FORM FOUR EXAMINATION
BOOK KEEPING SERIES 13

062

TIME: 3 HOURS

INSTRUCTIONS

1. This paper consists of section A, B and C.
2. Answer ALL questions in section A and B, and ONLY TWO (2) Questions from section C.
3. Write ALL answers in the answer sheet provided
4. Non programmable calculators are allowed.
5. Write your examination number on every page of you answer sheet(s).

SECTION A: (20 MARKS)

Answer ALL questions in this section

1. For each of the item (i)-(x) 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 non current asset?
   - A. Are of long life and are not bought specifically for resale
   - B. Are expensive items bought for the business
   - C. Are items which will not wear out quickly
   - D. Are bought to be used in the business

   (ii) A cash discount is best described as a reduction in the sum to be paid
   - A. If purchases are made for cash, not on credit
   - B. If payment is made either by cash or cheque
   - C. If payment is made by cash, not cheque
   - D. If payment is made within a previously agreed period

   (iii) Depreciation is
   - A. The amount of money spent in replacing assets
   - B. The part of the cost of the non current asset consumed during its period of use by the firm
   - C. The salvage value of a non current asset
   - D. The amount spent to buy a non current asset

   (iv) In the business of Sesso 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. (ii) and (iv) B. (ii) and (iii) C. (i) and (ii) D. (i) and (iii)

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

A. Both gross and net profits would be understated
B. It would not affect net profit
C. Net profit only would be overstated
D. Net profit only would be understated

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

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

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

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

(viii) If creditors at 1 January 2003 were shs.25,000/=, creditors at 31 December 2003 shs.42,000/= and payments to creditors shs.320,000/=, then purchases for 2003 are:

A. 316,00 B. 337,000 C. 303,000 D. None of these

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

A. Carriage on Raw materials B. Work in progress
C. Direct material D. Office rent

(x) Prime cost includes

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

A. (i), (iii) and (iv) B. (i), (ii) and (iv)
B. (ii), (iii) and (iv) D. (i), (ii) and (iii)

(xi) When depositing money in your Current account you should always use:-

A. A cheque book
B. A Cash book
C. A Day book
D. A Paying-in slip

(xii) The credit entry for net profit is on the credit side of

A. The trading account
B. The Drawings account
C. Sales account.
D. The capital account

(xiii) The descending order in which Current assets should be shown in the Balance sheet is:

A. Cash, Bank, Debtors, Stock
B. Debtors, Stock, Bank, Cash
C. Stock, Debtors, Bank, Cash
D. Stock, Debtors, Cash, Bank

(xiv) Given opening capital Tsh.33,000, closing capital of Tsh. 22,700 and drawings were Tshs. 6,600.

A. loss for the year was Tsh. 16,900
B. Profit for the year was Tsh. 16,900
C. Profit for the year was Tsh. 3,700
D. loss for the year was Tsh. 3,700

(xv) Which of the following best describes purchases?

A. Items bought
B. Goods bought for resale
C. Goods bought on credit
D. Goods bought and stored.
E. Goods paid for

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		LIST B	
(i)	Accounts in which property of all kinds is recorded	A.	Exchequer account
(ii)	Accounts of persons from whom the business bought goods on credit	B.	Receipts and Payments account
(iii)	An account, which checks the arithmetical accuracy of a ledger	C.	Control account
(iv)	Account that shows summary of the cash book of a non-profit making organization	D.	Real account
(v)	Accounts of persons to whom goods were sold on credit	E.	Debtors' accounts
		F.	Nominal accounts
		G.	Revenues accounts
		H.	Creditors' accounts

SECTION B: (40 MARKS)

Answer ALL questions in this section

3. Write short notes
   (a) Internal control (b) Statutory audit (c) Audit working papers
   (d) Audit report (e) Sampling

4. On 1 January 2009 a debit balance of shs.1,535/= for insurance was shown in the books of Thomas. During the year ended 31 December 2009 the information related to insurance account is as follows:
   (i) Fire-insurance shs.4,800/= covering the year ended 30 April 2010 was paid
   (ii) General insurance shs.3,150/=, covering the year ended 31 August 2010 was paid
   (iii) An insurance rebate of shs.275/= was received on 30 June 2009

   Required:
   Write up the account for insurance for the year to 31st December 2009. Carry forward necessary balance(s) to 2010.

