

THE UNITED REPUBLIC OF TANZANIA
DODOMA REGION
FORM FOUR MOCK EXAMINATIONS - 2023

062

BOOK-KEEPING

TIME: 3 Hours

August, 2023

Instructions:

1. This paper consists of sections A, B and C with total of nine (9) questions.
2. Answer all questions in section A, B and C
3. Non-programmable calculators may be used
4. Cellular phone and any unauthorized materials are not allowed in the Examination room
5. Write your registration number on every page of your answer sheet(s)

SECTION A: (15 Marks)

Answer all questions in this section

1. For each of the following items (i) – (x), choose the correct answer from among the given alternatives and write its letter beside the item number in the answer booklets(s) provided.

- (i) A firm bought a machine for TZS 50,000/= it expected to be used for 6 years and then sold for the TZS 5,000/=. What is the annual amount of depreciation if the straight line method is used?

- A. TZS 7,500/=
- B. TZS 7,000/=
- C. TZS 6,500/=
- D. TZS 6,750/=
- E. TZS 5600/=

- (ii) If stock at the year-end is undervalued, gross profit will be:

- A. Under stated
- B. Over stated
- C. Only affected next year
- D. Not affected
- E. Over valued

- (iii) When preparing a control account the total of returns inwards for the month should be entered on:

- A. Debit side of purchases ledger control account
- B. Credit side of purchases ledger control account
- C. Debit side of sales ledger control account
- D. Credit side of sales ledger control account

- E. Debit side of private ledger control account
- (iv) The balances in the purchases ledger are usually:
- A. Contras
 - B. Debit balances
 - C. Normal accounts balances
 - D. Real account balances
 - E. Credit balances
- (v) Given closing debtors of TZS 65,220, sales TZS 50,000 and receipts from debtors of TZS 44,000, the opening debtors should have been:
- A. TZS 60,220/=
 - B. TZS 65,220/=
 - C. TZS 109,220/=
 - D. TZS 59,220/=
 - E. TZS 94,000/=
- (vi) A provision for bad debts is created:
- A. When debtors become bankrupt
 - B. When debtors cease to be in business
 - C. To provide for possible bad debts
 - D. To write-off bad debts
 - E. To reduce the amount of bad debts in bad debt account
- (vii) Statutory audit is
- A. audit performed by an internal auditor
 - B. audit required by law
 - C. an auditor who is also the controller and the Auditor General
 - D. audit which is done by unqualified auditor
 - E. Law's auditing.
- (viii) The bank reconciliation statement is a statement
- A. sent by the bank when the account is overdrawn
 - B. drawn by us to verify our cash balance with the bank statement balance
 - C. drawn up by the bank to verify the cash book
 - D. sent by the bank when we have made an error
 - E. Prepared by the bank.
- (ix) Which of the following would not be considered as a part of the prime cost?
- A. Office manager's wages

- B. Direct labour costs
- C. Raw materials used
- D. Freight on raw materials
- E. Royalties

(x) The document issued by a bank to inform its customers of their financial state of affairs is referred to as:

- A. Cash book
- B. Cheque book
- C. Bank statement
- D. Cheque book
- E. Unpresented Cheque

2. Choose the correct term from List B which matches with the explanation in List A and write its letter below the number of corresponding explanation in the answer sheet provided

LIST A	LIST B
<ul style="list-style-type: none"> i. These are payments made by a firm or person through cheque but they are not yet sent by customers to the bank to effect those payments. ii. These are payments received by a firm or person by cheque but they are not yet passed through the banking system. iii. These are fees deducted by the bank for different services made on the current account. iv. These are payments made by the customer firm direct to the bank account of supplier firm. v. These are payments directed by the account holder to be made by the bank on his behalf. 	<ul style="list-style-type: none"> A. Standing order B. Dishonoured cheques C. Unpresented cheques D. Errors E. Unaccredited cheques F. Dividends G. Direct transfers H. Bank charges

