

## PROJECTMANAGEMENTQUESTIONS

1. You are a general manager of a bakery which is operating as a public limited liability.
  - a) Write a notice inviting all shareholders to an annual general meeting.
  - b) Prepare an agenda for the meeting.
  - c) Present an organizational plan for the bakery.
  - d) Design a flier to be issued to your potential customers.
  
2. You are operating a rapidly expanding large scale retail stationery business. You would like to start a new branch and have other suppliers so as to meet the increasing demand.
  - a) Write a letter of inquiry to one of your suppliers.
  - b) Develop a budget for preoperating expenses for the new branch.
  - c) Prepare an action plan for the new branch.
  - d) Draft rules and regulations to ensure proper conduct of workers.
  
3. You are operating a business which imports electric appliances. It was reported that your workers lack good customer care, now wonder you have realised a gradual decline in sales.
  - a. Develop a root cause analysis for the declining sales.
  - b. Prepare a guideline to ensure importation of quality products.
  - c. Present a market flow chart for your business.
  - d. Develop a consumer satisfaction survey tool to be used by the business.
  
4. You have established a juice processing plant in your home area. The demand is rapidly increasing and you are to recruit more workers to attend to the increasing number of the customers.
  - a. Develop a mission statement and objectives for your business.
  - b. Design a daily time schedule to be used in the business.
  - c. Prepare a programme for conducting interviews.
  - d. Prepare a cash receipt for use in the business.
  
5. You plan to start a plastic and waste management project in your community.

- a) State the (i) vision
    - (ii) mission
    - (iii) objectives
  - b) Prepare a GEPIC structure Advocacy of the community
  - c) Draw a programme for the official launch of the project by the district environment office.
  - d) Formulate guidelines for ensuring safety and security of your employees at the workplace.
6. You have decided to start a medium scale maize milling business in your village.
- a) Prepare guidelines that you will follow to ensure gender balance of employees in the business.
  - b) What measures will you put in place to maintain a competitive edge of the business over other similar businesses?
  - c) Identify other business opportunities which may arise from the existence of your business.
  - d) Write instructions that your employees should observe for proper maintenance of the milling machine.
7. You intend to start a juice processing plant in your home area,
- a) Prepare the production plan for your business.
  - b) Estimate the startup expenses for your business.
  - c) Place an order to the suppliers of fruit to the business.
  - d) Draft rules that your employees will follow for effective time management in the business.
8. You have been hired as a human resource manager of DAKS enterprises which is experiencing a high labour turnover.
- a) Draft a questionnaire to find out the causes of the high labour turnover in the enterprise.
  - b) Prepare a job specification for an accountant of the business.
  - c) Advise management on strategies that should be adopted to improve the welfare of the employees.
  - d) Design a procedure that should be followed by management when handling discipline employees of the employees.

9. You have obtained a bank loan of sixty million shillings for expanding your carpentry workshops, the loan is payable in eight equal monthly installments at the interest rate of 4% per month on reducing balance.

- a. Prepare the loan repayable schedule
- b. Formulate guidelines for proper loan management
- c. Develop a partnership deed for your business
- d. Explain the business ethics to be observed by business towards,
  - (i) Customers
  - (ii) Employees

10. You are involved in the production of honey in your hometown.

- a) Write a quotation to one of your customers who has written an inquiry to establish about your product.
- b) Design a program to promote your product.
- c) Prepare a program to be followed when insuring your business in one of the insurance companies.
- d) Develop a marketing plan for your business.

11. You have established a juice processing plant in your home area.

- a) Develop a vision statement
- b) Design a program for conducting interviews
- c) Prepare policy guidelines to ensure proper inventory management
- d) Write an appointment letter for the newly recruited marketing manager.
- e) Show the plant layout of your business.

12. You are operating a medical center as a profit-making enterprise with branches in major towns. Your research has proved that your community has had a prolonged malaria outbreak.

- a) Design a medical form for patients
- b) Write a circular to doctors in charge of the other branches outlining measures to prevent outbreak of malaria.
- c) Draw a root cause analysis to establish the root cause of malaria.

- d) Prepare a programme for a one-day training and sensitization workshop for the workers.
13. Your bakery business is experiencing declining sales. You are in the process of reactivating the glory of the business.
- a) Design a customer satisfaction survey questionnaire for use by your business.
  - b) Perform a root cause analysis on the declining sales.
  - c) Draw a training programme for the new sales persons for your business.
  - d) Prepare a programme for carrying out personal selling.
  - e) Redraft the marketing plan of the business.
  - f) Draft a one-week promotional programme for your business.
14. You are operating a leather tanning factory. The workers have become indisciplined.
- a) Prepare the administrative plan for your company.
  - b) Write a code of conduct for the staff to observe so as to promote discipline.
  - c) Prepare a programme for minimizing risks in your business.
  - d) Prepare the financial plan for your factory.
15. You are a partner in a rapidly expanding business dealing in the production of furniture.
- Develop a capital expenditure budget to be followed in increasing investment in the business.
- a) Prepare a programme for taking an insurance policy.
  - b) Develop a guidelines for promoting gender equality.
  - c) Prepare the production plan for your business.
  - d) Design a flyer to promote your products.
16. Given that your society is faced with a number of PEDVU (poverty, Environment Degradation, Disease, Violence, and Uneducated) problems and you have decided to start a social enterprise to address a social entrepreneur.
- a) Write a vision and mission statement for your project.
  - b) Develop a GEPIC advocacy appeal for enlisting members and support of the community.
  - c) Write a letter requesting for financial support from the ASHOKA foundation for your cause.

- d) Prepare a programme for becoming a social entrepreneur
17. You are operating a cosmetic producing business.
- a) Prepare a programme for conducting interviews of your sales persons.
  - b) What factors would you consider when drafting the financial plan for your business.
  - c) Prepare a programme for taking an insurance policy.
  - d) Choose a medium of advert and design it for your business.
  - e) Prepare a marketing plan for your business.
  - f) Design a label to be placed on the packaging material for your products.
18. You own a restaurant specializing in local dishes. Sales promotion has been your strategy to attract more customers and the business is in the process of expanding its human resources.
- a) Formulate a statement of vision and mission for the restaurant.
  - b) Choose a medium and prepare an advertising message for promoting business products.
  - c) Design a training programme for the workers.
  - d) Develop guidelines for the employees to observe to promote good customer care.
19. You are operating a business which deals in a sale of cosmetics and it has been reported that workers have exhibited insufficient customer care. Now wonder you have noted gradual decline in sales.
- a) Develop a root cause analysis for the declining sales
  - b) Design a customer satisfaction survey tool to be used by the business.
  - c) Present a market flow chart for your business.
  - d) Prepare a programme for carrying out personal selling.
20. You are a procurement manager of a bus company which is in serious competition with many other bus companies in your country.
- a) Write a purchase order for how brand new buses from an exporter in Japan.
  - b) Prepare a travel schedule for your firm.
  - c) Write an appreciation letter to your best driver to be given to him at the end of year party.

- d) Formulate a job specification document for the proposed new bus mechanic.
21. You have just established a detergent making in your home area dealing with the production of liquid soap, hand wash soap etc. you intend to launch your business to create community awareness.
- a) Write a letter seeking permission from your area local council chairperson to hold the launch.
  - b) Prepare a one day launching programme for your business.
  - c) Design a flier to be issued to potential customers.
  - d) Prepare a marketing plan for your business product.
22. Having made a partnership with your classmates after S.6 you hope to plant a venture into a cosmetics selling business.
- a) Explain the items you would include in your partnership deed.
  - b) Develop a daily distribution schedule for the workers to follow.
  - c) Prepare a payroll for the workers in your business.
  - d) Explain the benefits of your business in the community.
23. You are operating a small scale poultry farm employing your people in your home area.
- a. Prepare an organization plan for your project.
  - b. Draft a quality policy for your project.
  - c. Formulate a policy to be followed when selling goods on credit.
  - d. Write a price list for the business.
24. You own a small scale industry that is experiencing continuous machine breakdown and increasing rate of accidents.
- a) Write an executive summary for your business.
  - b) Prepare a programme for undertaking insurance against business risks.
  - c) Write a notice inviting all workers to a one day sensitization workshop about risk management.
  - d) Draft guidelines to ensure proper machine handling.

25. You own a maize milling plant and you have noted with great concern the need to stock more raw materials. Due to inadequate funds you have decided to acquire a loan of shs 10,000,000 payable in you equal installment at an interest rate of 5% per month on reducing balance method.
- a) Prepare a programme for purchasing raw materials for the business.
  - b) Draft a working budget for the business.
  - c) Prepare guidelines to ensure proper management of the loan in the business.
  - d) Design a cash payment voucher to be used in the business.
26. You are the marketing manager of a bakery producing a variety of baked items in your home area.
- a) Design a sign post for your bakery.
  - b) Design a flier to be issued to the potential customers.
  - c) Prepare a marketing plan for the business.
  - d) Design a customer satisfaction survey tool to be used to get feedback from customers about your business.
27. You have a beekeeping project in your home area which you would like to launch.
- a) Write a letter to the police stationery seeking permission to launch your business project.
  - b) Prepare a programme for launching your project.
  - c) Write a cheque in payment to one of your service provider.
  - d) Design a newspaper advert for your business.
28. You have accumulated funds to operate a juice processing plant in your home area and you are to recruit workers. Prepare an action plan for your juice processing plant.
- a) Prepare a production plan for your business.
  - b) Prepare production plan for your business.
  - c) Design a stock requisition form to be used in your business.
  - d) Develop guidelines to ensure proper code of conduct of workers at the workplace
29. You plan to establish a money lending project in your home area.

- a) Prepare a report about the operation of the business that you will read at the launch of the project.
  - b) Write a letter to the district trade licensing authority for permission to register your business.
  - c) Design a signpost for your business.
  - d) Draw a programme for the launch of the project.
30. You plan to establish a groundnut milling project during your senior six vacation.
- a. Identify the pre-operating expenses for your project
  - b. You intend to use shs2,000,000 for production of your products. prepare a projected production cost statement.
  - c. Prepare guidelines which you will use to select a supplier of materials for the project.
  - d. Formulate rules for minimizing production costs of the project.
31. Your fish farming business has expanded and you plan to recruit more employees.
- a) Identify the sources of recruiting for your employees.
  - b) Prepare an induction programme for the new employees.
  - c) Design a policy for the remuneration structure of your employees.
  - d) Draft strategies for retention of the employees.
32. You have established a business dealing in a farm machinery and equipment. Many farmers have approached you to purchase the items on credit.
- a) Design a client information form to be filled by farmers who want to purchase items on credit.
  - b) Write the terms and conditions to be included in the credit purchase agreement.
  - c) Prepare a price current for a customer who is inquiring about your products.
  - d) Draft a debtor's payment voucher.
33. You are the vision bearer and founder of a fabrication unit in a busy area.
- a) Construct the business site plan.
  - b) Formulate policy guidelines for insuring quality production in your enterprise.



