UGANDA INSTITUTE OF INFORMATION AND COMMUNICATIONS TECHNOLOGY
END OF SEMESTER I EXAMINATION ACADEMIC YEAR 2024/2025

DEPARTMENT	**:**	**MANAGEMENT**
YEAR OF STUDY	**:**	**ONE**
PROGRAM	**:**	**HEC-B**
COURSE	**:**	**BASIC BOOK KEEPING**
COURSE CODE	**:**	**HECEE 113**
DATE	**:**	**WEDNESDAY 11TH DECEMBER, 2024**
TIME	**:**	**14:00-17:00 HOURS**
DURATION	**:**	**3 HOURS**

INSTRUCTIONS:

i. This paper consists of **TWO** sections, **SECTION A & B**
ii. Answer **FOUR (4)** Questions in all.
iii. Section A is **COMPULSORY**, Answer any **THREE** questions from **Section B**
iv. Credit will be given for the use of relevant examples and illustrations.
v. Mobile phones are **NOT** allowed in the exam room.
vi. **DO NOT** write anything on this question paper, rough work should be done in the answer booklet and cancelled through.
vii. Start a new number on a new fresh page.

Section A – (This section is Compulsory)

Question One

a) Define the term Book -keeping **(02 marks**)

b) List Four reasons why book keeping is used by firms **(04 marks)**

c) State two items used to determine the cost of goods sold. **(04 marks)**

d) State two contents of an invoice. **(02 marks**)

e) Outline two types **journal** used by business. **(04 marks)**

f) Mention two components of accounting equation. **(04 marks)**

g) Distinguish between a ledger and two column cash book **(04 marks)**

h) You are provided with the following:

	UGX
Gross Profit	550,000
Cash	150,000
Commission received	100,000
Salary	200,000
Insurance	130,000
Accounts Receivables	70,000

Compute the net profit **(04 marks)**

i) List two uses of the trial balance. **(04 marks)**

j) Explain the meaning of the following accounting concepts.

i. Dual concept **(02 marks**)

ii. Business entity concept **(02 marks**)

iii. Real Accounts **(02 marks**)

iv. Non-current Assets **(02 marks**)

Section B – (Answer any three questions from this section)

Question Two

A case study: Sarah's New Café and Source Documents"

Sarah has recently opened her own café, "Café Harmony," in her hometown Kalaki. As a new business owner, Sarah is excited to serve delicious coffee and pastries to her customers, but she's also learning how important it is to manage her business's finances properly. One day, she meets with Tom, an experienced bookkeeper, to help her set up a proper accounting system.

Tom explains to Sarah that for her books to be accurate and trustworthy, she must maintain and organize source documents. He tells her that every financial transaction in her café must be backed by a source document that provides proof of the transaction. These documents will act as the foundation for recording entries in the accounting system.

Tom advises Sarah to keep all source documents organized and to store them properly for future reference, audits, and tax filing purposes. He emphasizes that without these source documents, it would be difficult to justify her financial entries or prepare accurate reports.

Required;

i) What is the role of source documents in bookkeeping, and why are they important for a business like Sarah's café? **(04 marks**)

ii) List at least three types of source documents Sarah uses in her café and explain their purpose. **(03marks**)

iii) If Sarah were to lose her bank statements or payment vouchers, what potential consequences might she face in terms of her accounting records? **(03marks**)

iv) Imagine that Sarah receives a receipt from a supplier with incorrect information, how should she address this issue to maintain accurate financial records? **(03marks**)

v) Tom advised Sarah to store source documents properly; What methods might Sarah use to ensure that these documents are well-organized? **(03 marks**)

vi) What is the difference between a source document and a journal entry in bookkeeping? **(04 marks**)

Question Three

The following transactions were extracted from the books of Mwanje Mugoya Ltd for the year ended 30th June, 2019.

Date	**Particulars**	**Amounts in UGX**
December 1st	cash balance brought forward	44,500,000
	Bank balance brought forward	656,000,000
3rd	Bought furniture for business use by cash	7,000,000
4th	Bought goods and paid by cheque	4,000,000
6th	Withdraw money from the bank business use	210,000,000
8th	paid for insurance by cash	1,000,000
10th	sold goods on credit to Halima	3,500,000
14th	Bought goods on credit from Bravo	3,250,000
16th	Made cash sales worth	4,700,000
19th	paid for salaries by cheque	10,000,000
20th	Halima cleared her account using cash less 10% cash discount. 23rd	
	Sam cleared her account using cash	4,650,000
24th	Paid Bravo by cheque less Cash discount	2,250,000
27th	Bought goods by cheque worth	4,200,000
29th	sold some old furniture by cash	2,500,000
30th	Bought a vehicle and paid by cheque	15,000,000
31st	Received a cheque for sales made	1,000,000

Required

a) Record the above transactions in two column cash books. (**16 marks)**

b) Show the discount accounts in the general ledger **(04 marks)**

Question Four

a) What is the difference between an outstanding check and a deposit in transit? **(04 marks)**

b) Explain why bank reconciliation is important. **(04 marks)**

c) The following are extracts from the cash book and bank statement of AICT enterprise for the month of August 2024.