5. a) Define double entry book-keeping
   b) Classifying the following under the heading of personal, real and nominal accounts and state which side of the ledger would appear.
      i. M. Mangi (a supplier)
      ii. Sales
      iii. Insurance
      iv. Bank
      v. Plant and machinery
      vi. Stock

c). Enumerate the main difference between statement of income and expenditure and receipts and payment account.

6. The following balance were taken from the books of Pure and Real on 31 December 2008

Capital Account:-	Pure	10,000
	Real	8,000
Current Account:	Pure	400 CR
	Real	600 DR
Drawings:	Pure	1,100
	Real	800
Net profit for the year		3,780

Their partnership agreement provides that:-

a. Profit and loses should be shared equally
b. 5% interest be allowed on fixed capital
c. 8% interest be charged on drawing
d. Pure who manages the sales department be allowed a commission equal to 10% of the Net profit after allowing an annual salary of 780 to Real.
e. They agree to transfer 500 to a general reserve

Show the following accounts in their ledger

a. Profit and loss appropriation account
b. Partners current accounts.

SECTION C: (40 MARKS)

Answer ONLY TWO (2) Questions in this section

7. On 1st January 2003 Johari Abdul of Dar es Salaam and Joyce Manjale of Shinyanga entered into a joint venture for the sale of goods, profits and losses being shared equally between them.

On 12th February Johari Abdul 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/=. Joyce Manjale 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 Joyce Manjale sold the whole of goods sent for Shs.144,000/=

Required:

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

Note: The final settlement between the ventures was completed on 30th May 2003

8. The following is a trial balance, extracted from the books of Kimalio at 31 December 2016 which did not balance and the difference put to a suspense account

DETAIL	DR	CR
Sales		23,850
Purchases	12,900	
Wages	951	
General expenses	210	
Fixtures	30,500	
Debtors and Creditors	6,680	10,910
Cash in hand	20	
Cash at bank	1,510	
Kimalio capital A/C		21,675
Kimalio drawing A/C	700	
Suspence (difference in books)	2,964	
	56,435	56,435

On investigation the following errors were discovered.

a. Purchase account in the ledger is under cost by Tshs 1,000/=
b. Wages expenses balance of Tshs 915 is extracted in the trial balance as Tshs 951
c. Sales to Irene Namaganda of ths 1,500/= is correctly recorded in the sales journal but posted to her account in the sales ledger as Tshs 2,500.
d. Purchases of Tshs 2,000/= from J.Okello is recorded in the purchases journal but it is not posted to his account in the purchases ledger .
e. The opening balance of Tshs 25,000/= in the fixtures account is brought forward as Tshs 20,000/=

You are required to pass journal entries for the correction of the errors.

9. Rachel does not maintain a full set of books; however she keeps a cash book, which she finds adequate as she deals on cash terms only. The following summary was prepared from her cash books for the year 2008.

RECEIPTS AND PAYMENT A/C AT 31ST DEC. 2008

Balance b/d	780	Purchases	10,230
Sales	21, 610	Rent & rates	980
Additional capital	1,000	Wages &salaries	2,760
		Light and heat	840
		Office expenses	1,050
		Transport	1,490
		Drawings	2,400
		New furniture	750
		New Motorcar	2,000
		Balance c/d	890
	23,390		23,390

The following additional information is also available.

a. On 1 Jan 2008 Rachel asset were stock in trade 2,520; furniture 1,250; premises 5,000.
b. On 31 December 2008 her stock in trade was valued at 2,710.
c. Charge 10% depreciation on furniture and 15% on the motor car no depreciation need be provided on premises.

Required:

Draw up Rachel's income statement for the year ended 31 December 2008 and her statement of financial statement as at that date