SECTION B: (40 Marks)
Answer all questions in this section

3. Source documents are detailed documents from which information to be entered in the subsidiary books are extracted, and because of these documents, a business owner is able to track all daily transactions to be recorded in the books of prime entry prior to be posted to the respective ledger. Outline five documents used in book keeping.
4. Briefly explain the meaning of the following terms:
- Book keeping
 - Double entry system
 - Business entity concept
 - Trial balance
 - Discount allowed
5. By using the “principle of double entry system”, formulate business transactions in order to be valid against accounts to be debited and credited given in the table below:

S/N	Transactions	Accounts to be Debited	Accounts to be Credited
(a)		Cash Account	Sales account
(b)		Purchases account	Haule account
(c)		Bank account	Sales account
(d)		Zahara account	Sales account
(e)		Purchases account	Molly account

6. The following information relate with transactions from the books of Mtumzima Enterprises on the date shown:

	1st Jan 2017	31st Dec. 2017
Commission received outstanding	420,000	320,000
Commission received in advance	550,000	120,000

A total of TZS 1,870,000 cash was received during the year

Required: You are required to prepare Commission received account showing amount to be transferred to income statement.

SECTION C (45 marks)
Answer all questions in this section

- 7.(a) The following information was extracted from the records of WAHENGA ltd for the month of June 2018. Using the information to prepare the sales ledger control account of WAHENGA ltd for the month of June 2018

At June 1:

Sales ledger debit balance-----	381,600
Sales ledger credit balance -----	2,200

Transaction during the month;

Cash received-----	10,400
Cheques received-----	623,900
Sales-----	709,000
Bad debts written off-----	30,000
Discount allowed -----	29,800
Returns inward-----	66,400
Cash refunded to a customer who had been paid his account -----	3,700
Dishonoured cheques -----	2,000
Interest charged on customers overdue debts -----	5,000
Carriage charged to debtors-----	6,400
Set off against purchases ledger -----	14,300

At June 30:

Sales ledger debit balance-----	335,000
Sales ledger credit balance-----	4,000

(b) On 1st January 2015, Mgema motors company ltd purchased motor lorry worth Tzs 12,000,000. The company used the asset for three years. On 31st December 2017 the lorry was sold for Tzs 3,000,000. It is the policy of the company to compute depreciation using straight line method. Prepare the motor lorry account and provision for depreciation on motor lorry account for the first three years.

8. Bonga shoes ltd is a company that manufactures shoes. The following information was extracted from the company books for the year ended 31st December 2019

Details.	Tzs.
Purchases of raw materials	800,000
Inventory of raw materials on 1 st January 2019.	400,000
Returns of raw materials to supplier	52,000
Plant and machinery depreciation.	350,000
Inventory of raw materials on 31 st December 2019	50,000
Rent	944,000
Rates	865,000
Insurance	3,192,000
Water and lighting	83,000,000
Wages and salaries	10,184,000
Direct labour	6,436,000
Direct express	440,000
Power and heat	1,163,000

Factory maintenance	511,200
Work in progress 31 December 2019	963,400
Plant repairs	96,600
Internal transport expenses (factory)	175,000
Carriage on raw materials	195,000
Lubricant and fuel	512,000

Additional information

- a) 20% of rent and rates is non- factory overheads
 - b) 45% of insurance, water and lighting are chargeable on administration
 - c) 50% of wages and salaries are chargeable as factory cost
- Use the information provided to prepare statement of manufacturing cost for the year ended 31 December 2019.

9. Mayamiko, a sole trader, kept his books of accounts on single entry basis, the position of the business as at 31st Dec 2019 was as follows:

Freehold premises -----	10,000/=
Plant and machinery -----	6,000/=
Stock in trade -----	13,000/=
Sundry debtors -----	17,500/=
Sundry creditors -----	18,750/=
Cash at bank -----	35,000/=

At 1st January of that year his capital was TZS 55,000/= during the year his drawings amounted to TZS 5,000/= and the sales of private car realized TZS 2,000/= which he paid into the bank to the credit of the business current account.

Required –

Prepare the statement of affairs as at 31st December, 2019, showing the financial position of the business and Statement of profit and loss for year ended 31st December, 2019.