 to be paid in march

Prepare her cash flow statement for three months.

QN5. Opera Enterprises operates a maize mill. The information below relate to the maize mill for the year 2017.

1. Opening cash balance as at 1st January 2017 shs2,200,000.

2. Sales in kg

January	shs90,000
February	shs 100,000
March	shs80,000
April	shs 20,000

Each kg was sold at shs500 on cash basis

3. Obtained shs 10,000,000, 15% interest loan from ADC bank in two installments; shs6,000,000 in February and shs4,000,000 in April.

4. Receipts from debtors were shs2,000,000, shs900,000 and shs400,000 for the months of February, March and April respectively.

5. Production of raw materials in Kg used were as follows

January	shs6,000
February	shs 7000
March	shs8,000
April	shs 9,000

The above raw materials cost shs 2000 per kg

6. Labour cost for; January were shs2,000,000, February shs1,800,000, March shs1,700,000 and April shs 1,950,000.

7. Production expenses; January shs500,000, February shs400,000, March shs300,000 and April shs450,000.

8. Monthly administrative and marketing expenses shs300,000.

9. A generator was bought at shs20,000,000 on credit in January. Half of the cost was paid in March and the balance in April 2017, paid in two weeks time.

10. Thieves broke into the office and stole shs70,000,000

Required

- (e) Prepare Opira Enterprises' cash flow statement for the months of January, February, March and April
- (f) Propose ways of minimizing cash deficits in the business

QN6. Kagwa industries which are a registered company had the following projections.

- (i) The company expects to start operations in the month of September 2015 with share capital of shs 8,000,000.
- (ii) Monthly cash sales are expected to be shs4,000,000 in September and are expected to increase by 20% every month.
- (iii) Monthly credit sales of shs 5,000,000 per month are expected to be paid in the month following the month of sale.
- (iv) The company will float shares worth 60% of its initial share capital in the month of December 2015.
- (v) The company will acquire a loan of shs3,000,000 from centenary Bank in the month of October 2015 at an interest of 5% per month.
- (vi) The principle of the loan will be paid in four equal installments and the interest starting in the month following the acquisition of the loan.
- (vii) The business will acquire a machine in September worth shs 12,000,000. This will be paid in three equal installments.
- (viii) Monthly wage bill of shs 450,000 will be paid.
- (ix) The company will carry out a fundraising in September and expects to raise shs 7,600,000.
- (x) The company will purchase raw materials worth shs3,000,000 every month.
- (xi) The dividends to share holders will be paid after the 1st quarter of operation and they are expected to be 10% of share capital.
- (xii) Tax of shs 300,000 will be paid every December.
- (xiii) Fixed costs of shs 200,000 per month are to be paid monthly. They are expected to decrease by 20% after the 1st month of operation.

Required

- (a) Prepare a cash flow budget for kagwa industries for four months
- (b) Comment on the net cash position
- (c) How different is a cash flow budget from an income statement.

QN7.(a) Outline four main causes of cash flow problems in an enterprise.

(b) Kapapaala enterprises Ltd has the following cash flow projections for the 1st quarter of the year 2015.

- (i) Cash shortfall brought forward from last month of the last quarter 2014 was shs5,890,000.
- (ii) Commission income for the first quarter shs. 6,000,000. This is to be spread in 3 months of the first quarter of the year in ratios 3:2:1 respectively.
- (iii) Donations (first month of the 1st quarter) shs 8,000,000
- (iv) Machine disposal (in the 2nd month of the 1st quarter of the year) was projected to be shs4,000,000.
- (v) A loan to be obtained in the 1st month of the 2nd quarter of the year shs 10,000,000. this will attract a monthly interest of 5% starting with the 2nd month of the 2nd quarter of the year.
- (vi) Cash to be received from trade debtors as follows;

1 st month	3,040,000
2 nd month	5,360,000
3 rd month	7,280,000
- (vii) Debentures of shs 16,820,000 and shs 5,740,000 for the 1st month and 2nd month of the 1st quarter respectively were to be obtained.
- (viii) A cash refund of shs 900,000 is to be received from suppliers in the 1st month of the 1st quarter. This is in respect of the over payment made on cash purchases made in the last month of the previous quarter.
- (ix) Monthly cash purchases to a month to shs 3,900,000.
- (x) Debenture repayment is to be effected in the last month of the 1st quarter and the 1st month of the 2nd quarter of the year for the two debentures obtained respectively.

