

Instructions

1. This paper consists of three sections A, B and C
2. Answer all question from section A and B and only two questions from section C
3. Calculators and cellular phones are not allowed in the examination room
4. Write your name on every page of your answer sheets

SECTION A (20 Marks)

Answer all questions in this section

1. For each the items (i-x), choose the correct answer from among the given alternative and write its letter beside the item number in answer sheet provided
 - i) Sales involves are first entered in the
 - A. Cash book
 - B. purchases journal
 - C. sales account
 - D. sales journal
 - E. purchases account
 - ii) A cheque which is not accepted for payment by the bank due to insufficient find in the drawer's bank account is called
 - A. Dishonouredchaque
 - B. unpresentedcheque
 - C. unaccreditedcheque
 - D. unrecorded cheque
 - E. open cheque
 - iii) Which of the following expenditure the government received no value?
 - A. Nugatory expenditure
 - B. recurrent expenditure
 - C. statutory expenditure
 - D. recurring expenditure
 - E. development expenditure
 - iv) An error caused by debiting Lugata account instead of Lugolola account is called
 - A. Compensating error
 - B. error of omission
 - C. error commission
 - D. error of complete reversal
 - E. error of original entry
 - v) What is meant by book keeping?

- A. An art of recording cash transaction
 - B. an art of recording bank transaction
 - C. an art of recording cash and credit transaction
 - D. an art of recording credit transaction
 - E. An art of recording business transaction
- vi) The sum of fixed assets and working capital of a business is called
- A. Capital owned
 - B. capital employed
 - C. circulating capital
 - D. working capital
 - E. barrowed capital
- vii) A receipt and payment account is used to
- A. Calculate the gross profit
 - B. calculate the net profit
 - C. show the opening and closing cash balance
 - D. show the surplus of income over expenditure
 - E. show the account and pre-paid expenses
- viii) Which of the following statement describes no- current assets?
- A. Items bought to be used in the business
 - B. items which will not wear out quickly
 - C. expensive items bought for the business
 - D. items housing a long life and bought for resale
 - E. items housing a long life and not bought for resale
- ix) Which of the following is not an asset?
- A. Buildings
 - B. loan from Hamis
 - C. accounts receivable
 - D. cash balance
 - E. inventories
- x) Which of the following should be entered in the journal?
- A. Payment for cash purchases
 - B. fixture bought on credit
 - C. credit sales of goods
 - D. Sales of surplus machinery
 - E. credit purchases of goods.

- xi) Manufacturing account is used to calculate
- Production cost paid in the year
 - total cost of goods produced
 - production cost of good completed
 - gross profit cost of goods sold
 - prime cost of goods manufactured
- xii) When there is no partnership agreement then profit and losses must be shared
- In the same proportion as capital
 - equality to all partners
 - equally after adjusting interest on capital
 - equality after adjusting for on drawings
 - equal proportion minus interest on drawings
- xiii) Depreciation can be described as the
- Amount spent to by a non- current asset
 - salvage value of non- currency asset
 - cost of the non- current asset consumed during its period
 - amount of money spent replacing non- current asset
 - Cost of old assets plus new assets purchased.
- xiv) A credit balance in a bank account shows
- The amount available at the end of the year
 - the amount that had been overspent at the end of the period
 - the amount that had been under spent at the end of the period
 - the total amount paid out at the end of the period
 - the total amount received at the end of the period
- xv) Which of the following statement is not a business transaction?
- Payment of wages to a house girl
 - payment of wages to a shop attendant
 - receipts of cash against sale of good
 - purchases of fixed assets for the business
 - no correct answer
2. Match the responses in list B with the statement in List A by writing the letter of the correct response beside the item number

<i>LIST A</i>		<i>LIST B</i>
i)	A document sent by the seller to the buyer to correct an overcharge on the original invoice	A. Credit note B. Invoice C. Debit note D. Dispatch note E. Consignment note F. Performa invoice G. Advice note H. Shipping advice note I. Packing note
ii)	A document sent by the seller to the buyer to correct an undercharge of the original invoice	

iii)	A document sent by the seller to the buyer after goods have been dispatched	J. Acknowledgement note
iv)	A document sent by the seller to the buyer to confirm that the order has been received and is being processed	
v)	A document sent by the seller to the buyer accompanying the goods being consigned	

