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**KIRINJIKO ISLAMIC SECONDARY SCHOOL**

**CODES FORM FOUR EXAMINATION  
BOOK KEEPING**

062

**TIME: 3 HOURS**

**INSTRUCTIONS**

1. *This paper consists of sections A, B and C with a total of nine (9) questions*
2. *Answer all questions in section A and B and only two (2) questions from section C.*
3. Write all your answers in the answer sheets provided.
4. Write your examination number on every page of the answer sheets.

**SECTION A: (20 MARKS)**

1. For each of the items (i) – (xiv) choose the correct answer from among the given alternatives and write its letter beside the item number.
  - (i) Which of the following should not be called “sales”?
    - A. Office furnitures sold
    - B. Goods sold on credit
    - C. Goods sold for cash
    - D. Sales of item previously included in purchases
  - (ii) Given the following, what is the amount of capital?  
Assets: premises shs.20, 000/=, stock shs.8,500, cash shs.100/=  
Liabilities: Creditors shs.3,000/=, loan from K. Kipara shs.4,000/=
    - A. 21,100/=
    - B. 21,600/=
    - C. 32,400/=
    - D. None of the above
  - (iii) Is it true that the trial balance totals should agree?
    - A. No, there are sometimes goods reasons why they differ
    - B. Yes, except where the trial balance is extracted at the year end
    - C. Yes, always
    - D. No, because it is not a balance sheet
  - (iv) To find the value of closing stock at the end of a period we:
    - A. Do this by stocktaking
    - B. Look in the stock account
    - C. Deduct opening stock from cost of goods sold
    - D. Deduct cost of goods sold from sales

- (v) The descending order in which current Assets should be shown in the balance sheet is:
- Stock, Debtors, Bank, Cash
  - Cash, Bank, Debtors, Stock
  - Debtors, Stock, Bank, Cash
  - Stock, Debtors, Cash, Bank
- (vi) The cost of putting goods into a saleable condition should be charged to:
- Trading Account
  - Profit and Loss Account
  - Balance Sheet
  - None of these
- (vii) If you want to make sure that your money will be safe if cheques sent are lost in the post, you should:
- Not use the postal service in future
  - Always pay by cash
  - Always take the money in person
  - Cross your cheques "Account payee only, not negotiable"
- (viii) Which of these errors would be disclosed by the trial balance?
- Cheque Shs.950/= from B. Aron entered in Aron's account as shs.590/=
  - Selling expenses had been debited to sales account
  - Credit sales of shs.3,000/= entered in both double entry accounts as shs.300/=
  - A purchase of shs.2,500/= was omitted entirely from the books
- (ix) If opening stock is 3,000/=-, closing stock shs.5,000/=-, sales shs.40,000/=- and margin 20 per cent, then stock turn is:
- 8 times
  - 7½ times
  - 5 times
  - 6 times
- (x) Prime cost includes
- Direct labour
  - Factory overhead expenses
  - Raw materials consumed
  - Direct expenses
- (i), (ii) and (iii)
  - (ii), (iii) and (iv)
  - (i), (iii) and (iv)
  - (i), (ii) and (iv)
- (xi) Which of the following is liability
- A vehicle brought on credit
  - A house brought on cash basis

- c) A cheque received from a debtor
- d) Cash sales
- (xii) Maimuna started a business with Tzs. 2,400 at the end of the year the capital was valued at Tzs. 1,800 and the drawings for the year were Tzs 500. It means that the business made:
  - a) A profit of Tzs. 4,200
  - b) A loss of Tzs 500
  - c) A profit of Tzs 3700
  - d) A loss of TZS 100X
- (xiii) A loss of Tzs. 500 Which one of the following is a function of general journal?
  - a) It is used to record a credit purchases
  - b) It is used to record the purchases of a fixed assets on credit
  - c) It is used to record a returns inwards journal
  - d) It is used to record a return outward journal
- (xiv) The accounting concept which emphasizes that the business transactions are supported by documentation is the
  - a) Matching concept
  - b) Consistency concept
  - c) Accrual concept
  - d) Objectivity concept
- (xv) Money spent on buying fixed assets or adding value to them referred to as
  - a) A capital expenditure
  - b) Normal expenditure
  - c) Revenue expenditure
  - e) Investment expenditure

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

**LIST A:**

- (i) Accounts in which property is recorded.
- (ii) A form of capital for a non-profit making organization.
- (iii) A person who forwards the goods to be sold by somebody on behalf..
- (iv) The asset becoming out of date due to.
- (v) Refers to money spent on buying fixed assets or adding value to them.