- (xi) Credit purchases for the period are projected to be shs 21,000,000 in the last month of the 1st quarter. However, no payments to credit suppliers will be made until 2nd month of the 2nd quarter.
- (xii) Equipments are to be purchased during the 1st month of the 1st quarter at a cost of shs 16,000,000.
- (xiii) The enterprise projects monthly cash sales of shs 20950,000. This will attract a monthly sales tax of 15% per the cash sales made in that month.
- (xiv) Audit fees per month are to be shs 750,000. This will be paid at once in the last month of the 1st quarter.
- (xv) Wages and salaries per month will total to shs 810,000.
- (xvi) Purchase of a machine in the 2nd month of the 1st quarter of the year is to cost shs 5,000,000
- (i) Repairs and maintenance per month are to cost the enterprise shs 320,000.
- (ii) Non- current assets to depreciate at rate of shs3% by the end of the 1st quarter .
- (iii) Rent income of shs 650,000 per month is projected in the 1st quarter of the year starting with the 1st month.

You are required to prepare kapapaala enterprises Ltd's cash flow statement for the 1st quarter of the year.

(c) what measures can kapapaala enterprises Ltd put in place in order to avoid cash flow shortfalls in the subsequent period.

Qn8. The following information relates to the business of Musaasizi enterprise for the months of October ,November and December 2014

- (i) Cash balance brought forward from the month of September shs. 20,000,000
- (ii) Monthly cash sales were shs9,000,000
- (iii) Monthly credit sales were shs 4,000,000 but payment would be made in the following month
- (iv) The business bought furniture in the month of November worth shs 1,000,000
- (v) Monthly cash purchases were shs 500,000
- (vi) The business acquired a loan worth shs 12,000,000 in October to be paid in two equal installments in the following months.
- (vii) Monthly salary bill was shs 700,000
- (viii) Business received cash donations of shs 750,000 during month of November.
- (ix) The business bought machinery worth shs 8,000,000 and paid shs 3,000,000 in the month of October and the remaining amount would be paid in two equal installments in the following two months.

Required

- (iv) Work out musaasizi's cash flow statement for months of October , November and December
- (v) Explain the cash position of the business

QN 9. TELL enterprises has availed you with the following projections for the month of July, August, September and October.

- (i) On July 1st 2014, cash balance shs 26,000,000
- (ii) The sales manger expects to sell goods on credit worth shs 40,000,000 monthly. Payment from credit customers is expected as follows; 60% of credit sales in the month of sale and the balance in the month following sale.
- (iii) The finance manager expects to obtain two loans of shs 20,000,000 in each of the months of August and October 2014
- (iv) Monthly cash sales are expected to be shs 60,000,000. A commission of 10% is paid to salesmen each time cash is received.
- (v) Monthly cash purchases worth shs 40,500,000 are expected to be made
- (vi) A delivery van is to be bought in the month of August 2014 at a cost of shs 35,000,000.
- (vii) Monthly wage bill is estimated to be shs 12,500,000. An increase of 10% is expected in the month of October 2014.
- (viii) A loan interest of 5% per month is payable in the month following acquisition of the loan
- (ix) Expansion of business buildings expected to cost shs6,200,000 in the month of July 2014 and shs 30,000,000 in the month of August.
- (x) General expenses are expected to amount to shs 7,100,000 per month.
- (xi) All expenses are paid in the month in which they are incurred.
- (xii) Income tax for the 1st quarter of the year shs 12,000,000 to be paid in September 2014.

Required

- (a) Prepare a cash flow statement for Tell enterprises for use in the period of July to October 2014.
- (b) Suggest to Tell enterprises five ways of managing cash short falls in the cash flow statement.

QN10. The following transactions relate to JEM Enterprises for the months of April, May, June and July 2013

- I. Opening balances as at 1st April was shs 100 millions
- II. Share capital from share holders for May and June were shsh6,000,000 and shs8,000,000
- III. Expected cash from debtors in July shs10millions
- IV. Expected to sell old van worth shs10million receiving it in the ratios 5:3:2 starting with May
- V. To increase on its capital, the business hopes to acquire a loan in May of ssh12million with a monthly interest of 5%.
- VI. The grace period given to the business shall be one month after which it will start paying the interest.