- c) Prepare a purchase order for a new machine
  - d) Prepare a job advertisement for the post of the production manager of the unit.
34. You are the human resource manager of a maize milling factory. You have identified the need to recruit and train staff for improved organizational performance.
- a) Prepare a recruitment programme for the new staff.
  - b) Write a notice inviting all workers for a one-week training exercise
  - c) Prepare a one-week training programme for the workers.
  - d) Design the employee evaluation form for the human resource department.
35. You have been chosen as the director of studies of your school,
- Prepare a memo informing teachers to submit the end of term exams.
  - Draft a timetable for the end of term exams.
  - Develop guidelines to be followed during the end of term exams.
  - Develop the A level terminal report for your school.
36. You have established a restaurant providing both local and foreign dishes. Sale promotion has been identified as a leading restaurant in the whole area.
- a) Develop a menu card for your business
  - b) Design a brochure for your business.
  - c) Prepare a business card for promoting your business.
  - d) Prepare guidelines for your employees to observe and to promote good customer care.
37. You are operating a bookshop and your stock is found to be misallocated and disorganized from and within the shelves of the business
- a) Design a stock card for use in the business.
  - b) Prepare a policy guidelines for ensuring proper inventory management.
  - c) Write to any four of your customers who claim to have been overcharged.
  - d) Prepare a statement of account for BIDDEN HIGH SCHOOL for the previous months.
38. You are a promoter of a newly incorporated limited liability company in clay products.

- a) Design a flyer to be given out to potential customers.
  - b) Prepare a notice to the members of the public informing them about the availability of shares for sale.
  - c) Present a weekly promotional programme for the company.
  - d) Write a prospectus inviting members of the public to subscribe for shares.
39. You are operating a bakery in your home village and you are entering into a contract with a cashier of Nalongo Secondary School to supply bread for students breakfast.
- a) Prepare the terms and conditions to be included in the contract.
  - b) Prepare an invoice to the school administration for the bread supplied for the previous month.
  - c) Design a production plan for your bakery.
  - d) Design a cash sale receipt to be issued to one of your customers.
40. You have been hired to help COSMOK limited improve its declining performance as a consultant. In your first meeting with the company directors it was resolved that you initiate a change that will revive the company's lost image.
- a) Prepare a vision statement for the company
  - b) Develop guidelines that will govern the conduct of employees.
  - c) Write a letter to the managing director of Green Hotel seeking consent to the host new employees induction training.
  - d) Prepare employee payroll for the month of August.
41. You have started a new mineral water bottling company competing with other firms in the market.
- a) Give the mission statement of your company.
  - b) Design an advert for promoting your company.
  - c) Develop a programme for launching your products
  - d) Write a letter of credit to one of your customers who is complaining about having been overinvoiced.
42. You are a farmer and have won a 10m contract to supply poultry products to UHURU hotel.

- a) Prepare a marketing budget of shs4,000,000 for one month.
  - b) Prepare a delivery note for the initial supply of the products.
  - c) Develop terms and conditions to be included in the contract with UHURU Hotel.
  - d) Thieves have broken into your farm and ran off with more than half of your chicken. How will you sustain the contract.
43. You are operating a small scale business dealing in the production of metallic products and you have found it necessary to expand using a loan obtained from your bank.
- a) Prepare a financial plan for your business.
  - b) Draw up a weekly distribution schedule for your products.
  - c) Given that to expand business requires more employees prepare a job advert for the post of purchasing manager.
  - d) Design a programme for the induction of the newly recruitment employees.
44. You are operating a fruit processing business which is experiencing a decline in sales. You have an intention to convene a meeting to discuss the way forward.
- a) Develop a root cause analysis to the challenge.
  - b) Write an Agenda for the meeting.
  - c) Make an order for purchase of refreshments for members in the meeting.
  - d) Give a job description for the post of sales agent.
45. You are operating a bus transport business.
- a) Design a bus fare ticket for use in the business.
  - b) Draw a daily travel schedule for the buses.
  - c) Develop guidelines for your employees to observe for handling the buses.
  - d) Prepare a weekly maintenance programme for your buses.
46. You want to start a business dealing in bakery products
- a) Prepare a letter of inquiry to your would be suppliers
  - b) Write a purchase order to your suppliers requesting for the supply of the products required.

- c) Prepare a questionnaire to your customers who want to be supplied with your products.
  - d) Design a receipt to be issued to your customers.
47. You are operating a restaurant and take away business
- a) Prepare duties and responsibilities of waiter/waitress.
  - b) Develop a job analysis for the chef.
  - c) Design a cash receipt for your business use.
  - d) Design a menu for your products.
48. You are operating a partnership printing business and you have agreed to change it into a public limited company.
- a) Develop a (i) memorandum of association.
    - a. (ii) Articles of association
  - b) Develop a company profile for your project.
  - c) Prepare a prospectus you are to use when selling shares to the public.
  - d) Present a general description of your business.
49. You have completed your Advanced level certificate of Education and Seeking employment as a sales person in Lint Textile Distribution Company.
- a) Write an application letter for the post of sales person.
  - b) Write your curriculum vitae to be attached to your application.
  - c) As a new sales person design a new identity card for use in business.
  - d) Develop a questionnaire to be used in conducting a market survey.
50. You are a general manager of a motor garage that offers credit facilities to customers as a sales promoting strategy.
- a) Prepare a credit recovery programme for the business.
  - b) Prepare a brochure to be issued to potential customers.
  - c) Develop credit terms and conditions for your business.

- d) Due to increased clients you have decided to recruit an accountants assistant. Write an appointment letter to the newly accounts assistant
51. Your motor vehicle washing bay has registered customer's complaints about delayed services and theft of the properties and motor vehicle parts.
- a) Present a layout for your project
  - b) Design a work order form to be used by your customers
  - c) Prepare a programme for a one day sensitization and training workshop intended to improve service delivery in your business.
  - d) Develop new security guidelines to be observed at the workplace.
52. You own an old farm tractor that frequently has mechanical problems due to poor handling. You have decided to sell it off and use the money to buy a new one.
- a) Formulate terms and conditions for the sale of the old tractor.
  - b) Draft rules and regulations to be followed by the farm workers when using the tractor.
  - c) Design a certificate to be issued to an employee whose performance is outstanding.
  - d) Design a reception register that shall be used in the business.
53. You have secured a loan of shs 100 million to establish a partnership business dealing in Rice processing
- a) Prepare an operational budget for your business
  - b) Draft a capital expenditure budget for your business.
  - c) Write a notice inviting prospectus partners for a meeting.
  - d) Prepare a partnership deed for the business.
54. You are operating a day works project. you have received an inquiry about the goods available for sale.
- a) Prepare a quotation to reply the above inquiry.
  - b) Write a warning letter to Ms Nassanga Juliet a secretary whose performance is below the minimum acceptable standards
  - c) Formulate safety guidelines to be followed by your workers during the production process.

- d) Advertise the sale of your old truck at its disposal value.
55. You have acquired a large building and you intend to start a supermarket.
- a) Design a retail layout for the business
  - b) Prepare a budget for starting the business
  - c) Design a goods received note for the business
  - d) Write a standing order instructing your bank to make monthly deductions of shs 150,000 and transfer it to UMEME's account.
56. You have bought a large scale poultry farm and you want to acquire a bank loan to help you improve the farm.
- a) Write an application letter for a bank loan to be included in the business plan.
  - b) Prepare a memorandum inviting all the existing staff to attend an urgent meeting to discuss how to revive the farm.
  - c) Write a tender notice for the supply of poultry feed to the farm.
  - d) Draft a programme for training workers about poultry keeping.
57. You intend to start a brick making project in your home area.
- a) Prepare a process layout for the project.
  - b) Write up a programme for reducing the negative effects of your project on the natural environment.
  - c) Design a banner for promoting your products.
  - d) Write a warning to the public to be placed at the site informing them that the land belongs to you.
58. You have obtained sufficient funds to start a saving and credit society.
- a. Design a cheque deposit slip for customer's use.
  - b. Develop a credit policy for the project.
  - c. Formulate a loan recovery programme for your project.
  - d. Develop a constitution governing the operations of the project.

59. You are operating a coffee processing factory and you have decided to expand your operation by recruiting more employees.

- a. Write a circular inviting all your employees to an urgent meeting
- b. Prepare an advert for the post of a marketing manager
- c. Draw a programme for the induction of new employees.
- d. Design an organizational chart for your factory.
- e. Prepare a week's distribution schedule for your products.

60. You have started a mineral water processing factory and you are competing with other firms in the market. You are carrying out intensive campaigns to make your new product known.

- a) Design a business card to promote your business.
- b) Draw a programme for launching the enterprise.
- c) Write up your major goals of the business.
- d) Write a credit note to your customer who is complaining of being over involved.

61. Your construction firm has been incorporated into a company after receiving a grant from the prior Ugandan limited.

- a) Write a share certificate to be issued to shareholders
- b) Prepare your company's asset register.
- c) Write a termination letter to Mr Kudulsaac who is a fraudulent.
- d) Design an appraisal form for usage in the human resource department.

62. You are a New Headteacher of Ashoka High School.

- a) Formulate rules and regulations to be followed by the school.
- b) Draft guidelines to be followed by the store manager on receipt of items from suppliers.
- c) Design a pass out chart for usage while students are moving in and out of school
- d) Design a stock issue and requisition form to be used by the stores department.

63. You are operating a Hotel in a busy trading center and you are in the process of transforming the human resource department.

- (a) Develop (i) A job description for the cashier..
  - (ii) A job specification for a cashier.
- b) Prepare an arrival and departure to be used in monitoring employees.
- c) Prepare an employment contract for the waiter.
- d) Prepare a goods returned note to the supplier of fruits
64. You have been appointed the New Manager of HOPE MEDICAL CENTER, operating in your home area.
- a. Design a new medical treatment form to be used.
  - b. Formulate hygienic conditions to be given to employees to observe cleanliness.
  - c. Design an employee record card for your workers.
  - d. Prepare a radio advert to promote the services of your business.
65. You are a managing Director of Biscuits manufacturing factory operating in Kampalacity.
- a. Write a prospectus inviting members of the public to subscribe for shares.
  - b. Write a day's petty cash voucher for making officers' transport allowances.
  - c. Prepare a dispatch note for the goods you are about to send to a customer.
  - d. Prepare a one-day promotional programme for your biscuits in Mukono.
66. You are conducting a research on herbal toothpaste and you are planning to start commercial production.
- a) Design a newspaper advert to publicise your project.
  - b) Design a label to be placed on the packaging material of herbal tooth paste.
  - c) Write a letter of inquiry to the supplier of packaging material.
  - d) Prepare a programme for obtaining a loan fund to start commercial productions.
67. You are operating a maize milling plant in your home area and you are in the process of signing contracts to supply maize flour to a gang secondary school.
- a) Prepare terms and conditions to be included in the contract.
  - b) Prepare a delivery note for the initial supply of maize flour.



