INTERNATIONAL UNIVERSITY OF EAST AFRICA
'Learning to Succeed'

FACULTY OF BUSINESS MANAGEMENT

END OF SEMESTER EXAMINATIONS - DECEMBER 2025

PROGRAMME: BBA
YEAR/SEM: YEAR 2/SEMESTER 2
COURSE CODE: ACC 2201
NAME: INTERMEDIATE ACCOUNTING

DATE:
TIME:

INSTRUCTIONS TO CANDIDATES:

SECTION A

ANSWER ALL THE QUESTIONS IN THIS SECTION. SECTION A IS COMPULSORY

Question 1:

Benson and Marion are in a partnership sharing profit and losses equally. The following is their trial balance at 31st March 2025.

Details	Dr (Shs)	Cr (Shs)
Land and building	150,000	
Fixtures at cost	22,000	
Accumulated depreciation - Land and building		50,000
Accumulated depreciation - Fixtures		6,600
Purchases	170,832	
Carriage outwards	2,576	
Discount allowed	230	
Salaries and wages	37,834	
Sales		247,300
Inventory (1st April 2024)	83,958	
Cash balances	1,354	
Account payable		22,300
Account receivable	32,486	
Loan interest Peter	8,000	
Office expenses	4,832	
Bad debts	1,006	
Provision bad debts		800
Loan from Peter		80,000
Capital accounts:		
Benson		70,000
Marion		59,000
Current Account:		

Details	Dr (Shs)	Cr (Shs)
Benson		2,612
Marion	596	
Drawings:		
Benson	12,800	
Marion	11,300	
Totals	**539,203**	**539,208**

ADDITIONAL INFORMATION

a. On 31st March 2025 inventory was valued at shs 112,680

b. Expenses accrued. Office expenses shs 192 wages shs 400

c. Partners salary of shs 1,600 to Benson is not yet recorded.

d. Reduced the provision for bad debt to shs 640

e. Provided for depreciation of fixture at 10% on reducing balance basis, where as that for building is shs 2,000

f. Interest on drawings at that amounted to shs 360 and shs 240 in respect Benson and Marion a respectively

g. Interest on capital accounts is to be charged at a rate of 10%

REQUIRED

1. Prepare Benson and Marion Statement of Comprehensive Income for the year ended 31st March 2025
2. Prepare the partners current accounts
3. Prepare the partners Statement of Financial Position as at 31st March 2025

Total marks = **(40 Marks)**

Question 2:

Appliance World Uganda Ltd is a company dealing in the sale of televisions, radios and fridges. The following were the beginning and closing balances for the period beginning 1st .01.2024 and ended 31st .12. 2024

Ledger Item	Balance B/f (UGX '000')	Balance C/f (UGX '000')
Property, plant and equipment	58,799	54,039
Share Capital	251,782	251,782

Retained Earnings	33,485	46,463
Accounts Receivable		
Uganda Telecom	-	39,388
Warid Telecom	-	35,000
MTN (U) Ltd	261,495	-
Cash and Cash Equivalents		
Cash at hand	8,450	14,033
Cash at bank	13,275	162,822
Accounts payable		
Peacock paints	6,000	7,037
Professional fees	50,752	-
Sales Revenue		
Uganda Telecom	66,230	24,610
Warid Telecom	-	116,447
Orange Telecom	67,797	1,991,525
Cost of sales	69,357	1,883,603
Administrative expenses		
Legal fees	-	7150
Print and stationery	786	806
Meals and Refreshments	985	1,093
Salaries	4,200	4,200
Office Rent	6,256	6,256
Professional fees	-	56,747
Office Communication	1,222	1,020
Audit fees	1,500	1,500
Depreciation	5,134	18,227
Directors Emoluments	10,978	40,867
Bad debts written off	-	97,740
Finance expenses		
Bank charges	124	395

Additional information

1. The written down values (W.D.V) as at 1.01.2024 for fixed assets include;

- Furniture and fittings 212,000
- Machinery and equipment 3,324,000
- Computers 1,133,000