- VII. The business expected to buy raw materials worth shs 5million in the 1st month and expected to increase by 10% monthly.
- VIII. It expected to buy a juice blending machine in April for shs14million, paying shs4million cash and the balance to be paid in the ratio of 4:2:2 in the following months.
- IX. Monthly purchases of fruits is projected at shs 2 million
- X. Tax of shs 200,000 to be paid to KCCA monthly.
- XI. Dividend are to be paid every after one month at a rate of 10% of the average share capital.

Required

- (a) Prepare a statement showing cash inflows and cash outflows for the months of April to July 2013
- (b) Comment on the cash position of JEM enterprises for four months.

QN11 (a) Define a cash flow statement and give four of its uses

(b) Bibuuza trading company had the following transactions for the year ending 2011

- I. The company expects to sell goods every month worth shs 100,000,000 and reduces only 80% in the month of sale and the balance to be received one month after the month of sale for all sales.
- II. Expected money from friends in June and July shs 6,000,000 and 8,000,000 respectively.
- III. Expected cash from debtors in July shs10,000,000
- IV. Sale of old van in June shs 6,000,000
- V. Monthly credit sales shs 30,000,000 and payment is to be received from debtors every after one month.
- VI. Loan is expected in may foe shs 12,600,000 and it will attract an interest of 10% per month.
- VII. The grace period given to the business will be in the month and after one month, it will start payment of interest.
- VIII. The company expected to pay raw materials worth shs 5,000,000 in the first month but this is to increase by 10% monthly.
- IX. By the end of April 2011, the company had a cash balance of shs 4,000,000
- X. The company expected to buy a juice blending machine in may for shs 2,000,000 and pay cash shs1,000,000. The remaining amount to be paid in the ratio of 4:2:2 respectively in the following months.
- XI. Purchase of fruit from farmers is projected at shs 2,000,000 which is to increase by 20% after the first two months.
- XII. Tax of shs 200,000 will be paid monthly starting with the month of June.
- XIII. The company is to make a commission payment of shs 12,000,000 monthly which is to reduce by 5% monthly after the first two months.

Required

You are required to prepare a cash flow statement for four months starting with September 2011.

QN 12. The following information was obtained from the books of Uhuru investments Ltd for

the months of January , February, march and April 2014.

- I. On 1st January 2013, the business started with shs 4,000,000
- II. It expected cash sales of 6,000,000 per month , however, it is expected to reduce by 10% in March.
- III. The expected credit sales were shs 1,600,000 per month but payment would be made the following month.
- IV. The monthly rent income was 200,000 however, it is expected to increase by 25% after the first two months.
- V. Immediately after the first month of operation, the expected income from other sources was projected at shs 2,000,000 per month.
- VI. The business planned to purchase a delivery van at shs 14,000,000 on hire purchase. the down payment is shs 6,000,000 and the balance was to be paid in installment s of 4:3:1 respectively in the following month.
- VII. The business expected to acquire a loan from K.K Bank Ltd in February of shs 4,000,000, the loan was payable in four equal installments at an interest rate of 5% on reducing balance, with effect from march 2014.
- VIII. The expected monthly cash purchases were shs 3,000,000, expected to reduce by 20% after two months.
- IX. The business expected to issue a debenture of shs 5,000,00 in march 2014.
- X. Monthly payment for hired labour was shs 1,500,000
- XI. The electricity bill expected to be cleared at the end of every month was shs 1,200,000.

Required

- a. Prepare a cash flow statement for the months of January, February, March and April
- b. Comment on the net cash position of **Uhuru Investments** Ltd for four months. suggest measures that Uhuru investments should do to avoid deficits in the cash flow.

QN13. Mora enterprises had the following information

- I. The business expects to sell goods every month worth shs 200millions and receive only 80% in the month of sale and the remaining amount to be received one month after the month of sale
- II. Monthly projected salaries for 50 workers were shs 150,000 per worker.
- III. The business hopes to get a loan in April shs 2,000,000
- IV. The monthly interest on the loan is 5% payable after one month grace period.
- V. The business expects donations in cash worth shs 3,000,000pper month but they are expected to reduce by 10% after the first three months.
- VI. Monthly rent income is expected to be shs 5,000,000 but this is expected to increase by 30% and 6% respectively after two months.
- VII. On 1st march 2011, the business commenced with cash worth shs 35million in the first month
- VIII. Monthly cash purchases shs6,000,000.
- IX. The business will finance any cash shortfall with a debenture at the beginning of the next month worth an interest of 5% payable after 3months of lapse.

