PRESIDENT'S OFFICE
REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT
MTAKUJA BEACH SECONDARY SCHOOL
FORM FOUR EXAMINATION - BOOK KEEPING

Time: 3 Hours March, 2020

INSTRUCTIONS

- This paper consists of section A, B and C.
- Answer **ALL** questions in Section A and B and attempt **only TWO (2)** questions from Section C.
- Write your Examination Number on every page of your answer sheets provided.

SECTION A (20 MARKS)

Answer ALL questions in this section

1. For each of the items (i) – (x) choose the correct answer from among the four given alternatives and write its letter on the answer sheet provided.

(i) One of the following describes best the meaning of purchases:
- A. Goods bought on credit
- B. Goods bought for resale
- C. Items bought
- D. Goods paid for
- E. Goods bought for personal use

(ii) Customers' personal accounts are found in:
- A. General ledger
- B. Private ledger
- C. Purchases ledger
- D. Sales ledger
- E. Nominal ledger

(iii) Credit entry for net Profit is shown in the
- A. Capital account
- B. Profit and loss account
- C. Balance sheet
- D. Trading account
- E. Trial balance

(iv) A cash discount is best described as reduction in sum to be paid
- A. If trade discount is also deducted
- B. If goods are bought on credit only
- C. If either cash or cheque payment is made within an agreed period.
- D. If goods are bought on cash only
- E. If payment made late

(v) Debit notes are entered in our
- A. Return outward journal
- B. Return inward journal
- C. Purchases account

D. Return outward account
E. Purchases journal

(vi) Which of the following would be disclosed by the Trial balance?
A. Error on a sales invoice
B. Purchase from C. Alex entered in C. Alen's account
C. Carriage outwards debited to sales account
D. Undercast of total on purchases account
E. Posting on wrong side of both accounts

(vii) Given a designed cash float of Shs.5,000/= if Shs.3,410/= is spend in the period, and the opening cash float had been Shs.5,000/=, how much will be reimbursed at the end of the period?
A. 3,410/=
B. 5,000/=
C. 2,590/=
D. 3,140/=
E. None of the above

(viii) If shs.10,000/= was added to sales instead of being added to the asset disposal.
A. Gross profit would not be affected
B. Gross profit would be affected
C. Both gross profit and net profit would be affected
D. Just the balance sheet items would be affected
E. Only net profit will be affected

(ix) A provision for bad debts is created
A. When debtors cease to be in business
B. To write off bad debts
C. To provide for possible bad debts
D. When debtors become bankrupt
E. When debts become bigger

(x) If sales total is Shs.63,000/= and mark-up is 12½, the cost of goods sold figure is:
A. 54,000/= B. 57,500/= C. 65,000 D. 56,000/= E. 7,000

(xi) Which of the following will happen if sh. 7,500 was added to rent instead of being added to fixed assets?
A. Gross profit would not be affected
B. Net profit would be affected
C. Gross and net profits would be affected
D. Net profits would not be affected
E. Neither gross profit nor net profit would be affected.

(xii) In the trading account, the sales returns should be
A. Added to cost of goods sold
B. Deducted from purchases
C. Deducted from sales
D. Added to sales
E. Added to purchases.

(xiii) When income statements are prepare, the bad debts account is closed by a transfer to the
A. Balance sheet
B. Profit and loss account

C. Trading account
D. Creditors account
E. Debtors account.

(xiv) If current account is maintained then the partners' share of profit must be
A. Debited to partners' capital accounts
B. Credited to partner's capital accounts
C. Credited to profit and loss appropriation account
D. Debited to partners' current accounts
E. Credited to partners' current accounts.

(xv) Which of these statements is incorrect?
A. Profit is another word for capital
B. Loss decreases capital
C. Profit increases capital
D. Drawings decreases capital
E. Profit is added to the capital.

2. Match the items in column A with the responses in column B

	Column A	**Column B**	
i)	The amount of resources invested in the business by the owner	A.	Capital expenditure
ii)	The amount of money for goods supplied on credit, for which the business has obligation to pay	B.	Revenue receipt
iii)	The claims for which payment is to be made at a later date but not within a year of incurring	C.	Current liabilities
iv)	The claims for which must be paid in full within a short period	D.	Capital
v)	The funds received in the business to increase its permanent funds	E.	Long-term liabilities
		F.	Credit purchase
		G.	Capital receipts
		H.	Liabilities

SECTION B: (40 MARKS)

Answer **ALL** questions in this section.

3. Juma is a trader who marks the selling price of his goods at 25% above cost. His books give the following information at 31 December 1992.

Stock 1 January 1992	Shs. 49,360
Stock 31 December 1992	Shs. 63,100
Sales for year	Shs.300,000
Expenses	Shs. 24,000

You are required to:
(a) Find cost of goods sold
(b) Show the value of purchases during the year
(c) Ascertain the Gross Profit Juma made
(d) Calculate the net Profit
(e) Show the net profit percentage on turnover

4. (a) The following are information's given about advertising for the year 2003
(i) Prepaid at beginning of the year Shs.6,000
(ii) Amount to be transferred to profit and loss account shs.30,000

(iii) Amount owing at the end of the year Shs.3,000

You are required to calculate how much is to be paid for Insurance during the year by showing in the ledger account (Insurance Account)