2. The cost of fixed assets as at 1.01.2024 include;

-Computers 1,570,000

- Furniture and fittings 2,713,000

- Machinery and equipment 59,650,000

3. Depreciation was calculated to write off the cost using reducing balance method. The rates used were;

- Computers 40% p.a

- Furniture and fittings 12.5% p.a

- Machinery and equipment 25% p.a

4. The accumulated depreciation of fixed assets as at 1.01.2024 includes;

-Computers 830,000

- Furniture and fittings 880,000

- Machinery and equipment 3,424,000

5. The accounts were based on historical cost convention and noncurrent assets are stated on historical cost. Additional computers worth 1,858,000 and machinery & equipment worth 11, 609,000 was obtained during the period of 2024

Required

a) Prepare the company's Notes to the Accounts**(05 marks)**

b) cash flow statement, **(10 marks)**

c) statement of comprehensive income,**(10 marks)**

d) statement of financial position, **(10 marks)**

e) statement of changes in Equity.**(05 marks)**

SECTION B

ANSWER ONLY THREE QUESTIONS IN THIS SECTION

Question 1:

a) Identify and explain various features of joint ventures accounts (10 marks)

b) Mark of Wimbledon and Dan of Weston enter into a joint venture. Mark is to supply the goods and pay some of the expenses. Dan is to sell the goods and receive the cash, and pay the remainder of the expenses. Profits are to be shared equally.

Details of the transactions are as follows:

- Mark supplied the goods costing: 1,800
- Mark paid wages: 200
- Mark paid wages: 160
- Dan paid transport expenses: 120
- Dan paid selling expenses: 320
- Dan received cash from sales of all the goods: 3,200

Required:

a) Joint venture accounts Mark (03 marks)

b) Joint venture accounts Dan (03 marks)

c) Mark and Dan's memorandum joint venture account (14 marks)

Question 2:

a) A company is an association of persons formed for economic gains of its members who contribute money worth to a common stock. Identify and discuss any five features of a company. **(10 Marks).**

b) Shares are issued by companies to raise money, making buyers part owners. Returns can be capital gains or dividends, but value can fall. Explain the following types of share capital;

i. Authorized Share Capital: (2 Marks)

ii. Subscribed Share Capital (2 Marks)

iii. Paid-up Share Capital (2 Marks)

iv. Issued Share Capital (2 Marks)

v. Equity share capital (2 Marks)

Question 3:

a) Give any five reasons as to why organizations have incomplete records. (10 marks)

b) On January 2021 Randi Morison won a prize from arsenal.Truck team and commenced business as a dealer in second hand sports ware. At that date he purchased a shop premises for shs. 14,000,000 and paid shs. 2,000,000 for interior fittings. He also paid shs. 4,000,000 into his bank account. On 31st December 2022 he realized the need for a profit figure for the two years he had been in business, but his records were completely inadequate. At this date

the assets he possessed in addition to the premises and fittings were;

Inventory	6,000,000
Receivable	1,040,000
Motor vehicle purchased 30th June 2023 for	8,000,000
Cash at bank	2,500,000

He owed Shs. 1,400,000 to trade suppliers and had borrowed Shs. 10,000,000 from a friend. Interest accrued on the loan amounted to Shs. 200,000. Randi Morison estimated that he was withdrawing Shs. 300,000 a month from the business.

Required:

Compute the net profit for the two years valuing the non-current assets at cost less depreciation (on straight line basis): on premises at 2% p.a, on fittings at 5% p.a and on the motor vehicle at 20% p.a. (10 marks)

Question 4:

The balance sheets of F Black, a sole trader, for two successive years are shown below.