Required

Prepare a cash flow statement for four months.

QN 14. The following information was obtained from the books of Mukisa and company Ltd

- I. On 1st January 2016, the company had a cash balance for shs 80,000,000
- II. It expected credit sales of shs 24,000,000 per month but payment would be made in the following month.
- III. It expected cash sales of shs 400,000 per month.
- IV. The business expected donations of cash shs8,000,000 per month but this was expected to reduce by monthly after the first 2 months.
- V. The monthly rent income is expected to be shs 2,000,000 however it will increase by 40% after 3 months.
- VI. Immediately after the two months, the expected income from other sources is projected at 40,000 per month.
- VII. The business planned to purchase a vehicle in January and a down payment is to be shs 32,000,000 and the balance to be effected installments 60%, 30% and 10% respectively in the following months.
- VIII. The business hopes to acquire a loan from UBA Bank shs 40,000,000 in the month of February. The monthly interest on this loan is 8% and the principle repayment will be effected one month after acquiring the loan.
- IX. The expected monthly purchases are shs 16,000,000 however it is expected to reduce after two months by 20%
- X. The business hopes to sale old furniture by cash 4,000,000 I the second month.

Required

Prepare CASH FLOW STATEMENT for **Mukisa traders**

QN15. The following information relates to UMOJA INVESTMENTS for the months of may , June, July and August 2012

- i. Opening balance as at 1st May 2012 was shs 320,000
- ii. Out put of 800,900, 700 and 100 units were sold at shs500 each during the months of May , June, July and August respectively.
- iii. Loans of shs500,000 and shs 300,000were obtained from inland Bank Ltd in June and August
- iv. Receipts from debtors of shs100,00, shs80,000 and shs30,000 were registered for the months of June , July and August respectively.
- v. Purchases of 700, 800,900 and 1,000 units of raw materials were made in the months of May,June,July and August respectively at a cost of shs 200 per unit.
- vi. Labour costs for the months of May,June,July and August were shs150,000, shs120,000, shs100,000 and shs140,000 respectively.
- vii. A machine was bought and paid in July for shs 1,000,000
- viii. Monthly fixed costs of shs20,000 per month were paid.
- ix. Monthly rent receivable from a shoe shiner shs50,000

QUESTIONS ON INCOME STATEMENT AND THE BALANCE SHEET

QN1. The following trial balance of MUTIMA TRADERS limited was prepared for the period ended 31.12.2017

Details	Debit (shs 000)	Credit (shs 000)
Purchase discount		7,000
Sales discount	10,000	
Provision for bad debts		100,000
Returns	14,000	13,000
Drawings	780,000	
Bad debts	87,000	

Rent	400,000	
Electricity	160,000	
Wages	102,000	
Income tax payable		207,000
Creditors		640,000
Sales		13,000,000
Purchases	8,235,000	
Debtors	1,200,000	
Furniture and fittings	5,800,000	
Motor vehicle	2,940,000	
Stock (11/1/2017)	1,192,000	
Bank	102,000	
Cash	17,000	
Capital		5,205,700
Debenture		2,220,000
Advertising	133,000	
Carriage on purchasing	500,000	
Accrued insurance		100,000
Accumulated depreciation on furniture		180,000
Total	21,672,700	21,672,700

Additional information

- I. Closing stock was valued at 1,200,000,000
- II. Additional 5% provision of the debtors has to be made against bad debts on 31/12/2017
- III. Of the rent paid shs 90,000,000 is for the forth coming trading period
- IV. Wages of shs 20,000,000 were still outstanding
- V. Depreciation all fixed assets by 10% per annum at cost

Required

- a. Prepare **MUTIMA'S INCOME** statement for your year ended 31st Dec 2017
- b. Prepare Mutima's balance sheet
- c. Compute and interpret
 - i. Working capital
 - ii. Average collection period for debts
 - iii. Rate of stock turn

QN2. The following trial balance was extracted from the books of DON MANZE,an entrepreneur on 31/ December 2014

Item	Debit (shs)	Credit (shs)
Stock 1 january, 2014	5,000,000	
Premises	24,000,000	
Bills receivable	3,000,000	
Purchase	28,000,000	
Salaries and wages	3,500,000	
Sales		52,000,000
Fixture and fittings	2,500,000	
Discount received		450,000
Plant and machinery	14,000,000	
Rates	560,000	
Advertising	1,040,000	
Insurance	380,000	
General expenses	720,000	
Provision for bad debts		180,000
Sungry debtors	6,000,000	
Bills payable		1,500,000
Sundry creditors		4,300,000
Cash in hand	240,000	
Bank overdraft		1,860,000