- c) Design a cash sales slip for use in the business.
  - d) Prepare an invoice to a customer who has made a credit purchase.
68. You have obtained a loan of R20,000,000 from an equity bank to expand your fruit processing project. The loan is payable in five monthly equal installments starting with June at an interest of 10% on outstanding balance.
- a) Prepare the loan repayment schedule.
  - b) Draw a financial plan for the expansion of your business.
  - c) Prepare a purchase order for packaging materials.
  - d) Prepare an action plan for your business expansion.
69. You are the personnel manager of SURE & SONS LTD Enterprise dealing in mental fabrication. The firm is undergoing expansion and thus recruiting more manpower to improve efficiency.
- a) Develop a programme for orientation of new workers.
  - b) Prepare a master daily work schedule for the workers.
  - c) Formulate a policy guideline for handling machinery in your business.
  - d) Write a letter of recommendation to Mr. Kafero Paulan engineer seeking to join HWANSUNG Ltd.
70. You are engaged in the marketing of cosmetics as a sales manager. The company has experienced declining sales.
- a) Write a report on the market research you have carried out.
  - b) Prepare a package sheet for the goods you are about to send to your customer.
  - c) Write a credit status inquiry on a new client who wants to take goods worth R1000,000 on credit from your business.
  - d) Draw a day's supply schedule for your product.
71. You are a production manager of BUY INZ BAKERY LTD. The sales have gone down and you are charged with the responsibility of making it regain its glory.
- a) Present quality guidelines for your department.
  - b) Draft guidelines to ensure proper inventory management.

- c) Draw a site plan for your enterprise.
  - d) Prepare a production plan for the business.
72. You are a newly appointed managing director of KULIKA & SONS Ltd dealing in manufacturing of soap. The business has many creditors and workers who are about to strike due to lack of communication channels, delayed payments and neglect by the administration.
- a) Write a memo to your human resource manager inviting him to an urgent meeting to discuss the current situation.
  - b) Design a reception register that will be used in business.
  - c) Prepare a payroll for your employees for the month that has just ended.
  - d) Write a cheque of shs 1,000,000 in payment to one of the credit suppliers of packaging materials.
73. You have started a money lending SACCO in your community
- (a) Draft the rights and duties of SACCO member
  - (b) Develop the SACCO lending terms and conditions.
  - (c) Prepare a loan repayment schedule for a customer who has borrowed shs 4,000,000 for five years to be paid in equal installments at an interest rate of 5% per month
  - (d) Design a cash withdrawal form to be used by the SACCO.
74. You are operating a stationery shop that also offers a variety of secretarial services.
- (a) Write a letter inviting a technician to service the office machines.
  - (b) Design a programme for servicing the office machines
  - (c) Prepare a credit note for a customer who was overcharged by shs 200,000.
  - (d) Develop guidelines for proper handling of business machines
75. You plan to establish a decoration business worth shs 7,850,000 using your personal savings.
- (a) Prepare a pre-operational budget for your business
  - (b) Develop an organizational plan for the business

- (c) Draft guidelines for maintaining a competitive advantage for your business
- (d) Design a customer satisfaction survey tool for use in your business

### Questions on financial ratios

QN1. A retail had the following information in the year 30<sup>th</sup>/June/2015

Sales	790,000	3,600,000	Land and building
Capital	600,000	1200,000	Plant and machinery
Bank loan	320,000	1,430,000	Motor van
Drawings	400,000	260,000	Furniture
Closing stock	640,000	600,000	Creditors
Debtors	400,000	500,000	Bank overdraft
Cash balance	600,000	350,000	Net profit for the year

Required

- (a) Prepare the balance sheet as at 30<sup>th</sup>/6/2015
- (b) Calculate
  - (i) Working capital
  - (ii) Working capital ratio
  - (iii) Capital employed

QN2. The following information was obtained from MATUA enterprises Ltd at 30<sup>th</sup>/8/2013

Net sales	shs 690,000
Average stock	shs 260,000
Cost of sales	shs 450,000
Goods available for sale	shs 560,000

Determine

- (i) Gross profit
- (ii) Closing stock

QN3. The following information was obtained from the books of KOOTEPEEE enterprises Ltd for the year ended 31<sup>st</sup>.12.2013

Particulars	shs	particulars	shs
Purchases	2,300,000	Sales	3,000,000
Bankbalance	360,000	Land	790,000
Debtors	500,000	Bankloan	1,440,000
Motorcycle	320,000	Grossprofit	800,000
Creditors	540,000	Drawings	1,200,000
Capital	600,000	Machinery	200,000
Generalexpenses	600,000	Stock31.12.2013	500,000
Furniture	400,000		

Required

- (i) Grossprofitmargin (vi)rateofstockturn
- (ii) Liquidityratio (vii)netprofitratio
- (iii) Averagecreditperiodforpurchasesinmonths
- (iv) Averagecollectionperiodfordebtsinweeks
- (v) Acidtestratio

QN4. The following balances relate to Jinjatraders ltd for the year 2012.

Particulars	Debit(shs)	Credit(shs)
Capital		10,000,000
Purchases	4,000,000	
Fixedassets	3,350,000	
Turnover		6,500,000
Sundryexpenses	1,099,000	
Discountreceived		4,500
Debtors/creditors	2,500,000	844,500
Rentreceived		5,500
Stock01/01/2012	380,000	
Drawings	15,000	
Cashbalance	6,010,500	

TOTAL	17,354,500	17,354,500
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Addition information

Unused stationery on 31<sup>st</sup>/Dec/2012 was shs 220,000

Net profit for the year

(a) Calculate the following

- I. Cost of sales
- II. Gross profit
- III. Working capital

(b) Compute and interpret

- I. Inventory turnover period
- II. Administration ratio
- III. Gross profit margin
- IV. Average collection period for debts
- V. Rate of return on capital employed

QN5. The following information is for KICONCO ENTERPRISES Ltd provided for the year 2011

Net sales shs 600,000

Cost of sales shs 430,000

Rent shs 80,000

Electricity shs 30,000

Insurance shs 20,000

Calculate the following

- i. Gross profit
- ii. Net profit

QN6. Given the following about JOBALO Enterprises Ltd for the year ending 2011

Sales shs 7,000,000

Purchases shs 4,800,000

Closing stock shs 2,100,000

Expenses shs 1,800,000

Opening stock shs 2,300,000

Calculate

- i. Gross profit ratio
- ii. Net profit

iii. Netprofitratio

QN7. Given that a purchase invoice shows five items of shs8,000,000 each less 25% trade discount and 10% cash discount. If the value of the invoice was paid within the credit period.

Calculate the amount of

- i. Cash discount
- ii. To be paid to the supplier

QN8. Given the following information

Net sales shs1,200,000

Cost of sales shs860,000

Advertising shs60,000

Telephone shs40,000

Salaries shs160,000

Calculate the,

- (i) Gross profit
- (ii) Net profit

QN9. Given the following information

Fixed assets shs8,000,000 current assets

shs3,600,000

Long term liabilities shs4,200,000 Current liabilities

shs1,500,000 calculate the;

- (i) Working Capital
- (ii) Net Worth of the business

QN10. The following was obtained from KUKU traders for the year ended Dec 31<sup>st</sup> 2004

Sales shs20,000,000

Opening stock shs2,000,000

Closing stock shs5,000,000

Margin rate 25%

Calculate;

- (i) Gross profit
- (ii) Purchases

QN11. MOMA Enterprises purchased a grinding mill at shs30,000,000 the rate of depreciation is 25% using the diminishing balance method, calculate the

- (i) Total depreciation
- (ii) Book value after two years

QN12. JATU Enterprises had the following information at 31<sup>st</sup>/dec/2011

Industrial machinery shs10,000,000 Debtors shs1,800,000

Bank shs2,000,000 Accrued salaries shs1,500,000

Prepaid rent shs2,000,000 Accrued incomes shs600,000



Drawings	10,000	Buildings	30,000
LONGTERM LIABILITIES		Furniture	8,000
Bankloan	20,000	Equipment	2,000
CURRENTLIABILITIES		CURRENTASSETS	
Creditors	20,000	Stock	15,000
Bankoverdraft	10,000	Debtors	10,000
		Cashatbank	20,000
		Cashathand	10,000

Required

Calculatethefollowing

- I. Ownersequity (vi)Capitalemployed
- II. Currentliabilities (vii)Currentassets
- III. Borrowedcapital (viii)Circulatingcapital
- IV. Liquidcapital (ix)Liquidfund
- V. Workingcapital (x)Fixedcapital

QN16.ThefollowinginformationwasextractedfromthebooksofGoodSamaritanEnterprises fortheyear2012

Items	shs		
Sales	40,000,000	Purchases	20,000,000
Purchasesreturns	1,620,000	Salesreturns	500,000
Openingstock	10,000,000	Salariesandwages	3,000,000
Telephone	600,000	Debtors	980,000
Creditors	700,000	Cashinbank	300,000
Cshinhand	100,000	Motorvehicle	3,000,000
Shopfittings	4,000,000	Closingstock	980,000
Capitalemployed	18,010,000		

REQUIRED

(a)Computethefollowing

- |                     |   |
|---------------------|---|
| i. Costofsales      | (v)Grossprofit                          |
| ii. Margin          | (vi)Netprofit                           |
| iii. Acidtestratio  | (vii)Rateofreturnoncapitalemployed      |
| iv. Rateofstockturn | (viii)Averagecollectionperiodfordebtors |

(b)Interpretyouranswerinpart(viii)



QN17. The following balances were extracted from the financial STATEMENTS OF Moses Owori's business at the end of 2014

Sales	shs288,000,000	Total fixed assets	shs
65,500,000			
Closing stock	Shs50,400,000	Average debtors	shs90,000,000
Total current assets	shs36,100,000	Opening stock 1.1.2014	40,200,000
Cost of sales	shs201,600,000	Equity capital	68,400,000
Total current liabilities	shs16,800,000	Net profit before interest and tax	40,600,000
Long term liabilities	shs38,500,000	Required Interest expense for the year	5,700,000

(a) Compute the following ratios for the year

- (i) Gross profit margin
- (ii) Debtors collection days
- (iv) Interest cover
- (viii) Net profit margin
- (ii) stock turnover
- (iv) leverage ratio
- (vii) working capital ratio

(b) Interpret the following ratios using your results in (a) above

- (i) Stock turnover
- (ii) Interest cover

QN18. The following information was extracted from the books of quality wholesalers as at 31<sup>st</sup> Dec 2014

Capital	shs10860,000	Stock 1 <sup>st</sup> /1/2014	
shs1,500,000			
Cash	shs1,800,000	Bank	
shs3,500,000			
Purchases	shs8,000,000	Sales	
shs24,050,000			
Short term loan	shs150,000	wages and salaries	shs2,000,000
Creditors	shs4,500,000	Return inwards	shs50,000
Return outwards	shs600,000	Stock 31 <sup>st</sup> /dec/2014	shs300,000
Debtors	shs4,000,000	Motor van	
shs13,000,000			
Electricity	shs360,000	Rent	shs700,000

Discount allowed shs60,000  
shs3,060,000

Machinery shs6,000,000

Drawings

Longterm loan shs3,870,000

Required

(a) Calculate

i. Turnover

(iii) Gross profit

i. Cost of goods available for sale

(iv) Net profit

ii. Cost of sales

(b) Compute

(i) Working capital ratio

(v) Rate of return on capital employed

(ii) Rate of stock turn

(vi) Stock turnover period in days

(iii) Net profit to sales

(vii) Fixed cost turnover ratio

(iv) Debtor to owner equity ratio (viii) Average credit period for creditors in months