Balance Sheets as at 31 December 2024

	2024 (£)	2024 (£)	2023 (£)	2023 (£)
Non-current assets				
Land and premises (cost £52,000)		44,000		40,000
Plant and machinery				
(cost £19,000)		14,250		-
(cost £25,000)		-		19,600
Total Non-current assets		**58,250**		**59,600**

	2024 (£)	2024 (£)	2023 (£)	2023 (£)
Current Assets				
Inventory		6,600		6,300
Trade accounts receivable	17,800		12,600	
Bank	-		7,100	
Total Current Assets		**24,400**		**26,000**
Total asset		**82,650**		**85,600**
Current Liabilities				
Trade accounts payable	22,000		11,600	
Bank overdraft	13,650		-	
Total Current Liabilities		**35,650**		**11,600**
Non-current liabilities				
Loan (repayable December 2025)	-		20,000	
Total liabilities		**(35,650)**		**(31,600)**
Net assets		**47,000**		**54,000**
Capital account;				
Balance at 1 January		42,000		47,000
Add Net profit for the year		18,000		(13,000)
Subtotal		60,000		22,000
Subtotal		-		60,000
Subtotal		60,000		-
Less Drawings		(15,000)		-

	2024 (£)	2024 (£)	2023 (£)	2023 (£)
Balance at 31 December		**47,000**		**54,000**

REQUIRED:

a) Prepare a statement of cash flows for the year ending 31 December 2024 using the **IAS 7** layout. (15 Marks)

b) Advise the above management on what should be done in order to increase the companies cash inflow. (5 marks)

Question 5:

a) partnership agreement deed is a written agreement in which the partners among others set out the terms of the partnership. Explain the contents of a partnership agreement deed **(14 Marks)**

b) 1,000 ordinary shares shs. 100 each were issued at shs. 120 per share. The application and application money were received for 1,000 shares and in full. The shares were then allotted to the shares application.

Required: Prepare the relevant ledger A/c **(6 Marks**

Question 6:

Allan and Ben are partners sharing profits and losses in the ratio of 2:1. On 31st December 2024, they decided to dissolve the partnership. The statement of financial position as at that date was as below

Noncurrent Assets	
Land and Buildings	150,000

Furniture	100,000
Motor Vehicles	100,000
	350,000
Current Assets	
Inventory	150,000
Receivables	200,000
Bank	50,000
	400,000
Total Assets	750,000
Equity and Liabilities	
Equity Capital Account A B	 500,000 200,000
	700,000
Current Account A B	 100,000 (300,000)
Liabilities	

Accounts Payable	250,000
Total Equity and Liabilities	750,000

On that date, the following transactions took place. Buildings and Furniture realized shs. 170,000 and shs. 80,000 respectively, motor vehicle wer taken over by A at 85,000, inventory was taken over by A at shs. 130,000, receivables were factored to Sudhir at shs. 180,000. The external liabilities were paid off less 5% discount. Realization expenses amounted to 40,000

Required

Prepare the following ledger account to close off the books of the partnership

a) Realization account

b) Capital Account

c) Bank Account

(20 Marks)

Question 7:

Bull, Craig and Finch entered into a joint venture for dealing in strawberries in the of May 2025.The transactions connected with this were:

May 1 Bull rented land for two months for £600.

May 2Craig supplied plants cost £510.

May 3 Bull employed labour for planting £260.

May 16 Craig charged motor expenses £49.

May 19 Bull employed labour for fertilising £180.

May 29 Bull paid the following expenses: Sundries £19, Labour £210,

Fertilizers £74.

June11 Finch employed labour for lifting strawberries £416.

June 24 Sale expenses paid by Finch £318.

June 26 Finch received cash from sale proceeds £2,916.

Required:

Show the joint venture accounts in the books of Bull, Craig and Finch. **(09 Marks)**

Also show in full the method of arriving at the profit on the venture which is to be apportioned: Bull four-sevenths; Craig two sevenths; Finch one-seventh**. (09 Marks)**

Any outstanding balances between the parties are settled by cheque on 31 July. **(02 Marks)**

Question 8:

Amooti, Baluku and Charles have been partners for some time sharing profits in the ratio of 3:2:1 respectively. On 31st 12.**2024** charles retired when the statement of financial position was as follows

A, B, C

STATEMENT OF FINANCIAL POSITION AS AT 31ST 12 2024

ASSETS			
Fixed Assets			
Plant and Machinery			200,000
Equipment			300,000
Motor Vehicles			250,000
Current Assets			
Receivables			100,000
Inventory			500,000
Bank			200,000

