INTERNATIONAL UNIVERSITY OF EAST AFRICA
'Learning to Succeed'

FACULTY OF BUSINESS MANAGEMENT

END OF SEMESTER EXAMINATIONS - DECEMBER 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

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

Question 1:

Extracts from Woodshed Ltd.'s Bank reconciliation statement for the previous month

Bank charge	200,000
Commission	100,000
Uncredited cheques Cheque No. 004 Cheque No. 623	 1,000,000 4,500,000
Unpresented cheques Cheque No. 10 Cheque No. 12	 500,000 2,500,000
Cashbook error: cheque No. 14	1,700,000

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 2019

	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) Explain the reasons for differences between the cash book and bank statement**. (10 marks)**

d) Explain the purpose of bank reconciliation statement. **(05 marks**

Question 2:

Kyeswa commenced a Hardware enterprise on March 1 with UGX 50,000,000 on his account in Stanbic Bank. The following transactions were carried out in that month.

Mar 2 Purchased goods of UGX10, 000,000 from Bridgestone Ltd on Credit.

3. Withdrew UGX3, 000,000 from the bank and kept

5. Sold goods worth UGX5, 000,000 to Mukozi who paid UGX2, 000,000 by cheque; UGX1, 500,000 cash and issued a notes receivable for the balance.

7. Bought land of UGX8, 000,000 by cheque from Akright Ltd to construct the business premises

9. Paid a salary cheque of UGX800, 000 to his accountant

11 Returned goods of UGX100, 000 to Bridgestone Ltd because they had damages

13. Paid insurance to A.I.G of UGX200, 000 cash

15 Purchased goods worth UGX7, 000,000 from Kiseka Market and issued a Notes Payable.

17 Mukozi rejected and returned defective goods worth UGX300, 000.

18 Paid Bridgestone a cheque of UGX6, 000,000 for goods purchased on credit.

19 Received a cheque of UGX500, 000 from Mukozi for goods sold to him.

21 Disposed off Part of the land at UGX2, 000,000 cash because it was redundant.

22 A cheque from Mukozi bounced because there were insufficient funds on his account.

23 Paid rent of UGX600, 000 cash.

25 Sold goods to Kiyembe Ltd for UGX2, 000,000 on credit

27 Mukozi Paid 400,000 cash for goods sold to him on credit.

29 Purchased goods of UGX4, 800,000 from City tyres on credit

30 Received a cash of UGX1, 000,000 from Kiyembe Ltd to clear his debt.

31 Used business cash of UGX 200,000 to organize a dinner party at Fang-fang Restaurant for his employees.

Required;

a) Enter the above transactions in the general Journal. **[15 marks]**

b) Post the above transactions into the relevant ledgers and balance off the accounts. **[18 marks]**

c) Extract a trial balance. **[0 7 marks]**

SECTION B

ANSWER ONLY THREE QUESTIONS IN THIS SECTION

Question 1:

Prepare a cash book from the following transactions that occurred in the books of Sim.

Date	Particulars	Amount ($)
Jan 1	Cash in hand (Opening Balance)	1,500
Jan 1	Cash at bank (Opening Balance)	4,200
Jan 3	Purchased goods by cheque	600
Jan 5	Cash sales	900
Jan 8	Purchased goods by cheque	500
Jan 9	Cash sales **banked**	700
Jan 11	Received cheque from Rajesh	2,000
Jan 12	Paid Sahir by cheque	900
Jan 15	Received cheque from Sania	1,500
Jan 16	Paid Mauree by cheque	1,500
Jan 18	Purchased equipment by **cash**	500
Jan 19	Paid wages by **cash**	600
Jan 20	**Withdrew cash** from bank **for business use** (Contra)	1,900
Jan 21	Withdrew cash from bank **for family use** (Drawings)	500
Jan 22	Purchased equipment **for home use** by cheque (Drawings)	450
Jan 25	Sold goods for cheque	3,000
Jan 30	Received cheque from Tania	2,500
Jan 31	Paid cheque to Zoya	2,600

Required :

a) Prepare a cash book from the following transactions that occurred in the books of Sim.(18 Marks)

b) Balance off the cash book.(02 marks)

Question 2:

The following transactions were extracted from the books of Bandana co ltd. in the month of January 2025.

