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KIRINJIKO ISLAMIC SECONDARY SCHOOL

CODES FORM FOUR EXAMINATION
BOOK KEEPING

062

INSTRUCTIONS:

1. This paper consists of section A, B and C.
2. Answer ALL questions in section A and B and two (2) question in section C.
3. Non-programmable calculator may be used.
4. Write ALL your answers in the answer sheets provided.
5. Remember to write your name/Examination number.

SECTION A: (20 MARKS).

Answer **all** question in this section.

1. For each of the items (i) – (xv) choose the correct answer from among the given alternatives and write its letter beside the item number

(i) Which is the best description of a fixed assets?

A. Are bought to be used in the business
B. Are items which will not wear out quickly
C. Are expensive items bought for the business
D. Are of long-life and are not bought specifically for resale.
E. Are bought to expand firm's owners equity.

(ii) A cash discount is best described as a reduction in the sum to be paid

A. If payment is made within a previously agreed period
B. If payment is made by cash, not cheque
C. If payment is made either by cash or cheque
D. If purchases are made for cash, not on credit
E. If a cash is made for goods needed for resale purpose.

(iii) Depreciation is

A. The amount spent to buy a fixed asset
B. The salvage value of a fixed asset
C. The part of the cost of the fixed asset consumed during its period of used by the firm
D. The amount of money spent in replacing assets.
E. Cost of wear and tear of a fixed asset.

(iv) In the business of Masele who owns a clothing store, which of the following are capital expenditure?

i. Shop fixtures bought
ii. Wages of assistants
iii. New motor van bought
iv. Petrol for motor van

A. (i) and (iii) B. (i) and (ii) C. (ii) and (iii) D. (ii) and (iv)
E. None of the above

(v) If Shs.500/= was shown added to purchases instead of being added to a fixed asset

A. Net profit only would be understated
B. Net profit only would be overstated
C. It would not affect net profit
D. Both gross and net profits would be understated.
E. Cost of goods sold would not affected.

(vi) When a petty cash book is kept there will be:

A. More entries made in the general ledger
B. Fewer entries made in the general ledger
C. The same number of entries in the general ledger
D. No entries made at all in the general ledger for items paid by petty cash.
E. No need of opening a general ledger.

(vii) Which of the following errors would be disclosed by the trial balance?

A. Cheque Shs.65/= from Peter entered in Peter's account as 56/=
B. Selling expenses had been debited to sales account
C. Credit sales of shs.400/= entered in both double entry accounts as shs.4,000/=
D. A purchases of shs.300/= was omitted entirely from the books.
E. Cash payment to Kasuku

(viii) If creditors at 1st January 1993 were Shs.25,000/=, creditors at 31 December 1993 shs.42,000/= and payments to creditors shs.320,000/=, then purchases for 1993 are:

A. 303,000/= B. 337,000/= C. 316,000/= D. None of these.
E. All of the above.

(ix) Which of the following should be charged in the profit and loss account?

A.	Office rent	B.	Work in progress
C.	Direct Materials	D.	Carriage on raw materials
E.	Royalty paid by the firm.		

(x) Prime cost includes

i. Direct labour
ii. Factory overhead expenses
iii. Raw materials consumed
iv. Direct expenses

A. (i), (ii) and (iii) B. (ii), (iii) and (iv) C. (i), (ii) and (iv)
D. (i) (ii) and (iv) E. None of the above.

(xi) An error caued by debiting Gichomi's account instead of Gichochi's account is an error of

A. compensating
B. omission
C. commission
D. complete reversal
E. original entry.

(xii) Given a desired cash float of shs. 20,000 and that shs. 14,600 has been spent, how much will be reimbursed?

A. sh. 20,000
B. sh. 5,400
C. sh. 25,400
D. sh. 14,600
E. sh. 16,400

(xiii) The profit when expressed as a fraction or percentage of the selling price is known as

A. net profit
B. net loss
C. margin
D. mark –up
E. Turnover rate.

(xiv) The correct accounting equation is

A. assets= capital + liabilities
B. assets + capital = liabilities
C. assets = capital – liabilities
D. assets = capital = liabilities

E. assets + liabilities = capital

(xv) The expenditure for which the government has received no value e.g . payment for services not rendered is called
A. development
B. recurrent expenditure
C. nugatory expenditure
D. statutory expenditure
E. Recurring expenditure.

2. Match the items in List A with the responses in List B by writing the letter of the corresponding response beside the item number.

LIST A

(i) Accounts in which property of all kinds is recorded
(ii) The person making out a cheque and using it for payment
(iii) An expense, which the firm has used up, but which has not yet been paid for.
(iv) A summary of the cashbook of a non-profit making organization.
(v) The excess of cost of goods sold over net sales

LIST B:

A.	Gross loss	K.	Gross Profit
B.	Special fund	L.	Drawee
C.	Long-term liabilities	M.	Balance sheet
D.	Short-term liabilities	N.	Nominal account
E.	Petty cash book	O.	Treasury
F.	Trial balance	P.	Exchequer account
G.	Control account	Q.	Prepaid expenses
H.	Drawer	R.	Income and expenditure a/c
I.	Accrued expense	S.	Real accounts
J.	Receipts and payments account	T.	Partner

SECTION B: (40 MARKS).

