INTERNATIONAL UNIVERSITY OF EAST AFRICA
'Learning to Succeed'

FACULTY OF BUSINESS MANAGEMENT

END OF SEMESTER EXAMINATIONS - APRIL 2025

PROGRAMME: MBA
YEAR/SEM: YEAR 1/SEMESTER 1
COURSE CODE: MBA 710
NAME: ACCOUNTING AND FINANCE IN DECISION MAKING

DATE:
TIME:

INSTRUCTIONS TO CANDIDATES:

SECTION A

SECTION A IS COMPULSORY: ATTEMPT ALL THE QUESTION IN THIS SECTION

Question 1:

You work as an accountant for a small business called Jimmy's Enterprise. The following trial balance has been compiled on 28 February 2025:

	£Dr	£ Cr
Sales		428000
Purchases	162000	
Accounts receivable	22000	
Accounts payable		16000
Stationery expenses	7000	
Cash	1000	
Bank	4000	
Rent, rates and insurance	34000	
Advertising expenses	19000	
Inventory (01 03 24)	23000	
Payroll costs	110000	
Communication expenses	17000	
Energy costs	26000	
Interest paid	2000	
Drawings	27000	

Premises	250000	
Equipment at cost	80000	
Depreciation a/c (01 03 24)		30000
Long-term loan		40000
Capital a/c (01 03 24)		270000
	784000 ======	784000 ======

Additional information

1) Inventory was valued at £28000
2) Insurance expenses prepaid amounted to £2000
3) Payroll costs owing amounted to £3000
4) Equipment is to be depreciated at 25% pa on cost

Required:

(a) Prepare the statement of comprehensive income for the year ended 28 February 2025. **[16 marks]**

(b) Prepare the statement of financial position as at 28 February 2025. **[12 marks]**

(c) Identify and explain any six roles of accounting **(12 marks)**

Question 2:

Woodshed Ltd.

Cashbook for the month of Aug. 2024

	Dr. ((UGX))			Cr. (UGX)
Bal b/f	9,600,000		Cheque No. 20	800,000
Cheque No. 2515	1,000,000		Cheque No. 21	1,200,000
Cheque No. 1119	500,000		Cheque No. 22	2,000,000
Cheque No. 990	3,000,000		Cheque No. 23	600,000
Cheque No. 224	2,400,000		Cheque No. 24	200,000
Cash	900,000		Cheque No. 26	1,400,000
Cheque No. 414	1,800,000		Cheque No. 27	2,400,000
Cheque No. 666	700,000		Cheque No. 28	700,000
Cash	1,300,000		Cheque No. 30	1,800,000
Cheque No. 804	2,100,000		S.O-Insurance	900,000
Cheque No. 707	3,400,000			
Cheque No. 31	1,300,000			
C.M Peter	900,000		Bal. C/f	16,900,000
Total	**28,900,000**		**Total**	**28,900,000**

Bank statement for the month of august 2024

	Dr. (UGX)	Cr. (UGX)	Balance (UGX)
Bal b/f			8,500,000
Cheque No. 22	2,000,000		6,500,000
Cheque No .24	200,000		6,300,000
Cheque No. 623		4,500,000	10,800,000
Cheque No. 990		3,000,000	13,800,000

C.M –Peter		900,000	14,700,000
Cheque No.21	2,100,000		12,600,000
Cheque No .12	2,500,000		10,100,000
Cheque No. 20	800,000		9,300,000
Cheque No .2515		1,000,000	10,300,000
Cheque No. 1119		500,000	10,800,000
S.O –Insurance	900,000		9,900,000
Cheque No. 224		4,200,000	14,100,000
Cash		900,000	15,000,000
Cheque No. 26	1,400,000		13,600,000
Cheque No .27	2,400,000		11,200,000
Cheque No .6001		5,000,000	16,200,000
Cheque No .414		1,800,000	18,000,000
Cheque No .804	2,100,000		15,900,000
Cheque No .31	3,100,000		12,800,000
C.M –John		1,300,000	14,100,000
Cheque No.28	700,000		13,400,000
Ledger fee	50,000		13,350,000
Dividend		1,500,000	14,850,000

Additional information;

i) Any mistake in amounts was made in the cashbooks by an inexperienced bookkeeper.

ii) Cheque No. 31 and 804 were entered on the wrong sides of the cashbook and bank statement respectively.