Dr. Cash Book (Bank Column) Cr.

Date	Details	UGX (000)			UGX (000)
01-08-24	Opening Balance	34190	05-08-24	Romeo	4620
02-08-24	Asiimwe	1010	08-08-24	Nathan	210
07-08-24	Jane	440	10-08-24	Florence	2090
12-08-24	Okello	3190	30-08-24	Balance c/d	34370
28-08-24	Birungi	2460			
		41,290			**41,290**

Bank Statement

Date	Description	Debit UGX (000)	Credit UGX (000)	Balance UGX (000)
01-08-24	Opening Balance			34190
02-08-24	Cheque		1010	35200
05-08-24	Romeo	4620		30580
09-08-24	Nathan	210		30370
09-08-24	Jane		440	30810
30-08-24	Credit transfer from John		330	31440
30-08-24	Bank charges	30		31110

Required:

Prepare AICT Enterprise's

a) Adjust cash book for the month ended 30th August, 2024. **(06 marks)**

b) Bank Reconciliation Statement as at 30th August, 2024. **(06 marks)**

Question Five

Zakayo is a businessman in Kawempe dealing in the purchase and sale of goods. The following are his business transactions during the month of August, 2018:

i) August 1st: Started business with UGX 30,000,000 cash.

ii) August 3rd: Acquired a bank loan of UGX 18,000,000, which was deposited into his business bank account, to be repaid in five years.

iii) August 6th: Purchased stocks of goods for UGX 16,000,000 by cheque.

iv) August 9th: Sold half of the goods for UGX 10,000,000 by cheque.

v) August 10th: Bought a pickup for UGX 12,000,000 and paid by cash.

vi) August 15th: Used UGX 6,000,000 cash to entertain his business partner at a giveaway ceremony.

vii) August 18th: Bought other goods for UGX 8,000,000, paying half of them by cash and promising to pay the balance later.

viii) August 27th: Paid rent for his business worth UGX 1,500,000 by cheque.
ix) August 30th: Paid salaries to his shop attendants for UGX 2,500,000 by cheque.

Required.

Prepare Zakayo's necessary ledger accounts fully balanced for the month of August,2018. **(20 marks)**

Question Six

a) Define trial balance **(02 marks)**

b) The following information was extracted from the ledgers of Tino for the year entered 31st/12/2021.

Trial Balance as at 31/12/2015

Particulars	**Debit (UGX)**	**Credit (UGX)**
Capital		13,000,000
Equipment	7,000,000	
Plant and Machinery	25,000,000	
Motor Vehicles	6,500,000	
Purchases	4,000,000	
Sales		15,500,000
Discounts Allowed	450,000	
Discounts Received		900,000
Carriage Outwards	240,000	
Returns Inwards	250,000	
Transport on Purchases	300,000	
Rent	800,000	
Wages and Salaries	600,000	
Accounts Receivable	5,200,000	
Accounts Payable		4,500,000
Bank	1,700,000	
Cash	650,000	
Provision for Bad Debts		300,000

Bad Debts	150,000	
Inventory (Opening)	5,000,000	
5-Year Bank Loan		7,500,000
Utilities	460,000	
Inventory (Closing)	2,000,000	
Total	52,800,000	52,800,000

Required

Prepare Tino's

a) Statement of comprehensive income for year ended 31st Dec,2021. **(10 marks)**

b) Statement of financial position as at 31st Dec,2021 **(08 marks)**

Question Seven

a) Classify the following items into the correct account categories (Asset, Liability, Equity, Revenue, or Expense) by selecting the appropriate category for each item: Accounts Payable; Depreciation Expense; Prepaid Rent; Capital Stock; Sales Revenue; Machinery; Wages Payable; Interest Expense; Bank Loan; Inventory. (**10 marks)**

b) Identify which of the following errors would not be detected by a trial balance. For each error, state why it would or would not be detected:

i) A purchase of equipment for UGX5,000 was recorded as a cash sale. (**02 marks)**

ii) A payment of UGX1,000 for office supplies was omitted from the records entirely. (**02marks)**

iii) A UGX200 payment to a supplier was posted to the wrong account (e.g., the office rent account instead of the accounts payable account). (**02marks)**

iv) A transaction of UGX1,500 was entered twice in the books of accounts. (**02marks)**

v) A transaction of UGX500 was recorded as both a debit and a credit in the wrong accounts. (**02marks)**

MERRY X-MASS AND HAPPY NEW YEAR