Drawings	600,000	
Capital		30,000,000
Discount allowed	750,000	
	90,290,000	90,290,000

Additional information

- i. Closing stock valued at shs 6,000,000
- ii. Rates accrued shs40,000
- iii. Prepaid insurance amount to shs50,000
- iv. During the year DON MANZE took goods worth shs 200,000 for his personal use.
- v. Increase provision for bad debts to 4% of sundry debtors
- vi. Provide for depreciation of plant and machinery at 10% per annum and fixtures and fittings at 15% per annum

Required

(a) Calculate

- i. Goods available for sale
- ii. Cost of sales
- iii. Gross profit
- iv. Net profit
- v. Working capital
- vi. Capital employed

(b) Calculate and interpret

- i. Gross profit ratio
- ii. Net profit ratio
- iii. Collection period for debts
- iv. Payment period for debts
- v. Working capital ratio

(c) Prepare DON MANZE's balance sheet as at that date

QN 3. The following balances relate to JINJA TRADERS Ltd for the year 2013

Particulars	Debit (shs)	Credit (shs)
Capital		10,000,000
Purchases	4,000,000	
Fixed assets	3,350,000	
Turnover		6,500,000
Sundry expenses	1,099,000	

Discount received		
Rent received		
Debtors/creditors	2,500,000	844,500
Stock (01/01/2013)	380,000	
Drawings	15,000	
Cash balance	6,010,000	
Total	17,354,000	17,354,500

Additional information

Un used stock on 31st DEC 2013 was valued at shs 220,000

Net profit for the year was shs 1,251,000

(a) Calculate

- i. Cost of sales
- ii. Gross profit
- iii. Working capital

(b) Compute and interpret

- i. Inventory turnover period
- ii. Gross profit margin

QN4. Kayondo Paul disclosed the following information on 31st /12/2015

Particulars	amount (shs)	particulars	amount (shs)
Capital	20,000,000	Creditors	9,000,000
Debtors	5,000,000	Interest received	2,100,000
Insurance premium	560,000	Return on sales	180,000
Net sales	17,820,000	Returns on purchases	360,000
Carriage on sales	240,000	Carriage on purchases	400,000
Provision for bad debts	100,000	Commission income	4,000,000
Rent income	2,000,000	2years loan	3,400,000
Accumulated depreciation on machinery	600,000	Stock 1.12.2015	13,100,000
Net purchase	9,040,000	Good will	2,000,000
Buildings	20,000,000	Machinery	3,600,000
Bank	2,900,000	Publicity	700,000
Discount expenses	680,000	Discount income	390,000
Creditors	9,000,000	Debtors	5,000,000
Interest received	2,100,000	Insurance premium	560,000
Return on sales	180,000	Net sales	17,820,000
Returns on purchases	360,000	Carriage on sales	240,000
Carriage on purchases	400,000	Provision for bad debts	100,000
Commission income	4,000,000	Rent income	2,000,000

2years loan	3,400,000		
Accumulated depreciation on machinery	600,000		
Debentures	1,400,000	Motor van	2,400,000
Net profit before tax	1,640,000	Corporation tax	90,000
Drawings	500,000	Closing stock	
4,000,000			

Other information available

- i. Insurance premium not yet paid was shs 3,200,000
 - ii. Publicity paid in excess was shs 100,000
 - iii. Commission income outstanding was shs 300,000
 - iv. He was advised to set aside 5% on debtors as a contingent fund to cater for bad debts
 - v. He was also advised to create a 5% and 10% as provision for depreciation on buildings on cost and machinery on the book value respectively.
- (a) You are required to prepare **KYADONDO PAUL'S** trial balance
- (b) Present his income statement and the balance sheet
- (c) Compute his;
- i. Acid test ratio
 - ii. Equity to debts ratio
 - iii. Stock turnover period in weeks

QN5. The following trial balance was taken from the book of ARONDA TRADERS Ltd at end of the trading period 2014