Required:

a) prepare adjusted cash book (12 marks)

b) prepare a bank reconciliation statement for Woodshed Ltd for the month of august. (13

marks)

c) identify and explain causes of discrepancies between cash book and bank statement(08 marks)

d) identify and explain the major objectives of accounting 7 marks)

SECTION B

CHOOSE ANY THREE QUESTIONS FROM THIS SECTION

Question 1:

a The following transactions were extracted from the books of Arizona co.Ltd.

2024

June 1 Started business with £16,000 in the bank.

June 2 Bought van paying by cheque £6,400.

June 5 Bought office fixtures £900 on time from Old Ltd.

June 8 Bought van on time from Carton Cars Ltd £7,100.

June 12 Took £180 out of the bank and put it into the cash till.

June 15 Bought office fixtures paying by cash £120.

June 19 Paid Carton Cars Ltd by Internet transfer from the bank account.

June 21 A loan of £500 cash is received from B. Berry.

June 25 Paid £400 of the cash in hand into the bank account..

June 30 Bought more office fixtures paying with the business debit card £480.

Required

a. Post the above transactions into the relevant ledgers and balance off the account**. (15 marks)**

b. Extract a trial balance**. (5 marks)**

Question 2:

With examples explain the use of each of the following source documents in accounting

i. Good received note **(2marks)**

ii. invoice **(2marks)**

iii. Receipts (**2marks)**

iv. Payment voucher**(2marks)**

v. Credit note **(2marks)**

b)Identify and discuss any five books of original entry.(10 marks)

Question 3:

Write up a two-column cash book for a Xyz's shop from the following details, and balance it off as at the end of the month:

2024

July 1 Started in business with capital in cash £10,000.

July 2 Paid rent by cash £1,000.

July 3 G. Broad lent us £12,000, paid by cheque.

4 We paid J. Fine by cheque £1,800.

July 5 Cash sales £800.

July 7 F. Love paid us by cheque £200.

July 9 We paid A. Moore in cash £300.

July 11 Cash sales paid direct into the bank £600.

July 15 P. Hood paid us in cash £700.

July 16 We took £4,000 out of the cash till and paid it into the bank account.

July 19 We repaid R. Onions £2,000 by cheque.

July 22 Cash sales paid direct into the bank £1,200.

July 26 Paid motor expenses by cheque £460.

July 30 Withdrew £320 cash from the bank for business use.

July 31 Paid wages in cash £1,200.

Required: Prepare

a) Prepare Xyz's shop Two column cash book **(15 marks**)

b) Balance off the cash book and carry down the balances **(05 marks)**

Question 4:

The following is a summary of the petty cash transactions of Jockfield Ltd for May 2024:

May 1 Received from Cashier £300 as petty cash float

May 2	Postage £18
May 3	Travelling £12
May 4	Cleaning £15
May 7	Petrol for delivery van £22
May 8	Travelling £25
May 9	Stationery 17
May 11	Cleaning £18
May 14	Postage £5
May 15	Travelling £8
May 18	Stationery £9
May 18	Cleaning £23
May 20	Postage £13
May 24	Delivery van 5,000 mile service 43
May 26	Petrol 18
May 27	Cleaning£ 21
May 29	Postage £5
May 30	Petrol £14

You are required to:
(a) Rule up a suitable petty cash book with analysis columns for expenditure on cleaning, motor
Expenses, postage, stationery, travelling.
(b) Enter the month's transactions.
(c) Enter the receipt of the amount necessary to restore the imprest and carry down the balance
for the commencement of the following month. . **(20 marks)**

Question 5:

a) The following transactions were extracted from the books of Bandana co ltd. in the month of January 2024.

