

MUTEESA 1 ROYAL UNIVERSITY
KAKEEKA-MENGO
FACULTY OF BUSINESS AND MANAGEMENT
TRAIL TEST (FINANCIAL ACCOUNTING)
TIME 2HRS: 30MINS

INSTRUCTIONS

ATTEMPT ANY (4) NUMBERS OF YOUR CHOICE.

QUESTION ONE (1) IS COMPULSORY.

1. Use the following information to prepare the journal entries of XYZ LTD for the month of AUG 2020.

1.oct.2020 commenced business with cash 14000000, bank 28000000, stock 15000000.

3.oct.2020 made cash sales worth 1500000, a cheque 2000000, and 1600000 on credit.

3.oct.2020 acquired a bank overdraft worth 5000000

6.oct.2020 paid utility bills 300000

7.oct.2020 bought inventory worth 1000000 cash and 600000 on credit

8.oct.2020 bought office motor vehicle paying 8000000 by cheque, 2000000 and 3000000 on account

14.oct.2020 returned goods worth 100000 being defective

15.oct.2020 carriage inwards worth 50000

18.oct.2020 all cash was banked immediately

24.oct.2020 paid 500000 by cheque to the suppliers

26.oct.2020 wages worth 500000 accrued

30.oct.2020 the estimated bank commission on deposit was valued at 5% on bank balance

2. The following are the books of Ibrahim for the month of June. Prepare ledger accounts and balance them off.

15TH June. Ibrahim a sole proprietor commenced business with capital of 200,000

17th June. Bought furniture for cash 20,000.

18th June. Paid cash into bank 150,000.

18th June. Bought goods for cash 10,000 from m/s Shamir jain co.

18th June. Bought goods on credit from m/s ramdas & brothers for 1,000.

19th June. Sold goods for cash 12,000 to Mr. Naryan Tiwari.

20th June. Bought machinery from m/s boolani Machinery and paid by cheque 25,000.

21ST June. Sold goods on credit to Mr. Nateker for 8,000

21st June. Paid weekly wages to workers 5,000

24th June. Paid m/s ramdas and brothers by cheque 5,000

24th June. Received from Mr Nateker 20,000.

24th June. Received commission from m/s Orion traders for giving a trade lead 500.

3. Use the following information to prepare ledger entries and trial balance of DENO LTD for the month of feb 2020

1st stated business with stock worth 10000000

2nd sold goods worth 5000000 cash

11th made cash sales 1000000 and 1500000 by cheque

16th bought goods worth 3000000 cash and 1000000 on credit

17th banked cash 2500000

18th bought office supplies and security fee 200000 and 100000 respectively

19th gave charities to Sanyu babies home worth 300000 using cheque

25th obtained a loan from centenary bank worth 8000000

26th added more stock of 3000000 using a cheque

27th withdrew cash for personal use worth 200000

28th sold goods worth 1500000 cash and 600000 on credit

29th returned goods worth 120000 they were defective

4. Enter the following transaction into the cash book for the month of may 2020.

1st capital for the business cash worth 2800000 and bank 15000000

8th bought stock worth 60000000 on credit

14th made cash sales worth 1500000 and 500000 on credit

17th bought goods worth 2000000 at discount of 2% cash

18th sold goods worth 1000000 at a discount rate of 1% cash

19th made cash sales 2000000, deposited 1500000 at bank

20th paid 250000 cash for trading license and 100000 for office use

20th obtained a loan worth 5000000

21st received a cheque worth 800000

26th the accountant used his salary to pay office expenses cash 100000

29th wage payable using cash 1000000 and rent 100000

30th paid the supplies 500000 using a cheque

5. The information below is extracted from the books of NPACs LTD for the month of August 2020

Cash book (bank column)					
		Shs(000)			Shs(000)
1/8/20	Bal b/f	20,000	3/8/2020	Cheque 300	24,000
2/8/20	Cheque no 200	5,000	4/8/2020	Cheque 301	10,000
3/8/20	Cheque no 201	4,000	5/8/2020	Cheque 302	2,000
4/8/20	Cheque no 202	12,000	6/8/2020	Cheque 303	14,000
5/8/20	Cheque no 203	25,000	7/8/2020	Cheque 304	18,000
6/8/20	Cheque no 204	14,000	8/8/2020	Cheque 305	12,000
7/8/20	Cheque no 205	15,000	9/8/2020	Cheque 306	9,000
8/8/20	Cheque no 206	24,000	10/8/2020	Cheque 307	5,000
9/8/20	Cheque no 207	12,000	10/8/2020	Cheque 308	17,000
				Bal c/f	20,000
		131,000			

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BANK STATEMENT FOR NPACS LTD				
		DR	CR	BALANCE
1/8/2020	Bal b/f			20000
2/8/2020	Cheque no 200		5000	25000
3/8/2020	Cheque no 201		4000	29000
3/8/2020	Cheque no 300	24000		5000
4/8/2020	Cheque no 202		12000	17000
4/8/2020	Cheque no 301	10000		7000
5/8/2020	Cheque no 203		25000	32000
5/8/2020	Cheque no 302	2000		30000
6/8/2020	Cheque no 204		14000	44000
6/8/2020	Cheque no 303	14000		30000
7/8/2020	C.M (CHQ no 45)		12000	42000
8/8/2020	S.O(UMEME)	2000		40000
9/8/2020	C.M (CHQ no 45)		6000	46000
10/8/2020	Bank charge	500		44500
10/8/2020	S.O(NWC)	1000		44500

Further information

C.M credit memo

S.O standing order

Cheque no 304 and cheque no 205 were dishonored by the bank

Required

- a) Prepare a bank reconciliation statement
- b) Give reasons why the cash book and the bank statement are not in agreement
- c) Can you reason out why cheque no 304 and cheque no 205 were dishonored by the bank
- d) Rationale why we need to make a bank reconciliation

“SUCCESS IS NOT IN WHAT YOU HAVE, BUT WHO YOU ARE.”