Details	DR(shs 000)	CR (shs 000)
Stock 1/1/2014	6,000	
Purchase /sales	36,000	43,000
Rent	3,500	
Insurance	3,000	
Bad debts written off	2,900	
Purchase discount		3,000
Sales discount	2,000	
Drawings	9,000	
Carriages	6,000	
Machinery (cost)	20,000	
Bank overdraft		4,500

Buildings	30,000	
Cash balance	6,000	
Debtors	10,000	
Land	5,000	
Creditors		20,000
Commission received		6,000
Bank balance		3,000
Provision for bad debts		1,000
Capital		58,000
Rent income		1,400
Stationery	400	
Returns	1,600	
Total	141,400	141,400

Additional information

- Stock on 31st was valued at shs 8,000,000
- Rent out standing shs700,000
- Insurance of shs 500,000 relates to the year 2015
- Provision for bad debts to be increased by 2% of debtors
- Off carriages shs2,000,000 is in respect to sales
- Depreciate all fixed assets by 5% p.a on cost
- Stationery of shs 100,000 has remained in stock
- Commission outstanding amounted to shs 4,000,000 while rent of shs200,000 was received in advance

Required

Prepare financial statements for kaka traders for the period ended 31. 12.2014

QN6. The following balances were extracted from the records of katungi' s business as at 31st December ,2009.

Particulars	shs	particulars	shs
Sales	40,000,000	Purchases	35,000,000
Sales returns	500,000	Stock 1.1.2009	10,000,000
Provision for doubtful debts 1.1.2009	80,000	Salaries and wages	
3,000,000			

Rates	600,000	Telephone	
100,000			
Shop fittings	4,000,000	Motorvan at cost	3,000,000
Accounts receivables	980,000	Accounts payables	
700,000			
Bad debts	20,000	Capital	
17,900,000			
Cash at bank	300,000	Drawings	1,800,000
Purchase returns	620,000		

Additional information

- Salaries and wages outstanding shs500,000
- Stock as at 31.12.2009 shs12,000,000
- Prepaid rates shs50,000
- The provision for doubtful debts to be increased to 10% of debtors
- Telephone bill outstanding shs22,000
- Depreciate shop fittings at 10% per annum, and motorvan at 20% per annum on cost

REQUIRED

(a) Calculate the following

- Cost of sales
- Gross profit
- Net profit

(b) Determine the value of the following items

- Fixed assets owner's equity
- Current assets
- Working capital ratio

(c) compute and interpret the

- Profit margin
- Average credit period for purchases (assume 365 days in a year)

QN7. Prepare the income statement and the balance sheet for MUKHOOLI given the following information as at 31st August 2013

Particulars	Amount (shs)
Capiatal	9,260,000
Longterm loan	2870,000
Machinery	5,000,000
Drawing	2,060,000
D iscount allowed	60,000
Rent	700,000

Electricity	260,000
Motor vehicles	7,000,000
Debtors	3,000,000
Closing stock	600,000
Sales returns	50,000
Sales	12,060,000
Purchases returns	500,000
Creditors	2,800,000
Bank overdraft	140,000
Bank	2,500,000
Cash	800,000
Wages and salaries	1,000,000
Purchases	4,000,000
Opening stock	1,500,000

QN 8. The information below is extracted from the books of LAKE VICTORIA TRADERS Ltd as at 31st December 2011.

Cash	8,000	Capital	15,700
Furniture	30,000	Debtors	20,000
Creditors	13,000	Machinery	12,000
Sales	90,000	Purchases	75,000
Stock 1.1.11	10,000	Insurance	2,000
Commission received	8,000	Return inwards	1,000
Carriage on sale	4,000	Rent	4,000
Return outwards	33,000	Discount received	3000

Additional information

- I. Stock 31.12.2011 shs3,000
- II. Rent accrued shs 500
- III. Insurance prepaid shs 2,000
- IV. Make a provision for bad debts of 5% on debtors
- V. On the day of stock taking to close the trading period, cash shs20,000 was withdrawn by

the entrepreneur from the business for personal use .