b) Jan. 01 credit purchase from Abacus Limited, Invoice no.100 £500

c) Jan. 02 credit purchase from Bernard’s Invoice no. 101 £600

d) Jan. 04 credit purchase from Chaplin & Co Invoice no. 102 £700

e) Jan. 06 credit purchase from Bernard's Invoice no. 103 £400

f) Jan. 10 credit purchase from Abacus Limited Invoice no. 104 £500

g) Jan. 14 credit purchase from Chaplin & Co Invoice no. 105 £800

h) Jan. 18 credit purchase from Abacus Limited Invoice no. 106 £700

i) Jan. 21 credit purchase from Chaplin & Co Invoice no. 107 £1100

j) Jan. 25 credit purchase from Bernard's Invoice no.108 £900

k) Jan. 31 purchase returns to Abacus Limited debit note no.121 £200

Required:

a) Fully record the above transactions in the purchase day book, returns outward journal. **(08marks)**

b) Post the above transactions into the relevant individual ledgers accounts**. (10 marks)**

c) The totals from the day books are then to be transferred to the accounts in the General Ledger. **(02 marks)**

Question 6:

a) The following are cash book and bank statement for coca cola Co. Ltd for the month of January 2025

Cash book (bank column)

Deposits		(UGX '000')	**Cheques**		(UGX. '000')
1/1/2025	Bal b/f	80,000	7/1/2025	Anna M	32,000
2/1/2025	Marshall	60,000	8/1/2025	Nixon	40,000
10/1/2025	Sharon	24,000	11/1/2025	Kiprotich	30,000
14/1/2025	Zacharia	10,000	17/1/2025	Haruna	14,000
16/1/2025	Kate .M	4,000	28/1/2025	Eliana	6,000

28/1/2025	Tong	34,000	28/1/2025	Mike	4,000
30/1/2025	Mullen.N	13,000	30/1/2025	Jordan	2,000
301/2025	Jasper	2,000	30/1/2025	Kenneth	1,000
			30/1/2025	Simeon	4,000
				Bal c/f	94,000
		227,000			**227,000**

Bank statement

		Dr.	Cr	Balance
		UGX. '000'	UGX'000'	UGX.'000'
1/1/2025	Bal b /f			80,000
5/1/2025	Marshall		60,000	140,000
8/1/2025	Anna. M	32,000		108,000
10/1/2025	Nixon	40,000		68,000
13/1/2025	Kiprotich	30,000		38,000
14/1/2025	Sharon		24,000	62,000
16/1/2025	Zacharia		10,000	72,000
18/1/2025	Haruna	14,000		58,000
20/1/2025	C.M(Darius)		18,000	

				76,000
25/1/2025	Standing order (S.O)	2,000		
			74,000	
26/1/2025	C.M (Kimberly)			16,000
				90,000
30/1/2025	Bank charge	200		
			89,800	

C.M =Credit memo

S.O= standing order

N:B A cheque to Eliana on 28/1/2025 and one received from Kate .M and banked on 16/1/2025 were dishonored by the bank.

Required

i. Prepare Coca cola Co. Ltd adjusted cash book. **(08 marks)**

ii. Prepare Coca cola Co. Ltd bank reconciliation statement for the month ended 30/1/2025 (09 marks).

iii. Give Three causes of differences between cash book and bank statement. **(3 marks)**

Question 7:

Everyone uses accounting in their own way like individuals may use accounting to maintain their personal budget, Whereas, a business entity may use accounting methodologies to analyze its income and expense items and to determine its financial position and performance throughout the period. Identify and discuss five users of accounting information. **(10 marks)**

b)