Answer **all** question in this section.

3. On 1st January 1999 a debit balance of shs.1,535/= for insurance shown in the books of Thomas. During the year ended 31 December 1999 the information related to insurance account is as follows:

(i) Fire – Insurance shs.4,800/=, covering the year ended 31 April 2000 was paid
(ii) General insurance shs.3,150/=, covering the year ended 31 August 2000 was paid
(iii) An Insurance rebate of shs.275/= was received on 30 June 1999.

Required:

Write up the account for insurance for the year to 31 December 1999. Carry forward necessary balance(s) to 2000.

4. AB and company bought two buses on the dates shown below:
1st January 1997: bought the first bus for shs. 30,000
1st July 1998: bought the second bus for shs. 50,000
On 30th June 1999, the bus which cost shs. 30,000 was sold for shs. 22,000 cash. The firm's financial year ends on 31st December each year. The bus is to be depreciated at the rate of 10% per annum using the straight line method and based on the assets' existence at the end of each year, ignoring items sold during the year.
Required
Show in the books for the first three years:
(a) Provision for depreciation on bases
(b) Buses disposal account.

5. Write short notes

(a) Accumulated fund
(b) Working capital
(c) Dishonored cheque
(d) Set-off for Debtor/creditor
(e) Manufacturing account

6. Kinyasi Ujamaa village had the following Trading and profit and loss Account for the year ended 31/03/2000.

Open stock	6,000	Sales	40,000
Purchases	30,000	Closing stock	8,000
Gross profit c/d	12,000		
	48,000		48,000
General expenses	10,000	Gross profit b/f	12,000
Net profit	2,000		
	12,000		12,000

Calculate
(a) Cost of goods sold
(b) Average stock
(c) The rate of stock turnover (RST)
(d) Percentage of gross profit on turnover
(e) Percentage of net profit on turnover.

SECTION C: (40 MARKS).

Answer **two (2)** question in this section.

7. A trial balance extracted on 31 December 2001 which failed to agree by shs.1,650/=, a shortage on the credit side of the trial balance. A suspense account was opened for the difference.

   On January 2002 the following errors made in 2001 were found:

   (i) Sales day book had been undercast by shs.500/=
   (ii) Sales of Shs.1,250/= to Joel had been debited in error to Joachim's account
   (iii) Rent account had been undercast by Shs.350/=
   (iv) Discount allowed a/c had been overcast by shs.1,500/=
   (v) The sales of a motor van at book value had been credited in error to sales account shs.1,800/=

   You are required to:

   (a) Show the journal entries to correct the errors.
   (b) A suspense account
   (c) The net profit had previously been calculated at shs.39,500/= for the year ended 31 December 2001, show the corrected net profit.

8. On 1st January 2003, G. Ally of Dar es Salaam and G. Maduhu of Shinyanga entered into a joint venture for the sale of goods, Profits and losses being shared equally between them. On 12th February, Ally paid shs.100,000/= for the goods, and in addition, freight shs.4,000/=, Railway charge shs.2,000/= and sundry expenses shs.2,500/=.

   Maduhu made the following payments on account of the joint venture 16th March. Government duty, shs.4,050/=; 17th April, warehouse charges shs.1,450/=; 19th May postages and sundries, shs.550/=.

   On 20th May Maduhu sold the whole of goods sent for shs.144,000/=.

   <u>Required:</u>

   Prepare a memorandum joint venture account together with joint venture account in each person's books.

   <u>Note:</u> The final settlement between the ventures was completed on 30th May 2003.

9. Mr. Majura is a sole trader. He extracted the following list of balances from the books of his business on 31st march 2011.

	Debit	**Credit**
Purchases and sales	453,800	806,500
Sales and purchases returns	5,100	9,300
discounts	11,200	3,900
Stock at 1st April 2010	124,600	
Motor van at cost	125,000	
Office equipment	96,000	
Provision for depreciation of motor van 1st April 2010		38,000
Provision for depreciation of office equipment 1st April 2010		21,500
Salaries and wages	176,200	
Motor van running expenses	39,100	
Sundry expenses	11,400	
Rent and rates	32,000	
Bad debts	3,750	
Provision for doubtful debts 1st April 2010		3,200
Debtors and creditors	128,700	91,000
Bank	80,400	
Cash	600	
Drawings	70,000	
Capital		384,450
	1,357,850	1,357,850

The additional information is available at 31st March 2011:

i. Stock was valued at shs 201,000

ii. Salaries and wages accrued shs 4,900.

iii. Rent and rates prepaid shs 7,900.

iv. An additional shs 2,700 to be written off as a bad debts and the provision for doubtful debts is to be adjusted to 2% of debtors after writing off bad debts.

v. Goods taken by Majura for his private use during the year amounted at cost to shs 3,700. No records has yet been made in the books.

vi. Depreciation is to be written off as follows: motor van shs 20,000, office equipment at 15% using the straight line method.

Prepare income statement for the year ended 31st March 2011 as well as the statement of financial position as at that date.

Wabillah Tawfiiq