QN19. The following information was obtained from the books of Kente on 30<sup>th</sup> June 2015

Stock (1.1.2014)	5,000,000	Stock 30.06.2015	3,000,000
Sales	20,000,000	Inventory turnover ratio	$\frac{1}{34}$
Net profit margin	5%	Debtors	2,000,000
Cash	800,000	Bank	1,200,000
Creditors	2,500,000	Outstanding salaries	1,000,000
Furniture	1,400,000	Machinery	2,500,000
Equipment	1,100,000		

Required

(a) Calculate the value

(b) Compute and interpret the,

(i) Cost of sales (i) working capital ratio

(ii) Net purchases (ii) Acid test ratio

(iii) Goods available for sales (iii) credit period in weeks

(iv) Operating expenses (iv) Fixed Asset Turnover

QN20. The income statement below was extracted from records of ABC Wholesalers Ltd on 31/12/2015

Particulars	Shs(000)	Shs(000)
Netsales		25,000,000
Stock/1/120	3,500,000	

Netpurchases	9,500,000	
Goodsavailableforsale	13,000,000	
Stock31/12/2015	(2,500,000)	
Costofsales		(10,500,000)
Grossprofit		14,500,000
Totaloperatingexpenses		(8,300,000)
Netprofitbeforetax		6,200,000

Thefollowingbalanceswerealsoavailable

Totalcreditors	shs450,000,000
Totalinterestexpenses	shs620,000,000
Totalcurrentassets	shs10,500,000,000
Cashbalance	shs3,000,000,000
Bankbalance	shs2,500,000,000
Totalcurrentliabilities	shs7,500,000,000
Totalfixedassets	shs5,000,000,000

Calculateandinterpret

- I. Currentratio
- II. Interestcover
- III. Inventoryturnoverratio
- IV. Cashratio
- V. Averagecreditpaymentperiodforpurchasesinweeks
- VI. Rateofreturnoncapitalemployed

QN21.Thefollowinginformationwasextractedfromrecordsofkikuubotraderfortheperiod ended31<sup>st</sup>/12/2016

Inventory(1/01/2016)	Shs6,000,000
Inventory(31/12/2016)	shs5,000,000
Inventoryturnoverratio	3times
Turnover	shs30,500,000
Netprofitratio	20%

Deliveryvan	shs1,800,000
Fixturesandfittings	shs1,000,000
Debtors	shs1,650,000
Creditors	shs2,500,000
Insurancedue	shs1,500,000
Equipment	shs250,000
Bankbalance	shs750,000
Cashbalance	shs600,000

Requiredto:

(a)Calculate

(i) costofsales

(iii)Netpurchases

(ii) goodsavailableforsale

(iv)Totaloperatingexpenses

(b)computeandinterpret

(i) currentratio (iii)quickassetratio

(ii) creditcollectionperiodinweeks (iv)fixedassetturnover

QN22.ThefollowingbalanceswereextractedfromthefinancialstatementofNalufeeny Enterprisesattheendof2016.

Particulars	shs	particulars	(shs)
Cash	2,010,000	Bank	(600,000)
Sales	35,000,000	Purchases	9,500,000
Averagestock	4,000,000	Rateofstockturn	5times
Fixedassets	5,000,000	Accountspayable	450,000

Particulars	shs	shs
Sales		
80 00 00		
Lesscostofsales		
60 00 00		
Grossprofit		
20 00 00		



Furniture and fittings	80,400,000
Equipment	<u>60,100,000</u>
Total fixed assets	361,000,000
<u>Current assets</u>	
Inventory	35,500,000
Debtors	64,900,000
Prepayments	6,200,000
Bank	<u>45,400,000</u>
Total current assets	<u>152,000,000</u>
Total assets	<u>513,000,000</u>
<u>Capital and liabilities Capital</u>	
Owner equity	200,500,000
<u>Liabilities</u>	
Five year loan	130,000,000
Creditors	152,500,000
Unpaid tax	<u>30,000,000</u>
Total capital and liabilities	<u>513,000,000</u>

Required

(a) Compute the following

(i) Gross profit margin      (v) Acid test ratio      (ii) Net profit margin      (vi) Fixed asset turnover

(iii) Profit to total assets ratio      (vii) Debtor turnover

(iv) Current ratio

Note:

(b) Kabo Enterprises has applied for a short term bank loan of shs 40,000,000 repayment within six months. Give reasons why the bank should accept or reject the application basing on the current ratio in 2(a)(iv) above

QN24. The following were extracted from the books of Bakulu on 31<sup>st</sup>/12/2014

Details	shs	details	shs
Capital	2,700,000	Stock 1/1/2014	250,000
Plant and machinery	2,500,000	Motor vehicle at cost	800,000
Purchases	3,600,000	Sales	6,160,000
Wages and salaries	200,000	purchases returns	400,000
Discount allowed	600,000	Discount received	600,000
Carriage inwards	40,000	Transport	25,000
Water and electricity	105,000	Bad debts written off	86,000
General expenses	10,000	Rent rates	85,000
Debtors	150,000	Creditors	550,000
Cash	60,000	Bank	300,000

Loan 400,000

Additional information

- i. Closing stock was valued at shs 225,000
- ii. Depreciation was charged at 10% and 20% on plant and machinery and motor vehicle respectively
- iii. Rent and rates prepaid amounted to shs 50,000
- iv. Provision for bad debts to be increased by shs 3000

Required

Compute and interpret

- i. Cost of sales (vi) Net profit ratio
- ii. Gross profit markup (vii) Quick asset ratio
- iii. Rate of stock turn (viii) collection period for debts
- iv. Average number of days stock was held before selling (ix) Rate of return on capital
- v. General expenses ratio (x) Fixed asset turnover





QUESTIONS ON TAXATION

1. UNGA Enterprises had the following VAT exclusive transactions with VAT registered enterprises

Purchases                      shs 236,000,000

Sales                              shs 259,600,000

Required

(i) Calculate the amount of VAT paid by UNGA Enterprises to Uganda Revenue Authority for that period (use 18% as VAT rate)

(ii) Determine UNGA Enterprises total sales value (VAT inclusive)

b) James Omarais an enterprises where he earns a total gross salary of shs 8,400,000 per year. This means that James' earnings fall under the forth income tax bracket indicated below.

4 <sup>th</sup> bracket	Tax rate per month
Shs 410,000 per month and above	Shs 25,000 + 30% of the amount exceeding shs 410,000

Required

Calculate the amount of pay as you earn (PAYE) expected to be paid by James for a year

QN2. In January 2015, you imported goods at a CIF value of US\$ 3000. The importation attracted 25% import duty, 50% excised duty, 18% VAT and 6% withholding tax. At the time of importation, the exchange rate in Uganda was 1 US\$ = USHS 2,000

Required

Calculate the amount of a) Value added tax

b) Withholding tax

c) total taxes payable to URA

QN3. Okwi imported a used car from Japan in 2015 at a cost of US\$ 1,000. He paid US\$ 300 for insurance and freight respectively. The car attracted an import duty of 25%, excised duty of 50%, VAT of 18%, and environmental duty of 20%. At the time of importation, the exchange rate in Uganda was 1 US\$ = USHS 3,000. Calculate OKWI'S

(I) Customs value

(II) Import duty

(III) Excised duty

(IV) Value added tax (V) Withholding tax

- (VI) Environmental duty
- (VII) Total taxes payable
- (VIII) Cost of the car in Uganda

QN4. Study the table and answer the questions that follow

Stage	Details	Cost price (shs)	Selling price (shs)
1	Producer	2,000,000	
2	Producer to wholesaler	2,000,000	24,000,000
3	Wholesaler to retailer	2,400,000	3,000,000
4	Retailer to final consumer	3,000,000	4,000,000
5	Final consumer	4,000,000	

Given the VAT rate of 18%, calculate the VAT payable at each stage.

QN5. The following VAT exclusive transactions were available to you by VAT registered business in your community for the month of July.

- (i) Bady bought goods worth shs 40,000,000
- (ii) Balu sold the same goods to Ndifu for shs 58,000,000
- (iii) Ndifu sold the same goods to Ngoma, the retailer shs 70,000,000
- (iv) Ngoma sold the goods to the final consumer for shs 84,000,000

Required

Using the VAT rate of

- a) Compute the VAT chargeable for the value added at each stage
- b) Advise Ngoma on the gross sales value for his goods to consumer

QN6. On 31<sup>st</sup> Dec 2015, you sold cement that costs shs 35,000,000 at shs 32,000,000. All the transactions were VAT exclusive. Using the VAT rate of 18%. Calculate, i) VAT on purchases (input tax) ii) VAT on sales (output tax) iii) VAT refund

QN7. On 1<sup>st</sup> Nov 2015, you sold iron sheets that cost shs 15,000,000 to Mr Gonzanga at shs 20,000,000. All the transactions were VAT exclusive, using the VAT rate of 18%, call

QN8. Madiba a Ugandan citizen earned the following incomes from his house in Uganda and Kenya for the year 2017

Houselocation	Monthlyrentincomes(shs)
Kampala	4,500,000
Nairobi	4,000,000
Wakiso	1,800,000
Jinja	1,700,000
Total	12,000,000

Additionalinformation

- AtenantinWakisodisappearedwithrentarrearsfortwomonths
- Madibaeearnedextrashs400,000
- Hespentshs2,000,000forpaintinghisfourhouses

Required,

Givenrentaltaxrateof20%andthresholdofshs2,820,000,calculateMadiba’s

- (i) Annualgrossrentincome
- (ii) Chargeablerentalincome
- (iii) Rentaltaxliability

QN8. Equity Holding Limited employs Martha, Eric, Francis, and Damalie earning an annual salary of shs2,400,000, shs2,820,000, shs3,360,000, and shs4,800,000 respectively. In addition, the company pays each employee shs60,000 and shs40,000 per month for transport and medical allowances respectively. Given the income (PAYE) tax rates as follows

Monthly income (shs)	Tax liability
0 ≥ 235,000	NIL
235,000 ≥ 335,000	10% of the amount by which chargeable income exceeds shs235,000
335,000 ≥ 410,000	Shs10,000 plus 20% of the amount by which chargeable income exceeds shs335,000
410,000 ≥ 10,000,000	Shs25,000 plus 30% of the amount by which chargeable income exceeds shs410,000

Required, calculate the PAYE tax liability for

- (i) Martha
- (ii) Eric
- (iii) Francis
- (iv) Dianah

QN9(a).MKpublishersLtdemploysthreeworkersOkelloMoses,WalimbwaJames,OLupot Francisandtheyearnasfollowsshs750,000,shs310,000andshs1,500,000permonth respectivelygiventhetaxbracketbelow

Taxableincomepermonth(shs)	Rate
0-235,000	NIL
235,000-335,000	10%oftheamountbywhichchargeable incomeexceedsshs235,000
335,000-410,000	Shs10,000plus20%oftheamountbywhich chargeableincomeexceedsshs335,000
410,000-10,000,000	Shs25,000plus30%oftheamountbywhich chargeableincomeexceedsshs410,000

ComputePAYEforeachworker

(b)Studythetablebelowandanswerquestionsthatfollow

Incomeearner	Employmentincome (shs)	Businessincome (shs)	Propertyincome (Shs)
MukasaJoseph	1,000,000	2,000,000	3,400,000
OpioDan	800,000	1,900,000	2,700,000
NakatoMable	1,200,000	2,100,000	3,800,000
OkelloBob	600,000	1,400,000	2,300,000

Foreachoftheaboveincomeearnersthetaxexemptis8%oftheirtotalincomewhiletheir expenses take12%oftotalincome. Calculate

- (i) Grossincome
- (ii) Taxableincome

QN10.Youhavebeeninvitedtoaddressentrepreneursinyourcommunityabouttheprocedure fortaxcompliance Prepareapresentationfortheentrepreneursunderthefollowingsubthemes

- (a)Causesofnon-taxcompliance
- (b)Proceduresfortaxcompliance
- (c)penaltiesfornontaxcompliance

QN11.Youhavebeenapproachedasabusinessconsultantbyanassociationoftradersinyour homedistricttoadvisehemonmattersconcerningtaxation.