Give your Understanding of the following Concepts

Accruals Concept(**2 marks)**

Business Entity Concept (**2 marks)**

Dual Aspect Concept (**2 Marks)**

Historical cost Concept (**2 marks)**

Going Concern Concept (**2 marks)**

Question 8:

a) Explain any three circumstances under which a Bank may dishonor a cheque. **(5 Marks)**

b) 2. Explain any two circumstances under which goods initially purchased may be returned **(5 Marks)**

c) 3. Describe the main components of a set of financial statements that may be prepared by the entity at the reporting date. **(5 Marks)**

d) 4. Briefly explain three types of errors that may be disclosed in the trial balance .**(3 Marks)**

e) 5. Explain the difference between a credit note and a debit note. (**2Marks)**

Question 9:

a)Everyone uses accounting in their own way like individuals may use accounting to maintain their personal budget, Whereas, a business entity may use accounting methodologies to analyze its income and expense items and to determine its financial position and performance throughout the period. Identify and discuss five users of accounting information.**(10 marks)**

b)Write short notes on ;

i. Errors of Omission (2 Marks)

ii. Errors of Commission (2 Marks)

iii. Errors of Original entry(2 Marks)

iv. Errors of Principle (2 Marks)

v. Errors of Complete reversal of entries (2 Marks)

Question 10:

Enter the following transactions of an antiques shop in the accounts and extract a trial balance

as at 31 March 2025.

2025 1 Started in business with £8,000 in the bank.

March 2 Bought goods on time from: L. Frank £550; G. Byers £540; P. Lee £610.

March 2 Bought goods on time from: L. Frank £550; G. Byers £540; P. Lee £610.

March 5 Cash sales £510.

March 2 Bought goods on time from: L. Frank £550; G. Byers £540; P. Lee £610.

March 5 Cash sales £510.

March 5 Cash sales £510.

March 6 Paid wages in cash £110.

March 7 Sold goods on time to: J. Snow £295; K. Park £360; B. Tyler £640.

March 9 Bought goods for cash £120.

March 10 Bought goods on time from: G. Byers £410; P. Lee £1,240.

March 12 Paid wages in cash £110.

March 13 Sold goods on time to: K. Park £610; B. Tyler £205.

March 15 Bought shop fixtures on time from Stop Ltd £740.

March 17 Paid G. Byers by cheque £700.

March 18 We returned goods to P. Lee £83.

March 21 Paid Stop Ltd a cheque for £740.

March 24 B. Tyler paid us his account by cheque £845.

March 27 We returned goods to L. Frank £18.

March 30 G. Prince lent us £1,000 by cash.

March 31 Bought a van paying by cheque £6,250.

Required:

a. Enter the above transactions in the general journal **.(20 marks)**

Question 11:

Briefly write short notes on;

i. Financial accounting
ii. Managerial accounting
iii. cost accounting
iv. Tax accounting
v. Private accounting
vi. Public accounting
vii. Government accounting **(14 Marks)**

Explain any three causes of depreciation on non-current assets **(06 Marks)**

Question 12:

The following are transactions were extracted from the books of Cynthia co ltd. in the month of May 2024

May 1 Credit purchases; R. Burton ugx 250,000 c. Malthus ugx 145,000 M. Adelman ugx 355, 000.

May 5 Credit sales; S. David ugx 410,000, T. White ugx 340,000, P. Black ugx 270,000.

May 7 Credit purchases; A. Thomas ugx 147,000 , R. Burton ugx 100,000, C. Malthus ugx 190,000.

May 9 Goods returned by us to R. Burton ugx 35,000 ,C. Malthus ugx 50,000

May 10 Goods returned to us by; T. White ugx 25, 000, P. Black ugx 30,000

May 12 Credit purchases, A. Thomas ugx 186, 000 R. Burton ugx 250,000 C. Malthus ugx 80,000.

May 15 Credit sales; T. White ugx 150, 000 S. David ugx 220, 000.

May 18 Goods returned by us to; A. Thomas ugx 20,000, C. Malthus ugx 10,000

May 25 Goods returned to us by T. White ugx 18,000.

Required:

Enter up the sales, purchases and returns daybooks from the following details. Then post the individual items to the relevant accounts in the sales and purchases ledge and transfer the totals of the various daybooks to the accounts in the general ledger (20 marks)