**LIST B:**

- A. Proforma invoice
- H. Accumulated fund

- |    |                  |    |                     |
|----|------------------|----|---------------------|
| B. | Dishoured cheque | I. | Capital expenditure |
| C. | Real account     | J. | obsolescence        |
| D. | Principal        | .  |                     |
| E. | Nominal accounts | .  |                     |
| F. | Agent            | .  |                     |

### **SECTION B(40 MARS)**

3. Given a purchases invoice showing 5 items of shs.800/= each, less trade discount of 25 percent and cash discount of 5 percent, if paid within the credit period:

- (a) How much to be made as Trade discount
- (b) How much to be allowed as cash discount
- (c) How much to be paid for the cheque

- 4 (a) In a business firm a bank reconciliation statement is prepared to reconcile the causes of difference between cash book balance and bank statement balance on a specific date what are the importance of bank reconciliation to business. Explain any five (5).

(b) Outline any five causes of disagreement between cash book and book statement balance.

- 5 A business which prepares its financial statements annually to 31<sup>st</sup> December suffered bad debts which were written off.

2016 Tzs. 42,000

2017 Tzs. 31,000

2018 Tzs. 58,000

The business had a balance of Tzs. 40,000 on the allowance for doubtful debt.

Account on January 2016 at the end of the year the business considered which if debtors appeared doubtful and carried forward an allowance of

2016 Tzs. 50,000

2017 Tzs. 60,000

2018 Tzs. 40,000

**Required:** show cash of the entries in the income statements and prepare the allowance doubtful

- 6 A. Mgumu lost the whole of his stock by fire on 21 February 2004. The last time that a stocktaking had been done was on 31 December 2003, the last balance sheet date, when it was shs.1, 950,000/= at cost. Purchases from then to 21 February 2004 amounted to shs.6,870,000/= and sales for the period were shs.9,600,000/=. All sales were made at a uniform profit margin of 20 percent.

**Required:**

Show clearly in the trading account the following:

Closing stock, cost of goods sold and a Gross Profit (workings are necessary to be shown)

### **SECTION C:(40 MARKS)**

- 7 J. Happy is the proprietor of a shop selling books, periodicals, newspapers and children's games and toys. For the purpose of his accounts he wishes the business to be divided into two departments,

Department A books, periodicals and newspaper. Department B Games toys and fancy goods, the following balances have been extracted from his nominal ledger at 31 March, 1999.

Cr	Dr
Sales department A	
15,000	
Sales department B	
10,000	
Stock department A, 1 April 1998	250
Stocks department B, 1 April 1998	200
Purchases department A	11,800
Purchases department B	8,200
Wages of sales assistants department A	1,000
Wages of sales assistants department B	750
Newspaper delivery wages	150
General office salaries	750
Rates	130
Fire insurance-building	50
Lighting and air conditioning	120
Repairs to premises	25
Internal telephone	25
Cleaning	30
Accountancy and audit charge	120
General expenses	60

Additional information;

Stocks at 31 March, 1999, were valued at

Department A Tsh 300

Department B Tsh 150

The proportion of the total floor area occupied by each department was

Department A – (one-fifth)

Department B – (four-fifth)

Required prepare J. Happy income statement of departmental A and B for the year ended 31 March 1999 apportioning the overhead expenses, show working clearly

- 8 Watson and Co. of London consigned to New Way Co. of Mombasa for sales of goods which cost shs.1,240,000/= but were invoiced proforma at shs.1,500,000/=. Watson & Co. paid freight shs.83,000/= and insurance shs.21,000/=. In due course, New Way Co. sent an account sales showing that part of goods had been sold for shs.1,210,000/= and their charges were shs.98,000/= plus commission of 4% on gross proceeds. They also sent to Watson & Co. a sight draft for the amount due.

**Required:**

Show the necessary accounts includes account sales in Watson and Company's ledger noting that the unsold goods were valued at shs.573,000/=.

- 9 The following trial balance was extracted from the books of the GYMKHANA social club as at the close of business on 31 December 2002.

**TRIAL BALANCE AS AT 31 DECEMBER 2002**

Details	Debit	Credit
Accumulated fund 1.1.200		42,400/=
Subscriptions received		58,400/=
Bar stock 1.1.2002	21,400/=	
Wages of part-time staff	43,800/=	
Salary of Secretary	15,000/=	
Bar purchases	85,600/=	
Rent and Rates	12,800/=	
Creditors for bar supplies		8,800/=
Postages and stationery	4,400/=	
Furniture and fittings at cost	18,000/=	
Bar takings		127,400/=
Balance at Bank	36,400/=	
Insurance	2,800/=	
Sundry expenses	4,200/=	
Accumulated depreciation of fixtures and fittings 1.1.2002		3,600/=
Discount received		5,200/=
Cash in hand	1,400	
	245,800/=	245,800/=

**Notes:**

- (i) Wages accrued at 31 December 2002 shs.2,400/=
- (ii) Of the wages total, one-third is to be regarded as expenses of the bar
- (iii) Bar stock at 31 December 2002 shs.23,000/=
- (iv) Rent and Rates prepaid at 31 December 2002 shs.1,200/=
- (v) On 31 December 2002 subscriptions due amounted to shs.1,000/=
- (vi) Provide additional depreciation of fixtures and fittings shs.1,800/=

**Required:**

Draw up the Bar Trading Account and Income and Expenditure statement for the year ended 31 December 2002 together with a balance sheet as at that date.

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