- (a)Explaintothetradersthemeaningofthefollowing
  - (i) Taxevasion

- (ii) Tax avoidance
- (iii) Tax compliance.

(b) Outline the,

- (i) Foreign trade taxes collected by URA
- (ii) Local trade taxes collected by URA

(c) If Muvubian importer imports a machine from China at CIF value of 1,000 (USD) and the machine attracts import duty of 25%, excised duty of 50% vat 18% and withholding tax of 6% Calculate

- (i) VAT payable
- (ii) Withholding tax
- (iii) Total amount of tax payable by Aganyira Caleb. Exchange rate is shs3,500 per US dollar

(d) Given that a company made a gross profit of shs800,000 and had operating expenses of shs350,000 during the year ended 31<sup>st</sup> AUGUST 2015, Calculate the

- (i) corporate tax payable to URA
- (ii) Net profit after tax

QN12. (a) JOVIK HOLDINGS LTD registers business dealing in the production of cloth and employs a number of workers who include Moses, Gerald and Anthony who are paid monthly salary of shs200,000, shs400,000 and shs800,000 respectively. Given the income PAYE tax rates as follows.

Taxable income per month (shs)	Rate
0-235,000	NIL
235,000-335,000	10% of the amount by which chargeable income exceeds shs235,000
335,000-410,000	Shs10,000 plus 20% of the amount by which chargeable income exceeds shs335,000
410,000-10,000,000	Shs25,000 plus 30% of the amount by which chargeable income exceeds shs410,000

Compute the income tax payable by

- (i) Moses
- (ii) Gerald
- (iii) Anthony

(b) Given the following VAT inclusive transactions for the month of August 2015.

□ JOVIK HOLDINGS LTD bought cotton wool from the cotton outgrower as shs47,200,000

□ JOVIK Ltd transformed cotton wool into cloth and sold it to Karmageneral enterprises the wholesaler at shs 1,240,000

□ Karmageneral enterprises sold the cloth to Mercy retailer at shs 72,160,000

□ Mercy the retailer sold the cloth to the final consumer at shs 99,120,000 Calculate

- (i) VAT payable at each stage of production
- (ii) Total VAT payable
- (iii) VAT exclusive price charged to the final consumer in case VAT had not been included.

**CASHFLOW STATEMENT QUESTIONS**

QN1. The following projections relate to Kakira enterprises during the months of May, June, July and August 2017

- (i) On 1<sup>st</sup> May 2017, the enterprise had a cash balance of shs 40,000,000 and bank balance of shs (8,000,000).
- (ii) Output of 600 units, 750 units, and 950 units each at shs 1,200 were to be sold in the months of May, June, July and August on cash basis.
- (iii) Monthly credit sales were projected to be 25% of cash sales but payment would be received next month less 5% discount.
- (iv) Donations were projected as follows:
 

Month	shs
May	1,000,000
June	1,800,000
July	1,500,000
August	3,000,000 (in form of physical goods)
- (v) The business receives monthly rent income from its property. Rent received on 30<sup>th</sup> June was shs 600,000 but this was expected to increase by 10% after one month.
- (vi) Input of 500 units, 800 units, 1100 units and 1400 units each at shs 950 were to be purchased on cash basis.

(vii) Monthly expenses were projected as follows

Expenses	shs
Utilities	250,000

VAT 180,000

Advertising 100,000

In July, no VAT was paid

(viii) Credit purchases of shs 900,000 were made in June, the business has a policy of paying for credit purchases in 2 equal installments after one month.

(ix) The business has a policy of paying 5% sales commission on total monthly sales. No commission was paid in the first two months.

You are required

(a) Prepare Kakira Enterprises' cash flow statement for four months

(b) Advise Kakira Enterprises on various ways of managing business cash surpluses

QN2. The following information relates to the books of Jafa Enterprises Ltd for the first four months of the financial year 2016 which began on 1<sup>st</sup> July

- (i) Monthly cash sales amounted to shs 14,000,000 but this was to increase by 5% monthly
- (ii) Net cash balance in July was cash in hand shs 5,000,000 and cash at bank was shs 700,000
- (iii) Monthly creditors and debtors amounted to shs 2,500,000 and shs 3,000,000 respectively
- (iv) Acquired a loan in July worth shs 10,000,000. Principal of shs 4,000,000 was paid after one month period and the balance to be paid in the ratio of 2:3 in the 3<sup>rd</sup> and 4<sup>th</sup> months.
- (v) Dividend payment to shareholders amounted to shs 3,000,000 in the month of August.  
Monthly rent income was shs 500,000. This was to increase by 20% after two months.
- (vi) The business expects to make monthly donations worth shs 700,000. However this was to reduce by 10% in the 3<sup>rd</sup> month
- (vii) Monthly cash purchases are 60% of the respective monthly cash sales.
- (viii) The business has a policy of paying 2% sales commission monthly on respective cash sales
- (ix) Expected credit sales of shs 4,000,000 monthly but payment would be made in the following month of sale
- (x) The business issued a debenture of shs 2,400,000 in the month of September.

Required

- (a) Prepare cash flow budget for four months
- (b) Comment on the trend of the net cash position of the enterprise.

Qn3. The following information relates to projections made by Zanda for the months of January, February, March and April 2017.

- I. Projected cash and bank balance as at December 31<sup>st</sup> 2016 shs 20,000,000
- II. Sales will be both cash and credit. January cash sales are expected to be 800 units at a price of shs 10,000 each. Thereafter, cash sales will increase at a rate of 5% per month. Credit sales for each month are expected to be shs 5,500,000. Debtors will be expected to pay in the month of sale
- III. The business plan to buy 15 computers at shs 650,000 each in March. An import duty of 5% on total cost will be paid in addition.
- IV. Monthly expected expenses and payments include;

Salaries and wages	shs 30,000,000
Machines servicing	shs 300,000
Depreciation	shs 100,000

Salaries for April will be paid in the month of March

- V. Zanda is paying back a loan of shs 10,000,000 previously obtained. Monthly installments amount to shs 2,000,000 starting February. The loan attracts interest of shs 100,000 per month also payable starting February.
- VI. The business will buy 900 units of raw materials at shs 6,000 each in January. The quantity of raw materials is expected to increase by 10% every month. Purchase of raw materials is strictly on cash basis.
- VII. Zanda expects to receive shs 10,000,000 as a donation in April and plan to sell off an old vehicle at shs 9,000,000 in March.

Required

Prepare Zanda's cash flow budget for four months

QN.4. Eliana is a student of S.6 and she plans to open up a restaurant in her S.6 vacation. Here is a summary of her cash plan for the first three months of the year.



- i. Cash sales shs1,860,000, shs1,395,000 and shs1,450,000 respectively.
- ii. Loan from youth development fund shs1,450,000 in January.
- iii. Receipts from debtors shs890,000 in February and shs9,250,000 in March.
- iv. Cash purchases of shs720,000, shs480,000, shs240,000 respectively.
- v. Direct wages shs30,000 per month.
- vi. Administrative expenses shs63,000, shs61,000 and shs61,000 respectively.
- vii. Electricity shs48,000 per month.
- viii.

Selling expenses shs20,000, shs15,000 in January and March respectively.

- ix. Taxes shs226,000 to be paid in March

Prepare her cash flow statement for three months.

QN5. Opera Enterprises operates a maize mill. The information below relates to the maize mill for the year 2017.

1. Opening cash balance as at 1<sup>st</sup> January 2017 shs2,200,000.

2. Sales in kg

January	shs90,000
February	shs100,000
March	shs80,000
April	shs20,000

Each kg was sold at shs500 on cash basis

3. Obtained shs10,000,000, 15% interest loan from ADC bank in two installments; shs6,000,000 in February and shs4,000,000 in April.

4. Receipts from debtors were shs2,000,000, shs900,000 and shs400,000 for the months of February, March and April respectively.

5. Production of raw materials in kg used were as follows

January	shs6,000
February	shs7,000
March	shs8,000
April	shs9,000

The above raw materials cost shs2,000 per kg

6. Labour cost for; January wereshs2,000,000, Februaryshs1,800,000, March shs1,700,000and Aprilshs1,950,000.
7. Productionexpenses; Januaryshs500,000, Februaryshs400,000, Marchshs300,000and Aprilshs450,000.
8. Monthlyadministrativeandmarketingexpensesshs300,000.
9. Ageneratorwasboughtatshs20,000,000ncreditinJanuary. Halfofthecostwaspaid inMarchandthebalanceinApril2017, paidintwoweekstime.
10. Thievesbrokeintotheofficeandstoleshs70,000,000 Required

(e) Prepare Opira Enterprises' cash flow statement for the months of January, February, March and April

(f) Propose ways of minimizing cash deficits in the business

QN6. Kagwa industries which are a registered company had the following projections.

- (i) The company expects to start operations in the month of September 2015 with share capital of shs8,000,000.
- (ii) Monthly cash sales are expected to be shs4,000,000 in September and are expected to increase by 20% every month.
- (iii) Monthly credit sales of shs5,000,000 per month are expected to be paid in the month following the month of sale.
- (iv) The company will float shares worth 60% of its initial share capital in the month of December 2015.
- (v) The company will acquire a loan of shs3,000,000 from Centenary Bank in the month of October 2015 at an interest of 5% per month.
- (vi) The principle of the loan will be paid in four equal installments and the interest starting in the month following the acquisition of the loan.
- (vii) The business will acquire a machine in September worth shs12,000,000. This will be paid in three equal installments.
- (viii) Monthly wage bill of shs450,000 will be paid.
- (ix) The company will carry out a fund raising in September and expect to raise shs 7,600,000.
- (x) The company will purchase raw materials worth shs3,000,000 every month.
- (xi) The dividends to shareholders will be paid after the 1<sup>st</sup> quarter of operation and they are expected to be 10% of share capital.

- (xii) Tax of shs 300,000 will be paid every December.
- (xiii) Fixed costs of shs 200,000 per month are to be paid monthly. They are expected to decrease by 20% after the 1<sup>st</sup> month of operation.

Required

- (a) Prepare a cash flow budget for Kagwa Industries for four months
- (b) Comment on the net cash position
- (c) How different is a cash flow budget from an income statement.