January. 01 credit purchase from Abacus Limited, Invoice no.100 £500

January. 02 credit purchase from Bernard's Invoice no.101 £600

January. 04credit purchase from Chaplin & Co Invoice no.102 £700

January. 06 credit purchase from Bernard's Invoice no.103 £400

January. 10 credit purchase from Abacus Limited Invoice no.104 £500

January. 14 credit purchase from Chaplin & Co Invoice no. 105 £800

January. 18credit purchase from Abacus Limited Invoice no. 106 £700

January. 21 credit purchase from Chaplin &Co Invoice no.107 £1100

January. 25credit purchase from Bernard's Invoice no.108 £900

January. 27credit purchase from Abacus Limited Invoice no.109 £800

January. 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. **[9 marks]**

(b) State the amount to be debited to the purchases account. **[2 marks]**

(c) Post the above transactions into the relevant individual ledgers accounts**. [08 marks]**

(c) Explain the purpose of day books. **[1 marks]**

Question 3:

a) In addition to shareholders, many different parties are interested in the audited accounts of a company. Name Six such parties and state the significance of audited accounts to each one of them(10 marks)

b) Accounting principles guide accountants in financial analysis and ensure that the quality of financial information a company has is improved as efficiently as possible. Moreover, the rules

prepare an accountant to develop error-free and consistent accounting data. Describe various accounting concepts**. (10 marks)**

c)

Question 4:

You work as a senior accountant for a medium business called Jordan Enterprise. The following trial balance has been compiled on 30 October 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	
Opening Inventory	23000	
Payroll costs	110000	
Communication expenses	17000	
Energy costs	26000	
Interest paid	2000	
Drawings	27000	
Premises	250000	
Equipment at cost	80000	
Depreciation a/c		30000
Long-term loan		40000
Capital a/c		270000
Totals	**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 30 October 2025(10 marks)

b) the statement of financial position as at 30th October 2025 (**10** marks

Question 5:

A) Causes of Depreciation (10 Marks)

Depreciation is a method of spreading the loss in value of a capital asset over several periods. It is a measure of the wearing out, consumption or other loss of value of a depreciable asset arising from use, effluxion of time or obsolescence through technology and market changes.

Identify and discuss the **various causes of depreciation** in non-current assets in a business organization.

B) Source Documents (10 Marks)

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

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

ii. **Statement of account** (2 marks)

iii. **Goods received note** (2 marks)

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

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

Question 6:

State the difference between an invoice and a payment voucher**(02 marks)**

(b) The following transactions were extracted from the books of Kristina enterprise for the month of October 2025

		UGX
October 1st	Credit sales to Simon	454,000
October 2nd	Credit sales to James.	325,000
October 4th	Credit sales to Jabulani	620,000

October 10th	Credit sales to Dorcas	224,000
October 11th	sales returns by Simon	420,000
October 13th	Credit sales to Jonathan	3682,000
October 17th	Credit sales to Juliana	355, 000
October 22nd	Credit sales to Jack	272,000
October 26st	Credit sales to Kelly	550,000
October 30th	Credit sales to Patrick	955, 000

Required:

(a) Write up a sales and returns day book from the details given above and post the items to general ledgers. **(11 marks)**

(b) Post the items into the relevant individual ledger accounts**. (08 marks)**

Question 7:

The following were the transactions of XYZ ltd for the month of January 2025

i) On January 1st XYZ ltd started business with cash of UGX 2,000,000 and money at the bank of UGX 3,000,000

ii) 3rd Jan Purchased goods for UGX 600,000 cash

iii) 6th Jan Bought a Motor vehicle for UGX 1,500,000 by cheque

iv) 7th Jan Sold goods for UGX 300,000 cash.

v) 15th Jan Purchased more goods on credit from TK ltd worth UGX 500,000

vi) 20th Jan obtained a bank loan of UGX 3,000,000 cash.

vii) 23rd Jan Sold goods for UGX 200,000 on credit to Mary

viii) 25th Jan Mary paid UGX 80,000 cash.

ix) 26th Jan Sold goods on credit to Peter for UGX 100,000.

x) 29th Jan purchased goods from John on credit for UGX 300,000

Required

Enter the above transactions in the General Journal **(05 marks)**

Post the above transactions into the relevant ledgers and balance off accounts **(10marks)**

Extract a trial balance. **(05 marks**

Question 8:

A) Errors Not Disclosed by the Trial Balance (10 Marks)

In accounting, there are errors that cannot be detected by the trial balance; these are corrected using the double-entry system.

With examples, identify and explain any **five types of errors that are not disclosed by the trial balance**.

B) Correction of Errors (10 Marks)

The Audit of Banyanga's books for the year ending 31/12/2024 revealed the following errors:

i. A machine purchased for **UGX. 1,200,000** had been debited to the **Purchases Account**.

ii. Goods purchased from **Bukenya** for **UGX. 150,000** were credited to the account of **Bakanya**.

iii. An invoice from **Orobia** for **UGX. 270,000** was omitted (Error of Omission).

iv. Goods sold to **Akileng** for **UGX. 175,000** were entered in the sale day book as **UGX. 157,000**.

v. The **Salaries and Wages Account** was over-added by **UGX. 35,000**, and the **Rent Receivable Account** had also been over-added by **UGX. 35,000**.