Required

(a) Prepare a trading profit and loss account for lake Victoria

(b) Prepare their balance sheet as at that date

QN7. The treasurer for the teacher's canteen in your school presented the following financial statements to the members at their meeting

Teacher's canteen income statement for the period ended 31st Dec 2013

(Summary)

	Shs
Net sales	240,000,000
Less cost of sales	<u>180,000,000</u>
Gross profit	60,000,000
Less operation expenses	<u>25,000,000</u>
Net profit	<u>35,000,000</u>

Note

The opening stock as at the start of 2013 was shs 23,000,000

Teacher's canteen balance sheet

As at 31.12. 2013

Particulars	shs	shs	<u>Fixed assets</u>	
Capital	89,000,000		Building	82,000,000
Add net profit	<u>35,000,000</u>		Furniture	50,000,000
	124,000,000		<u>current assets</u>	
Less drawing	<u>10,000,000</u>		Stock	47,000,000
		114,000,000	Debtors	38,000,000
<u>Long term liabilities</u>			Bank	25,000,000
5years loan teachers sacco		72,000,000	Cash	18,000,000
<u>Current liabilities</u>				
Bank overdraft		34,000,000		
Creditor		<u>40,000,000</u>		
		<u>260,000,000</u>		<u>260,000,000</u>

Required

(a) Calculate the following

- I. Gross profit margin
- II. Net profit to sales
- III. Net profit to owner's equity
- IV. Acid test
- V. Stock turnover

- VI. Fixed asset turnover
- VII. Debt to owner's equity (gearing ratio)
- (b) Interpret the following ratios in relation to a above**
- I. Debt to owner's equity
- II. Net profit t sales

QN8. The following balances were obtained from the records of EKAS ENTERPRISES Ltd as at 31.12.2009.

Details	shs	Details	shs
Stock (1.1.2009)	1,250,000	Stock 31.12.2009	1,500,000
Purchases	7,000,000	Return inwards	750,000
Return outwards	45,000	Sales	13,000,000
Advertising	260,000	Carriage on sales	95,000
Premises	6,000,000	Tools and equipment	3,500,000
Creditors	1,075,000	Debtors	1,500,000
Drawings	150,000	Capital	7,875,000
Furniture	625,000	Salaries and wages	875,000
Sales discount	187,500	Commission received	112,000
Electricity bills	140,000	Cash	60,000
Bank overdraft	465,000	Telephone expenses	180,000

Required

- I. Extract a trial balance for EKAS enterprises Ltd as at 31.12.2009
- II. Prepare a trading profit and loss account for Ekas enterprises Ltd for the year ended 31.12.2009
- III. Calculate the net profit margin and interpret the results

QN 9. The following trial balance was extracted from the books of Muwulize Traders on 31st/12/2010

Details	Debit (shs 000)	Credit (shs 000)
Premises	1,150	
Trade debtors	10	
Trade creditors		20
Motor car	550	
Provision for depreciationon motorcar		50
Furniture and fittings	400	
Provision fo depreciation on furniture and fittings		4

Purchases /sales	60	40
Returns	5	6
Cash in hand	30	
Cash at bank	70	
Capital		2,155
	2,275	2,275

Additional information

- Stock on 31st/Dec/2010 was valued at shs 25,000
- There was no stock on 1st/Jan/2010
- Provision for depreciation on motor car and furniture and fittings were made a rate of 5%

Required

- a. Prepare trading profit and loss account and the balance sheet as at 31st/12/2010
- b. Calculate the following
 - i. Profit margin
 - ii. Working capital ratio
 - iii. Liquid funds

QN 10. The following trial balance was extracted from the books of Mukisa Tradersas at 31st/Dec/2011

Details	Debit (shs)	Credit(shs)
Capital		3,950,000
Purchases/sales	4,300,000	7,500,000
Land and building	1,500,000	
Plant and machinery	900,000	
Motor vehicle	600,000	
Wages and salaries	890,000	
Rent and rates	430,000	
Motor vehivle expenses	125,000	
Repairs to building	750,000	
General expenses	355,000	

Discount allowed	125,000	
Discount received		107,200
Debtors /creditors	1,300,000	850,000
Drawings	300,000	
Provision for depreciation on		
- Plant and machinery		450,000
- Motor vehicles		292,000
Stock at start	750,000	
Balance at bank	825,000	
	13,150,000	13,150,000

The following additional information was available:-

- i. Closing stock on 31st December 2013 was valued at shs 850,000
- ii. Provide for depreciation on plant and machinery at a rate of 10% on cost and motor vehicle 20% on written down value
- iii. The expenditure on repairs to building is to be capitalized shs 500,000

Required

- a. Prepare an income statement and the balance sheet for the year ended 31st December 2013.
- b. Compute and interpret the following
 - i. Rate or return on capital employed
 - ii. Gross profit ratio
 - iii. Average collection period for debts in months