QN7.(a) Outline four main causes of cash flow problems in an enterprise.

(b) Kapapaala Enterprises Ltd has the following cash flow projections for the 1<sup>st</sup> quarter of the year 2015.

- (i) Cash shortfall brought forward from last month of the last quarter 2014 was shs 5,890,000.
- (ii) Commission income for the first quarter shs 6,000,000. This is to be spread in 3 months of the first quarter of the year in ratios 3:2:1 respectively.
- (iii) Donations (first month of the 1<sup>st</sup> quarter) shs 8,000,000
- (iv) Machine disposal (in the 2<sup>nd</sup> month of the 1<sup>st</sup> quarter of the year) was projected to be shs 4,000,000.
- (v) A loan to be obtained in the 1<sup>st</sup> month of the 2<sup>nd</sup> quarter of the year shs 10,000,000. This will attract a monthly interest of 5% starting with the 2<sup>nd</sup> month of the 2<sup>nd</sup> quarter of the year.
- (vi) Cash to be received from traded debtors as follows;
 

1 <sup>st</sup> month	3,040,000
2 <sup>nd</sup> month	5,360,000
3 <sup>rd</sup> month	7,280,000
- (vii) Debentures of shs 16,820,000 and shs 5,740,000 for the 1<sup>st</sup> month and 2<sup>nd</sup> month of the 1<sup>st</sup> quarter respectively were to be obtained.
- (viii) A cash refund of shs 900,000 is to be received from suppliers in the 1<sup>st</sup> month of the 1<sup>st</sup> quarter. This is in respect of the overpayment made on cash purchases made in the last month of the previous quarter.
- (ix) Monthly cash purchases to amount to shs 3,900,000.

- (x) Debenture repayment is to be effected in the last month of the 1<sup>st</sup> quarter and the 1<sup>st</sup> month of the 2<sup>nd</sup> quarter of the year for the two debentures obtained respectively.
- (xi) Credit purchases for the period are projected to be shs 21,000,000 in the last month of the 1<sup>st</sup> quarter. However, no payments to credit suppliers will be made until 2<sup>nd</sup> month of the 2<sup>nd</sup> quarter.
- (xii) Equipments are to be purchased during the 1<sup>st</sup> month of the 1<sup>st</sup> quarter at a cost of shs 16,000,000.
- (xiii) The enterprise projects monthly cash sales of shs 20,950,000. This will attract a monthly sales tax of 15% per the cash sales made in that month.
- (xiv) Audit fees per month are to be shs 750,000. This will be paid at once in the last month of the 1<sup>st</sup> quarter.
- (xv) Wages and salaries per month will total to shs 810,000.
- (xvi) Purchase of a machine in the 2<sup>nd</sup> month of the 1<sup>st</sup> quarter of the year is to cost shs 5,000,000
- (i) Repairs and maintenance per month are to cost the enterprise shs 320,000.
- (ii) Non-current asset to be depreciated at a rate of shs 3% by the end of the 1<sup>st</sup> quarter.
- (iii) Rent income of shs 650,000 per month is projected in the 1<sup>st</sup> quarter of the year starting with the 1<sup>st</sup> month.

You are required to prepare Kapapaala Enterprises Ltd's cash flow statement for the 1<sup>st</sup> quarter of the year.

(c) What measures can Kapapaala Enterprises Ltd put in place in order to avoid cash flow shortfalls in the subsequent period.

Qn8. The following information relates to the business of Musaasizi Enterprise for the months of October, November and December 2014

- (i) Cash balance brought forward from the month of September shs. 20,000,000
- (ii) Monthly cash sales were shs 9,000,000
- (iii) Monthly credit sales were shs 4,000,000 but payment would be made in the following month
- (iv) The business bought furniture in the month of November worth shs 1,000,000
- (v) Monthly cash purchases were shs 500,000
- (vi) The business acquired a loan worth shs 12,000,000 in October to be paid in two equal installments in the following months.
- (vii) Monthly salary bill was shs 700,000
- (viii) Business received cash donations of shs 750,000 during the month of November.
- (ix) The business bought machinery worth shs 8,000,000 and paid shs 3,000,000 in the month of October and the remaining amount would be paid in two equal installments in the following two months.

Required

- (iv) Work out Musaasizi's cash flow statement for the months of October, November and December

- (v) Explain the cash position of the business  
 QN9. TELL Enterprises has availed you with the following projections for the month of July, August, September and October.
- (i) On July 1<sup>st</sup> 2014, cash balances shs 26,000,000
  - (ii) The sales manager expects to sell goods on credit worth shs 40,000,000 monthly. Payment from credit customers is expected as follows; 60% of credit sales in the month of sale and the balance in the month following sale.
  - (iii) The finance manager expects to obtain two loans of shs 20,000,000 in each of the months of August and October 2014
  - (iv) Monthly cash sales are expected to be shs 60,000,000. A commission of 10% is paid to salesmen each time cash is received.
  - (v) Monthly cash purchases worth shs 40,500,000 are expected to be made (vi) A delivery van is to be bought in the month of August 2014 at a cost of shs 35,000,000.
  - (vii) Monthly wage bill is estimated to be shs 12,500,000. An increase of 10% is expected in the month of October 2014.
  - (viii) A loan interest of 5% per month is payable in the month following acquisition of the loan
  - (ix) Expansion of business buildings expected to cost shs 6,200,000 in the month of July 2014 and shs 30,000,000 in the month of August.
  - (x) General expenses are expected to amount to shs 7,100,000 per month.
  - (xi) All expenses are paid in the month in which they are incurred.
  - (xii) Income tax for the 1<sup>st</sup> quarter of the year shs 12,000,000 to be paid in September 2014.

Required

- (a) Prepare a cash flow statement for Tell Enterprises for use in the period of July to October 2014.
- (b) Suggest to Tell Enterprises five ways of managing cash shortfalls in the cash flow statement.

QN10. The following transactions relate to JEM Enterprises for the months of April, May, June and July 2013

- I. Opening balances as at 1<sup>st</sup> April was shs 100 millions
- II. Share capital from shareholders for May and June were shs 6,000,000 and shs 8,000,000
- III. Expected cash from debtors in July shs 10 millions
- IV. Expected to sell old van worth shs 10 million receiving it in the ratio of 5:3:2 starting with May
- V. To increase on its capital, the business hopes to acquire a loan in May of shs 12 million with a monthly interest of 5%.
- VI. The grace period given to the business shall be one month after which it will start paying the interest.
- VII. The business expected to buy raw materials worth shs 5 million in the 1<sup>st</sup> month and expected to increase by 10% monthly.
- VIII. It expected to buy a juice blending machine in April for shs 14 million, paying shs 4 million cash and the balance to be paid in the ratio of 4:2:2 in the following months.
- IX. Monthly purchases of fruits is projected at shs 2 million X. Tax of shs 200,000 to be paid to KCCA monthly.

- XI. Dividend are to be paid every after one month at a rate of 10% of the average share capital. Required
- (a) Prepare a statement showing cash inflows and cash outflows for the months of April to July 2013
  - (b) Comment on the cash position of JEM Enterprises for four months.

QN11(a) Define a cash flow statement and give four of its uses

(b) Bibuza trading company had the following transactions for the year ending 2011

- I. The company expects to sell goodsevery month worth shs100,000,000 and reduces only 80% in the month of sale and the balance to be received one month after the month of sale for all sales.
- II. Expected money from friends in June and July shs6,000,000 and 8,000,000 respectively. III. Expected cash from debtors in July shs10,000,000
- IV. Sale of old van in June shs6,000,000
- V. Monthly credit sales shs30,000,000 and payment is to be received from debtors every after one month.
- VI. Loan is expected in May for shs12,600,000 and it will attract an interest of 10% per month.
- VII. The grace period given to the business will be in the month and after one month, it will start payment of interest.
- VIII. The company expected to pay raw materials worth shs5,000,000 in the first month but this is to increase by 10% monthly.
- IX. By the end of April 2011, the company had a cash balance of shs4,000,000
- X. The company expected to buy a juice blending machine in May for shs2,000,000 and pay cash shs1,000,000. The remaining amount to be paid in the ratio of 4:2:2 respectively in the following months.
- XI. Purchase of fruit from farmers is projected at shs2,000,000 which is to increase by 20% after the first two months.
- XII. Tax of shs200,000 will be paid monthly starting with the month of June.
- XIII. The company is to make a commission payment of shs12,000,000 monthly which is to reduce by 5% monthly after the first two months.

Required

You are required to prepare a cash flow statement for four months starting with September 2011.

QN12. The following information was obtained from the books of Uhuru Investments Ltd for the months of January, February, March and April 2014.

- I. On 1<sup>st</sup> January 2013, the business started with shs4,000,000
- II. It expected cash sales of 6,000,000 per month, however, it is expected to reduce by 10% in March.
- III. The expected credit sales were shs1,600,000 per month but payment would be made the following month.
- IV. The monthly rent income was 200,000 however, it is expected to increase by 25% after the first two months.
- V. Immediately after the first month of operation, the expected income from other sources was projected at shs2,000,000 per month.

- VI. The business planned to purchase a delivery van at shs14,000,000 on hire purchase. The down payment is shs6,000,000 and the balance was to be paid in installments of 4:3:1 respectively in the following month.
- VII. The business expected to acquire a loan from K.K Bank Ltd in February of shs4,000,000, the loan was payable in four equal installments at an interest rate of 5% on reducing balance, with effect from March 2014.
- VIII. The expected monthly cash purchases were shs3,000,000, expected to reduce by 20% after two months.
- IX. The business expected to issue a debenture of shs5,000,000 in March 2014. X. Monthly payment for hired labour was shs1,500,000
- XI. The electricity bill expected to be cleared at the end of every month was shs1,200,000.

Required

- a. Prepare a cash flow statement for the months of January, February, March and April
- b. Comment on the net cash position of Uhuru Investments Ltd for four months. Suggest measures that Uhuru Investments should do to avoid deficits in the cash flow.

QN13. Mora Enterprises had the following information

- I. The business expects to sell goods every month worth shs200 million and receive only 80% in the month of sale and the remaining amount to be received one month after the month of sale
- II. Monthly projected salaries for 50 workers were shs150,000 per worker.
- III. The business hopes to get a loan in April shs2,000,000
- IV. The monthly interest on the loan is 5% payable after one month grace period.
- V. The business expects donations in cash worth shs3,000,000 per month but they are expected to reduce by 10% after the first three months.
- VI. Monthly rent income is expected to be shs5,000,000 but this is expected to increase by 30% and 6% respectively after two months.
- VII. On 1<sup>st</sup> March 2011, the business commenced with cash worth shs35 million in the first month
- VIII. Monthly cash purchases shs6,000,000.
- IX. The business will finance any cash shortfall with a debenture at the beginning of the next month with an interest of 5% payable after 3 months of lapse.

Required

Prepare a cash flow statement for four months.

QN14. The following information was obtained from the books of Mukisa and Company Ltd I.