SECTION B (40 Marks)

Answer all questions in this section

3. Write short notes on the following terms

- (a) Virement
- (b) Auditing
- (c) Auditor's report
- (d) Cash float
- (e) Bank reconciliation

4. (a) Briefly explain five types of books of original entry

(b) List five reasons for differences between cash book and Bank statement to differ

5. (a) From the following given information, find the amount to be transferred to profit or loss account by using rent received account

	1 st Jan 2018	31 st Dec 2018
Rent received outstanding.	shs 420,000	shs 320,000
Rent received in advance	shs 450,000.	shs 120,000

A total shs 9,870, 000 cash was received during the year

(b) Peleka presented for you the following information

Rate of stock turnover of 8 times per year

Average stock is shs 16240

Mark-up is 60%

Expenses are 70% of gross profit

You are to calculate

- (a) Cost of goods sold
- (b) Gross profit
- (c) Turnover
- (d) Total expenses
- (e) Net profit

6. A business which prepares its financial statement annually to 31 December suffered bad debts

2016 shs 4200

2017 shs 3100

2018 shs 5800

The business had a balance of shs 400 on the provision for doubtful debts account on 1 January 2016. At the end of each year, the business considered which of its debtors appeared doubtful and carried forward a provision

2016 shs 5000

2017 shs 6000

2018 shs 4000

Show the entries in the bad debt account, provision for doubtful debts account for each of the three years

SECTION C (40 MARKS)

Answer only two (2) questions from this section

7. Tabasam of Sengerema- Mwanza consigned 3000 cases of soap @ shs 120/= to Chuki of Kamaha- Shinyanga on 10th January 2018 on 25th December 2019 Chuki forwarded an account sales with a draft for the balance showing the following
- (a) 2500 cases sold for shs 59000/=
 - (b) Unload charges 72000/=
 - (c) Storage charges 4100/=
 - (d) Commission on sales 5%+1% del credere commission

In addition to the above the consignor incurred shs 1000/= for insurance and 2700 for transport when goods sent to Chuki.

Required open accounts in the books of Tabasam

8. Lucky does not maintain proper books of accounts. However he maintains a record of his bank transactions and also is able to give the following information from which you are requested to prepare his financial statements for the year 2018

	01.01.2018	31.12.2018
Debtors	102, 500	?
Creditors	?	46,000
Stock	50,000	62,500
Bank balance	?	50, 000
Fixed assets	7500	9,000

Details of his bank transactions were as follows.

Received from debtors. 34,000

Additional capital brought in 5,000

Sales of fixed assets (book value shs 2500) 1750

Paid to creditors 280,000

Personal drawings 25,000

Purchase of fixed assets 5000

No cash transaction took place during the year. Goods are sold at cost plus 25%. Cost of goods sold was shs 260,000

9. The following information appeared in the books of Corny for the month of October 2010

Balances as at 1 October 2010. Dr (Tshs) Cr (Tshs)

Accounts receivable ledger	69520	1070
Accounts payable ledger	920	42150

Total for the month of October 2010 shs

Sales journal	155800	
Discount received	3200	
Bad debt written off	4510	
Return to suppliers	34870	
Carriage outward	2150	
Cheque and cash received from trade debtors.	146500	
Dishonoredcheque from trade debtor	18600	
Credit purchases	151200	
Cash sales	50,000	
Trade discount received	950	
Cash and cheque paid to trade creditor	99,900	
Allowance for doubtful accounts payable ledger	9196	
Discount allowed.	2500	
Cash refunds to trade debtors	4720	
Debit balances in accounts receivable ledger set off Against credit balance in the account payable ledger 6500		

Balance as at 31 October 2010	Dr(shs)	Cr(shs)
Accounts receivable ledger	91960	?
Accounts payable ledger	?	55650

Required: prepare the following accounts

- (a) Accounts receivable ledger control
- (b) Accounts payable ledger control