QN 11. Below is BYAMUGISHA'S Trial balance as at 31st December 2004

Particulars	Debit (shs 000)	Credit (shs 000)
Capital		500,000
Stock 1/1/2004	50,000	
Plant and machinery	500,000	
Motorvehicle (cost)	160,000	
Provision for depreciation on		
- Plant and machinery		40,000

- Motorvehicle		32,000
Purchases	720,000	
Sales		1200,000
Sales returns	80,000	
Purchases returns		40,000
Wages and salaries	120,000	
Discount s	10,000	8,000
Carriage inwards	5,000	
Carriage outwards	6,000	
Postage and telephone	15,000	
Water and electricity	17,200	
Bad debts	3,000	
Provisions for bad debts		2,000
General expenses	17,000	
Rent and ratesb	30,000	
Debtors	110,000	
Creditors		93,200
Cash in hand	12,000	
Cash at bank	60,000	
Total	1,915,200	1,915,200

Additional information

- I. Closing stock on 31st Dec 2004 was valued at 45,000,000
- II. Depreciation to be charged at 20% of cost of plant and machinery and 40% of motor vehicles
- III. Accrued rent is shs6,000,000 and prepaid rates shs2,000,000
- IV. Outstanding electricity is shs 1,200,000
- V. Provision for bad debts is to be increased by shs 600,000

Required

Prepare the trading profit and loss account for the year ending 31st/Dec/2004 and the balance sheet.

QN 12. The following was extracted from the books of Olivia as at 31st/Dec/2002

Details	Debit (shs0	Credit (shs)
Stock as at 1 st /01/2002	50,000	
Purchases	420,000	
Sales		557,500
Shop expenses	6,200	
Wages and salaries	33,500	
Rent paid	750	
Telephone expenses	500	
Interest paid	4,500	
Travel expenses	600	
Premises	200,000	
Shop fittings	40,000	
Debtors	10,100	
Bank	5,850	
Capital		75,000
Drawings	27,000	
Loan from bank		150,000
Creditors		14,500
Bank overdraft		2,000
	799,000	799,000

Note: stock at 31st/12/2002 was valued at shs 42,000

Required

Prepare Olivia's trading profit and loss account and balance sheet at at that date

QN 13. The following transactions were obtained from the books of MANJINO Holdings on 31st/12/2010

Sales	shs 3,600,000	Purchase s	shs5,000,000
Stock (1 st /01/2010)	shs600,000	Returns outwards	shs700,000
Returns inwards	shs800,000	Carriage on sales	shs600,000
General expenses	shs300,000	Debtors	shs900,000
Insurance	shs 120,000	Cash at bank	shs 760,000
Creditors	shs 600,000	Machinery	shs 1,200,000
Stock 31 st /12/2010	shs980,000	Furniture and fittings	shs 480,000
Advertising	shs 100,000	Salaries and wages	shs 1,000,000
Drawings	shs400,000	Cash in hand	shs240,000

Required

- Prepare a trading profit and loss account for **MANJIONO HOLDINGS** for the period ending 31st/12/2010
- Prepare their balance sheet as at that date
- Compute and interpret
 - Stock turnover
 - Average number of days the stock was held before selling

QN 14. The following trial balance was extracted from the books of MANGEENO ENTERPRISES as at the end of 31/06/2013

Details	DR (SHS 000)	Cr (SHS 000)
Purchases/ sales	2,000,000	4,900,000
Capital		1,400,000
Returns	110,000	140,000
Bad debts	790,000	
Discounts	80,000	50,000
Stock 1.7.2013	570,000	
Debtors /Creditors	1,000,000	1,090,000
Stationery	420,000	
Carriage on purchases	85,000	
Salaries	400,000	
Drawings	300,000	

Motorvan cost	8,500,000	
Land	4,565,000	
Cash	460,000	
Bank	2,000,000	
Loan		11,650,000
Provision for bad debts		100,000
Interest received		1,000,000
	21,280,000	21,280,000

Additional information

- I. Stock on June 30th/2013 was valued at shs100,000
- II. Salaries in arrears amounted to shs 20,000,000
- III. Fixed assets depreciate at 10% per annum
- IV. Un used stationery was shs 20,000,000
- V. Accrued interest receivable was shs 40,000,000
- VI. Decrease in provision for bad debts was 20% of debtors.

Required

Prepare Mangeeno's income statement and the statement of financial position as at that date.