On 1<sup>st</sup> January 2016, the company had a cash balance of shs80,000,000

- II. It expected credit sales of shs24,000,000 per month but payment would be made in the following month.
- III. It expected cash sales of shs400,000 per month.
- IV. The business expected donations of cash shs8,000,000 per month but this was expected to reduce by monthly after the first 2 months.
- V. The monthly rent income is expected to be shs2,000,000 however it will increase by 40% after 3 months.
- VI. Immediately after the two months, the expected income from other sources is projected at 40,000 per month.

- VII. The business planned to purchase a vehicle in January and a down payment is to be shs 32,000,000 and the balance to be effected in installments 60%, 30% and 10% respectively in the following months.
  - VIII. The business hopes to acquire a loan from UBA Bank shs 40,000,000 in the month of February. The monthly interest on this loan is 8% and the principle repayment will be effected one month after acquiring the loan.
  - IX. The expected monthly purchases are shs 16,000,000 however it is expected to reduce after two months by 20%
  - X. The business hopes to sell old furniture by cash 4,000,000 in the second month. Required
- Prepare CASH FLOW STATEMENT for Mukisa traders

QN15. The following information relates to UMOJAI INVESTMENTS for the months of May, June, July and August 2012

- i. Opening balance as at 1<sup>st</sup> May 2012 was shs 320,000
  - ii. Output of 800, 900, 700 and 100 units were sold at shs 500 each during the months of May, June, July and August respectively.
  - iii. Loans of shs 500,000 and shs 300,000 were obtained from inland Bank Ltd in June and August
  - iv. Receipts from debtors of shs 100,000, shs 80,000 and shs 30,000 were registered for the months of June, July and August respectively.
  - v. Purchases of 700, 800, 900 and 1,000 units of raw materials were made in the months of May, June, July and August respectively at a cost of shs 200 per unit.
  - vi. Labour costs for the months of May, June, July and August were shs 150,000, shs 120,000, shs 100,000 and shs 140,000 respectively.
  - vii. A machine was bought and paid in July for shs 1,000,000
  - viii. Monthly fixed costs of shs 20,000 per month were paid.
  - ix. Monthly rent receivable from shoeshiners shs 50,000
- QUESTION ON INCOME STATEMENT AND THE BALANCE SHEET

QN1. The following trial balance of MUTIMA TRADERS limited was prepared for the period ended 31.12.2017

Details	Debit (shs000)	Credit (shs000)
Purchased discount		7,000
Sales discount	10,000	
Provision for bad debts		100,000
Returns	14,000	13,000
Drawings	780,000	
Bad debts	87,000	



Rent	400,000	
Electricity	160,000	
Wages	102,000	
Incometaxpayable		207,000
Creditors		640,000
Sales		13,000,000
Purchases	8,235,000	
Debtors	1,200,000	
Furnitureandfittings	5,800,000	
Motorvehicle	2,940,000	
Stock(11/1/2017)	1,192,000	
Bank	102,000	
Cash	17,000	
Capital		5,205,700
Debenture		2,220,000
Advertising	133,000	
Carriageonpurchasing	500,000	
Accruedinsurance		100,000
Accumulateddepreciationon furniture		180,000
Total	21,672,700	21,672,700

Additionalinformation

- I. Closingstockwasvaluedat1,200,000,000
- II. Additional5%provisionofthedebtorshastobemadeagainstbaddebtson31/12/2017
- III. Oftherentpaidshs90,000,000isfortheforthcomingtradingperiod
- IV. Wagesofshs20,000,000werestilloutstanding
- V. Depreciationallfixedassetsby10%perannumatcost Required

- a. Prepare MUTIMA'S INCOME statement for your year ended 31<sup>st</sup> Dec 2017
- b. Prepare Mutima's balance sheet
- c. Compute and interpret
  - i. Working capital
  - ii. Average collection period for debts
  - iii. Rate of stock turn

QN2. The following trial balance was extracted from the books of DONMANZE, an entrepreneur on 31/December 2014

Item	Debit (shs)	Credit (shs)
Stock 1 January, 2014	5,000,000	
Premises	24,000,000	
Bills receivable	3,000,000	
Purchase	28,000,000	
Salaries and wages	3,500,000	
Sales		52,000,000
Fixture and fittings	2,500,000	
Discount received		450,000
Plant and machinery	14,000,000	
Rates	560,000	
Advertising	1,040,000	
Insurance	380,000	
General expenses	720,000	
Provision for bad debts		180,000
Sundry debtors	6,000,000	
Bills payable		1,500,000
Sundry creditors		4,300,000
Cash in hand	240,000	

Bank overdraft		1,860,000
Drawings	600,000	
Capital		30,000,000
Discount allowed	750,000	
	90,290,000	90,290,000

Additional information

- i. Closing stock valued at shs 6,000,000
- ii. Rates accrued shs 40,000
- iii. Prepaid insurance amount to shs 50,000
- iv. During the year DONMANZE took goods worth shs 200,000 for his personal use.
- v. Increase provision for bad debts to 4% of sundry debtors
- vi. Provide for depreciation of plant and machinery at 10% per annum and fittings at 15% per annum

Required

(a) Calculate

- i. Goods available for sale
- ii. Cost of sales
- iii. Gross profit
- iv. Net profit
- v. Working capital
- vi. Capital employed

(b) Calculate and interpret

- i. Gross profit ratio
- ii. Net profit ratio
- iii. Collection period for debts
- iv. Payment period for debts
- v. Working capital ratio

(c) Prepare DONMANZE's balance sheet as at that date

QN3. The following balances relate to JINJATRADERS Ltd for the year 2013

Particulars	Debit (shs)	Credit (shs)
Capital		10,000,000
Purchases	4,000,000	
Fixed assets	3,350,000	
Turnover		6,500,000

Sundry expenses	1,099,000	
Discount received		
Rent received		
Debtors/creditors	2,500,000	844,500
Stock(01/01/2013)	380,000	
Drawings	15,000	
Cash balance	6,010,000	
Total	17,354,000	17,354,500

Additional information

Unused stock on 31<sup>st</sup> DEC 2013 was valued at shs 220,000

Net profit for the year was shs 1,251,000

(a) Calculate

- i. Cost of sales
- ii. Gross profit
- iii. Working capital

(b) Compute and interpret

- i. Inventory turnover period
- ii. Gross profit margin

QN4. Kayondo Paul disclosed the following information on 31<sup>st</sup>/12/2015

Particulars	amount (shs)	particulars	amount (shs)
Capital	20,000,000	Creditors	9,000,000
Debtors	5,000,000	Interest received	2,100,000
Insurance premium	560,000	Returns on sales	180,000
Net sales	17,820,000	Returns on purchases	360,000
Carriage on sales	240,000	Carriage on purchases	400,000
Provision for bad debts	100,000	Commission income	4,000,000
Rent income	2,000,000	2 years loan	3,400,000
Accumulated depreciation on machinery	600,000	Stock 1.12.2015	13,100,000
Net purchase	9,040,000	Goodwill	2,000,000
Buildings	20,000,000	Machinery	3,600,000
Bank	2,900,000	Publicity	700,000
Discount expenses	680,000	Discount income	390,000
Creditors	9,000,000	Debtors	5,000,000
Interest received	2,100,000	Insurance premium	560,000
Returns on sales	180,000	Net sales	17,820,000

Returnsonpurchases 360,000  
 Carriageonpurchases 400,000  
 Commissionincome 4,000,000  
 2yearsloan 3,400,000  
 Accumulateddepreciationonmachinery 600,000  
 Debentures 1,400,000  
 Netprofitbefortax 1,640,000  
 Drawings 500,000  
 4,000,000

Carriageonsales 240,000  
 Provisionforbaddebts 100,000  
 Rentincome 2,000,000  
 Motorvan 2,400,000  
 Corporationtax 90,000  
 Closingstock

Otherinformationavailable

- i. Insurancepremiumnotyetpaidwasshs3,200,000
- ii. Publicitypaidinexcesswasshs100,000
- iii. Commissionincomeoutstandingwasshs300,000
- iv. Hewasadvisedtosetaside5%ondebtorsasacontingentfundtocaterforbaddebts
- v. Hewasalsoadvisedtorecreatea5%and10%asprovisionfordepreciationonbuildingson costandmachineryonthebookvaluerespectively.

(a) You are required to prepare KYADONDOPALU'S Trial balance

(b) Present this income statement and the balancesheet

(c) Compute this;

- i. Acidtestratio
- ii. Equitytodebtsratio
- iii. Stockturnoverperiodinweeks

Q5. The following trial balance was taken from the book of ARONDA TRADERS LTD at end of the trading period 2014

Details	DR(shs000)	CR(shs000)
Stock1/1/2014	6,000	
Purchase/sales	36,000	43,000
Rent	3,500	
Insurance	3,000	
Baddebtswrittenoff	2,900	
Purchasediscount		3,000
Salesdiscount	2,000	
Drawings	9,000	
Carriages	6,000	

Machinery(cost)	20,000	
Bankoverdraft		4,500
Buildings	30,000	
Cashbalance	6,000	
Debtors	10,000	
Land	5,000	
Creditors		20,000
Commissionreceived		6,000
Bankbalance		3,000
Provisionforbaddebts		1,000
Capital		58,000
Rentincome		1,400
Stationery	400	
Returns	1,600	
Total	141,400	141,400

Additional information

- i. Stock on 31<sup>st</sup> was valued at shs 8,000,000
- ii. Rent outstanding shs 700,000
- iii. Insurance of shs 500,000 relates to the year 2015
- iv. Provision for bad debt to be increased by 2% of debtors
- v. Off carriage shs 2,000,000 is in respect to sales
- vi. Depreciate all fixed assets by 5% p.a on cost
- vii. Stationery of shs 100,000 has remained in stock
- viii. Commission outstanding amounted to shs 4,000,000 while rent of shs 200,000 was received in advance

Required

Prepare financial statements for Kakatraders for the period ended 31.12.2014

Q6. The following balances were extracted from the records of Katungi's business as at 31<sup>st</sup> December, 2009.

Particulars	shs	particulars	shs
Sales	40,000,000	Purchases	35,000,000

Sales returns	500,000	Stock 1.1.2009	10,000,000
Provision for doubtful debts 1.1.2009	80,000	Salaries and wages	
3,000,000			
Rates	100,000	Telephone	
	600,000		
Shop fittings	4,000,000	Motor van at cost	3,000,000
Accounts receivables	700,000	Accounts payables	
	980,000		
Bad debts	17,900,000	Capital	
	20,000		
Cash at bank	300,000	Drawings	1,800,000
Purchase returns	620,000		

Additional information

- Salaries and wages outstanding shs 500,000
- Stock as at 31.12.2009 shs 12,000,000
- Prepaid rates shs 50,000
- The provision for doubtful debt to be increased to 10% of debtors
- Telephone bill outstanding shs 22,000
- Depreciate shop fittings at 10% per annum, and motor van at 20% per annum on cost

REQUIRED

(a) Calculate the following

- i. Cost of sales
- ii. Gross profit
- iii. Net profit

(b) Determine the value of the following items

- i. Fixed assets owner's equity
- ii. Current assets
- iii. Working capital ratio

(c) compute and interpret the

- i. Profit margin
- ii. Average credit period for purchases (assume 365 days in a year)

Q7. Prepare the income statement and the balance sheet for MUKHOLI given the following information as at 31<sup>st</sup> August 2013

Particulars	Amount (shs)
Capital	9,260,000
Long term loan	2,870,000
Machinery	5,000,000

Drawing	2,060,000
Discount allowed	60,000
Rent	700,000
Electricity	260,000
Motor vehicles	7,000,000
Debtors	3,000,000
Closing stock	600,000
Sales returns	50,000
Sales	12,060,000
Purchases returns	500,000
Creditors	2,800,000
Bank overdraft	140,000
Bank	2,500,000
Cash	800,000
Wages and salaries	1,000,000
Purchases	4,000,000
Opening stock	1,500,000

Q8. The information below is extracted from the books of LAKE VICTORIA TRADERS Ltd as at 31<sup>st</sup> December 2011.