Total Assets			**1,550,000**
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EQUITY AND LIABILITIES			
Equity			
Capital A			600,000
Capital B			500,000
Capital C			300,000
Liabilities			
Payables			150,000
Total Equity and Liabilities			**1,550,000**

Additional information :

- On the same date D was admitted to contribute 350,000 as capital to share 1/5 of the profit. The assets were valued as follows
- Plant and Machinery 220,000
- Equipment 350,000
- Motor Vehicles 200,000
- Provision for bad debts 5% of accounts receivable
- Inventory was valued at 450,000

On the retirement of Charles Goodwill was valued at 150,000. The new business of A, B and D decide to eliminate goodwill from the books. The profit sharing ratios for A, B and D were 3:1:1 respectively. Charles is paid 150, 000 and the balance remains as a loan.

Required:

i. Prepare a revaluation A/c
ii. Prepare the partners' capital account
iii. Prepare the Goodwill account
iv. Prepare any other relevant ledger A/c to reflect the above transaction
v. Prepare a statement of financial statement for A, B and D **(20 Marks)**

Question 9:

a) Marble and Son's company Ltd had issued 50,000 shares with a nominal value of $. 100 per share.

Required: Calculate shareholders' capital **(4 Marks)**

b) The promoters should file the Memorandum of Association (MOA) and Articles of Association (AOA) with the required fees to the registrar of companies.Identify and explain any five contents contained in the Memorandum of Association (MOA). **(10 Marks)**

c) Describe any three significant features of a sole proprietorship **(6Marks)**

Question 10:

a)Calculate Capital at the beginning from the following information:

Ending capital	500000
Drawing during the year	70000
Additional capital introduced during	200000
Current year profit	90000

Required:

Calculate value of profit earned during the period if opening capital is $

50,000, drawings is$5,000, additional capital introduced during the period is$

20,000, closing capital $ 1,00,000. **(06 Marks)**

b) Differentiate between statement of affairs and balance sheet **(0 4 Marks)**

c) A cash flow statement is a financial report that summarizes the amount of cash and cash equivalents moving in and out of a company during a specific period. Explain the Benefit of cash flow statements. You need also to mention it's limitations. **(10 Marks)**

Question 11:

Outline the advantages of controls accounts to a firm. **(10 marks)**

b) The following details were extracted from the books of a company for the year ended 31.12.2025.

	(UGX)

Debtors balance 1.1.2025	1,600,000
Creditors balance 1.1. 2025	2,300,000
Cash paid to suppliers	7,000,000
Cash received from debtors	15,000,000
Credit purchases	12,000,000
Discounts received	670,000
Bad debts written off	140,000
Sales returns	490,000
Purchases returns	590,000
Debtors cheque dishonoured	450,000
Discount allowed	650,000
Credit sales	26,500,000

Required: Draw up the debtors' and creditors' control accounts.**(10 marks**

Question 12:

Roof clad Ltd manufactures Iron Sheets and sells them to the final users. The following balances were extracted from its ledger on 31/12/2024.

	UGX.000)	
Sales	1,200,000	
Purchases of raw materials	50,000	
Wages of crane Drivers	45,000	
Factory direct wages	40,000	
Manufacturing expenses	15,000	
General expenses	21,000	
Promotion expenses	20,000	
Discount allowed	3,000	
Discount received (on raw material purchases)	2,000	
Salesmen commission	14,000	
Head office salaries	15,000	

Carriage outwards	13,000	
Electricity-Factory	14,000	
-Office	17,000	
Ground rent (factory)	3,000	
Bad debts expense	4,000	
Insurance - Office buildings	6,000	
Insurance - Factory machines	3,000	
Depreciation; Office buildings Depreciation; - Factory machines	1,000 7,000	
Legal fees	1,000	
The Stock taking exercise revealed the following balances		
Stock at cost	1/1/2024	31/12/2024
Raw-materials	8,000	7,000

Work-in-progress	4,000	3,000
Finished goods	9,000	8,000

Required:

Prepare the company’s manufacturing, trading and profit loss account for the year ended 31/12/2024. **(20 Marks)**