Required:

Show by means of **Journal Entries** how the above errors should be corrected in the books of Banyanga.

Question 9:

a) Industry competition includes businesses that sell a similar product or service. So if you're starting an online clothing store, your industry is digital retail and your competitors are other online apparel companies. Identify and explain five key forces affecting industry competition. **(10 marks)**

b) The company's strategy of managerial centralization or decentralization also influences organizational structures. "Centralization," the degree to which decision-making authority is restricted to higher levels of management, typically leads to a pyramid structure. Identify and explain any five key elements of

organizational structures. **(10 marks)**

Question 10:

The trial balance of futi Bitangwa ltd had the following transactions for the ending 31st December 2024.

Particulars	**Debit (UGX)**	**Credit (UGX)**
10% Preference Share Capital (redeemable) @ 1000		50,000,000
Ordinary Share Capital @ 1000		80,000,000
Income Statement Balance 31.12.2023	99,000,000	26,800,000
Inventory 1.1.2024	886,000,000	
Sales Revenue		42,000,000
Returns Inwards	328,600,000	
Purchases	118,000,000	
Salaries and Wages	46,800,000	
Debenture Interest	97,000,000	
Directors' Remuneration	7,000,000	
Bad Debts	43,000,000	
Legal and Audit Fees	68,000,000	
Returns Outwards		180,000,000
Freehold Property, Cost	350,000,000	
Cost Plant and Machinery	62,000,000	
Cost of Motor Vehicles	31,000,000	
Cash and Bank Balances	36,000,000	
Trade Debtors	239,000,000	
Debenture (redeemable in 5 years)		15,000,000
Provisions for Bad Debts		8,000,000
Accumulated Depreciation - Motor Vehicles		35,000,000

Particulars	Debit (UGX)	Credit (UGX)
Accumulated Depreciation - Plant and Machinery		36,600,000
Trade Creditors		4,000,000
Interim Preference Dividend	1,444,400	1,444,400
Totals	**2,612,844,400**	**2,612,844,400**

You ascertain that;

a. **Inventory valve** on 31.12.2024 was **UGX 33,000,000**. b. **Depreciation** is charged at a rate of **10% on motor vehicles** and **5% on plant and machinery**, all on cost. c. **Legal and audit fees** of **UGX 13,000,000** relate to the year starting on 1.1.2025. d. **UGX 2,000,000** accrued on **salaries and wages** while **UGX 1,200,000** accrued on **debenture interest**. e. The directors agreed to pay the remaining amount of **preference dividends** at the close of the year. A proposal was made on 29th Dec. 2024.

Required:

i. Show the **journal entries** for all the above adjustments.

ii. Prepare the **income statement, statement of changes in equity, and balance sheet** of the company at the end of the year 2024.a

Question 11:

A) Reasons for Cheque Dishonour (10 Marks)

When a bank refuses to pay or recognize a cheque as an instrument for transferring money from one person to another, such a cheque is a **dishonoured cheque**.

Give any **five reasons** as to why a cheque may be dishonoured.

B) Purposes of Accounting Information (10 Marks)

Accounting is the process of consolidating financial information to make it clear and understandable for all stakeholders and shareholders.

Describe any **five purposes of accounting information** in a business organization.

Question 12:

Skylight Ltd operates its petty cash account on the imprest system. It is maintained at a figure of shs 300,000, with the balance being restored to that amount on the first day of each month.

During Sep 2025, the following petty cash transactions arose:

1 - The head teacher gives shs. 300,000 as float to the petty cashier.

Payments out of petty cash during September:

Sep 2 Petrol: School bus shs. 16000

Sep 2 J. Gideon - travelling expenses of staff 23000

Sep 3 Postage 12000

Sep 4 D. Davis - travelling expenses of staff shs. 32000

Sep 7 cleaning expenses shs. 11000

Sep 9 Petrol: School bus shs. 21000

Sep 12 P. James - travelling expenses of staff 13000

Sep 14 Petrol: School bus shs. 23000

Sep 15 L. John - travelling expenses of staff shs. 5000

Sep 16 cleaning expenses shs. 11000

Sep 18 Petrol: School bus shs. 22000

Sep 20 Postage shs. 12000

Sep 2 2 cleaning expenses shs. 11000

Sep 24 G. Wood - travelling expenses of staff shs. 7000

Sep 27 Settlement of Collins account in the Purchases Ledger shs. 13000

Sep 29 Postage shs. 12,000

Sep 30 The head teacher reimburses the petty cashier the amount the amount spent in the month

Required:

i. Prepare a **petty cash book**. **(20 marks)**

ii. Outline the **advantages** that a business firm would derive from keeping a **petty cash book**. **(05 marks)**