Cash	8,000	Capital	15,700
Furniture	30,000	Debtors	20,000
Creditors	13,000	Machinery	12,000
Sales	90,000	Purchases	75,000
Stock 1.1.11	10,000	Insurance	2,000
Commission received	8,000	Return inwards	1,000
Carriage on sale	4,000	Rent	4,000
Return outwards	33,000	Discount received	3,000
Additional information			
I.	Stock 31.12.2011	shs	3,000
II.	Rent accrued	shs	500



- III. Insurance prepaid shs2,000
- IV. Make a provision for bad debts of 5% on debtors
- V. On the day of stock taking to close the trading period, cash shs20,000 was withdrawn by the entrepreneur from the business for personal use.

Required

- (a) Prepare a trading profit and loss account for Lake Victoria
- (b) Prepare their balance sheet as at that date

QN7. The treasurer for the teacher's canteen in your school presented the following financial statements to the members at their meeting

Teacher's canteen income statement for the period ended 31<sup>st</sup> Dec 2013

(Summary)

	Shs
Netsales	240,000,000
Less cost of sales	<u>180 000 000</u>
Gross profit	60 000 000
Less operation expenses	<u>25 000 000</u>
Net profit	<u>35 000 000</u>

Note

The opening stock as at the start of 2013 was shs23,000,000

Teacher's canteen balance sheet  
As at 31.12.2013

Particulars	shs	shs		
Capital	89,000,000		<u>Fixed assets</u>	
Add net profit	<u>35 000 000</u>		Building	82,000,000
	124 000 000		Furniture	50,000,000
Less drawing	10,000,000		<u>current assets</u>	
		114,000,000	Stock	47,000,000
<u>Long term liabilities</u>			Debtors	38,000,000
5 years loan teachers sacco		72,000,000	Bank	25,000,000
<u>Current liabilities</u>			Cash	18,000,000
Bank overdraft		34,000,000		
Creditor		<u>40,000,000</u>		
		<u>260,000,000</u>		<u>260,000,000</u>

Required

- (a) Calculate the following
  - I. Gross profit margin
  - II. Net profit to sales

- III. Netprofittoowner'sequity
- IV. Acidtest
- V. Stockturnover
- VI. Fixedassetturnover
- VII. Debttoowner'sequity(gearingratio)

(b) Interpret the following ratios in relation to a above

- I. Debttoowner'sequity
- II. Netprofitsales

Q8. The following balances were obtained from the records of EKASENTERPRISE Ltd as at 31.12.2009.

Details	shs	Details	shs
Stock(1.1.2009)	1,250,000	Stock31.12.2009	1,500,000
Purchases	7,000,000	Returninwards	750,000
Returnoutwards	45,000	Sales	13,000,000
Advertising	260,000	Carriageonsales	95,000
Premises	6,000,000	Toolsandequipment	3,500,000
Creditors	1,075,000	Debtors	1,500,000
Drawings	150,000	Capital	7,875,000
Furniture	625,000	Salariesandwages	875,000
Salesdiscount	187,500	Commissionreceived	112,000
Electricitybills	140,000	Cash	60,000
Bankoverdraft	465,000	Telephoneexpenses	180,000

Required

- I. Extract a trial balance for EKASenterprises Ltd as at 31.12.2009
- II. Prepare a trading profit and loss account for Ekasenterprises Ltd for the year ended 31.12.2009
- III. Calculate the net profit margin and interpret the results

Q9. The following trial balance was extracted from the books of Muwulize Traderson 31<sup>st</sup>/12/2010

Details	Debit(shs000)	Credit(shs000)
Premises	1,150	
Tradedebtors	10	
Tradecreditors		20
Motorcar	550	
Provisionfordepreciationon motorcar		50
Furnitureandfittings	400	

Provision of depreciation on furniture and fittings		4
Purchases/sales	60	40
Returns	5	6
Cash in hand	30	
Cash at bank	70	
Capital		2,155
	2,275	2,275

Additional information

-Stock on 31<sup>st</sup>/Dec/2010 was valued at shs 25,000

-There was no stock on 1<sup>st</sup>/Jan/2010

-Provision for depreciation on motor car and furniture and fittings were made at rate of 5%

Required

a. Prepare trading profit and loss account and the balance sheet as at 31<sup>st</sup>/12/2010

b. Calculate the following

- i. Profit margin
- ii. Working capital ratio
- iii. Liquid funds

QN10. The following trial balance was extracted from the books of Mukisa Traders as at 31<sup>st</sup>/Dec/2011

Details	Debit (shs)	Credit (shs)
Capital		3,950,000
Purchases/sales	4,300,000	7,500,000
Land and building	1,500,000	
Plant and machinery	900,000	
Motor vehicle	600,000	
Wages and salaries	890,000	
Rent and rates	430,000	
Motor vehicle expenses	125,000	

Repairstobuilding	750,000	
Generalexpenses	355,000	
Discountallowed	125,000	
Discountreceived		107,200
Debtors/creditors	1,300,000	850,000
Drawings	300,000	
Provisionfordepreciationon		
-Plantandmachinery		450,000
- Motorvehicles		292,000
Stockatstart	750,000	
Balanceatbank	825,000	
	13,150,000	13,150,000

Thefollowingadditionalinformationwasavailable:-

- i. Closingstockon31<sup>st</sup>December2013wasvaluedatshs850,000
- ii. Providefordepreciationonplantandmachineryatarateof10%oncostandmotor vehicle20%onwrittendownvalue
- iii. Theexpenditureonrepairstobuildingistobecapitalizedshs500,000

Required

a.Prepareanincomestatementandthebalancesheetfortheyearended31stDecember 2013.

b.Computeandinterpretthefollowing

- i. Rateorreturnoncapitalemployed
- ii. Grossprofitratio
- iii. Averagecollectionperiodfordebtsinmonths

QN11.BelowisBYAMUGISHA'STrialbalanceasat31<sup>st</sup>December2004

Particulars	Debit(shs000)	Credit(shs000)
Capital		500,000
Stock1/1/2004	50,000	
Plantandmachinery	500,000	

Motorvehicle(cost)	160,000	
Provisionfordepreciationon		
-Plantandmachinery		40,000
-Motorvehicle		32,000
Purchases	720,000	
Sales		1200,000
Salesreturns	80,000	
Purchasesreturns		40,000
Wagesandsalaries	120,000	
Discounts	10,000	8,000
Carriageinwards	5,000	
Carriageoutwards	6,000	
Postageandtelephone	15,000	
Waterandelectricity	17,200	
Baddebts	3,000	
Provisionsforbaddebts		2,000
Generalexenses	17,000	
Rentandratesb	30,000	
Debtors	110,000	
Creditors		93,200
Cashinhand	12,000	
Cashatbank	60,000	
Total	1,915,200	1,915,200

Additionalinformation

- I. Closingstockon31<sup>st</sup>Dec2004wasvaluedat45,000,000

- II. Depreciation to be charged at 20% of cost of plant and machinery and 40% of motor vehicles
- III. Accrued rent is shs 6,000,000 and prepaid rates shs 2,000,000
- IV. Outstanding electricity is shs 1,200,000
- V. Provision for bad debts is to be increased by shs 600,000 Required  
Prepare the trading profit and loss account for the year ending 31<sup>st</sup>/Dec/2004 and the balance sheet.

QN12. The following was extracted from the books of Olivia as at 31<sup>st</sup>/Dec/2002

Details	Debit(shs)	Credit(shs)
Stocks at 1 <sup>st</sup> /01/2002	50,000	
Purchases	420,000	
Sales		557,500
Shop expenses	6,200	
Wages and salaries	33,500	
Rent paid	750	
Telephone expenses	500	
Interest paid	4,500	
Travel expenses	600	
Premises	200,000	
Shop fittings	40,000	
Debtors	10,100	
Bank	5,850	
Capital		75,000
Drawings	27,000	
Loan from bank		150,000
Creditors		14,500

Bank overdraft		2,000
	799,000	799,000

Note: stock at 31<sup>st</sup>/12/2002 was valued at shs42,000

Required

Prepare Olivia's trading profit and loss account and balance sheet at that date

QN13. The following transactions were obtained from the books of MANJINO Holdings on 31<sup>st</sup>/12/2010

Sales	shs3,600,000	Purchases	shs5,000,000
Stock (1 <sup>st</sup> /01/2010)	shs600,000	Returns outwards	shs700,000
Returns inwards	shs800,000	Carriage on sales	shs600,000
General expenses	shs300,000	Debtors	shs900,000
Insurance	shs120,000	Cash at bank	shs760,000
Creditors	shs600,000	Machinery	shs1,200,000
Stock 31 <sup>st</sup> /12/2010	shs980,000	Furniture and fittings	shs480,000
Advertising	shs100,000	Salaries and wages	shs1,000,000
Drawings	shs400,000	Cash in hand	shs240,000

Required

- (a) Prepare trading profit and loss account for MANJINO HOLDINGS for the period ending 31<sup>st</sup>/12/2010
- (b) Prepare their balance sheet at that date
- (c) Compute and interpret
  - I. Stock turnover
  - II. Average number of days the stock was held before selling

QN14. The following trial balance was extracted from the books of MANGEENO ENTERPRISES as at the end of 31/06/2013

Details	DR(SHS000)	Cr(SHS000)
Purchases/sales	2,000,000	4,900,000
Capital		1,400,000
Returns	110,000	140,000
Bad debts	790,000	
Discounts	80,000	50,000
Stock 1.7.2013	570,000	
Debtors/Creditors	1,000,000	1,090,000
Stationery	420,000	

Carriageonpurchases	85,000	
Salaries	400,000	
Drawings	300,000	
Motorvancost	8,500,000	
Land	4,565,000	
Cash	460,000	
Bank	2,000,000	
Loan		11,650,000
Provisionforbaddebts		100,000
Interestreceived		1,000,000
	21,280,000	21,280,000

Additionalinformation

- I. StockonJune30<sup>th</sup>/2013wasvaluedatshs100,000
- II. Salariesinarrearsamountedtoshs20,000,000
- III. Fixedassetsdepreciateat10%perannum
- IV. Unusedstationerywasshs20,000,000
- V. Accruedinterestreceivablewasshs40,000,000
- VI. Decreaseinprovisionforbaddebtswas20%ofdebtors.

Required

PrepareMangeeno’sincomestatementandthestatementoffinancialpositionasatthatdate.