(b) Briefly explain four uses of the journal

5. Complete the Bought Ledger and Sales Ledger Accounts from the following details:

Jan. 1st	Debit balances in Sales Ledger	369400
Jan. 1st	Credit balance in Sales Ledger	14900
Jan. 1st	Debit balance in Purchase Ledger	5800
Jan. 1st	Credit balance in Bought Ledger	98300
Jan. 31st	Sales credit	852300
Jan. 31st	Purchases credit	293800
Jan. 31st	Cash received from customer	695400
Jan. 31st	Discount received	5600
Jan. 31st	Discount allowed	8000
Jan. 31st	Sales returns	19300
Jan. 31st	Purchases returns	10000
Jan. 31st	Sales ledger debit transferred to bought ledger	5000
Jan. 31st	Customer balance transferred to bad debts account	2500
Jan. 31st	Cash paid to creditors	265900
Jan. 31st	Credit balance in Sales ledger	4900
Jan. 31st	Debit balance in Bought Ledger	8300

6. (a) Outline 5 objectives of book keeping.
   (b) Explain 5 items which may cause the cash book balance to differ from bank statement balance.

SECTION C: (40 MARKS)

Answer **ANY TWO (2)** questions in this section.

7. T. MAPESA, a sole trader, extracted the following trial balance from his books at the close of business on 31 December 2001.

	DR	**CR**
Purchases and Sales	228,600	419,700
Stock 1 January 2001	51,600	
Capital 1 January 2001		72,000
Bank Overdraft		43,500
Cash	900	
Discounts	14,400	9,300
Returns inwards	8,100	
Returns outwards		5,700
Carriage outwards	21,600	
Rent and Insurance	17,400	
Provision for bad debts and doubtful debts		6,600
Fixtures and fittings	12,000	
Delivery van	21,000	
Debtors and creditors	119,100	60,600
Drawings	28,800	
Wages and Salaries	89,400	

General expenses	4,500	
	617,400	**617,400**

Note:

(a) Stock 31 December 2001 Shs.42,900.
(b) Wages and salaries accrued at 31 December 2001 shs.2,100
(c) General expenses owing shs.200
(d) Rent prepaid 31 December 2001 shs.1,800
(e) Increase the Provision for bad debts by shs.1,500 to shs.8,100
(f) Provide for depreciation as follows: Fixtures and fittings shs.1,200; Delivery van shs.3,000

Required:
Prepare the Income statement for the year ended 31 December 2001 together with a balance sheet.

8. (a) White of Mwanza consigned goods to Black of MOROGORO on 1 January 2000. The cost price of the goods was Shs.200,000 for 200 cases. White paid shs.20 for insurance per case, Transport charges was Shs.6,000. Black paid Rent for warehousing shs.12,000, wages shs.4,000 and electricity shs.6,000. Black sold 180 cases at shs.2,100 each. An account sales sent to White to show the details of the goods sold. Black sent the money to White by cheque. Black is supposed to get sales commission of 10% and 2½% on the gross proceeds as delcredere commission.

Required: (i) Goods sent on consignment account
(ii) Consignment account
(iii) Consigner's account (Black's book)

(b) The following is a summary of a cash book as presented by ***Makundi Ltd*** for the month of October.

DR **CASH BOOK** **CR**

	Tshs		Tshs
Receipts	1,4690	Balance $^{b}/_{d}$ $^{b}/_{d}$ 7610	
Balance $^{c}/_{d}$ $^{c}/_{d}$ 5540		Payments	1,2620
	2,0230		2,0230

All receipts are banked and all payments are made by cheque
On investigation you discover;

a) Bank charges of shs 1360 entered on the bank statement have not been entered in the cash book
b) Cheques drawn amounting to shs 2670 had not been presented to the bank for payments
c) Cheque received totaling shs 7620 had been entered in the cash book and paid into the bank but had not been credited by the bank until 3rd November
d) A cheque for shs 220 for sundries had been entered in the cash book as a receipt instead of as a payment
e) A cheque received from Kipangula for shs 800 had been returned by the bank and marked. No funds available
f) A standing order for a business rates installment of shs 1500 on 30 October had not been entered in the cash book
g) All dividends received are credited directly to the bank account. During October amounts totaling shs 420 were credited by the bank but no entries were made in the cash book. Also a credit transfer of shs 200
h) A cheque drawn for shs 660 for stationary had been incorrectly entered in the cash book as shs 600
i) The balance brought forward in the cash book should have been shs 7110, not shs 7610

<u>Required to;</u>

(i) Write the cash book up to date

(ii) Prepare a bank reconciliation statement as at 31st October

9. (a) The financial year of Xy Ltd. end on 31 December 1996. At 1 January 1996 the company had in use equipment with a total accumulated cost of shs.135,620 which had been depreciated by a total of shs.81,374. During the year ended 31 December 1996, Xy Ltd. purchased new equipment costing shs.47,800 and sold off equipment which had originally cost shs.36,000 and which had been depreciated by shs.28,224, for shs.5,700. the policy of the company is to depreciate equipment at 40% using the diminishing balance method. A full year's depreciation is provided for on all equipment in use by the company at the end of each year.

Required:

Show the following ledger accounts for the year ended 31 December 1996.

(i) The equipment account

(ii) The Provision for depreciation on equipment account

(iii) The assets disposals account

(b) X and Y share profit in the ratio of 3:2 and had capital of 200,000/= and 150,000/= respectively. They agree to admit Z into partnership as from 1st January 1986 on the following terms, 1/3 in the returns to the future share profit

- That Z should bring 200,000/= as capital
- That Z unable to bring goodwill in cash, Goodwill of the firm is to be valued at 150,000/= and No Goodwill account is to be retained in books.

Required:

i Cash A/C

ii Capital A/c

iii Goodwill A/c