

**BUSINESS SUBJECTS EXPERTS**  
**FORM FOUR EXAMINATION SERIES 39 – 2020**  
**BOOK KEEPING**

**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 two questions from section C.
3. Write ALL your answers in the answer sheet(s) provided.
4. Non-programmable calculators may be used.
5. Write your examination number/name on every answer sheet(s).

**SECTION A: (20 MARKS)**  
**Answer all questions**

1. For each of the items (i) – (xv) choose the correct answer from among the given alternatives and write its letter beside the item number in the answer sheet provided.
  - (i) In Partnership which of the following statements is correct.
    - A. Current account is used where fluctuating capital system is in use
    - B. Fixed capital is used where fixed capital system is in use
    - C. Current account is used where fixed capital system is in use
    - D. Fixed capital account is used where there is no partnership agreement
    - E. Current account is prepared before fixed capital account
  - (ii) Which of the following belong to the same class?
    - A. Building, machinery, stock, cash
    - B. Andrew, CRDB, wages Bank
    - C. ESAMI, Debtors, Creditors, Capital
    - D. Cash, Insurance, Furniture, Loan
    - E. Stock, Creditors and Cash
  - (iii) The two main types of business transactions are:
    - A. Cash and debit transactions
    - B. Debit and Credit transactions
    - C. Cash and Credit transactions
    - D. Cash and cheque transactions
    - E. None of the above
  - (iv) Which of the following should NOT be called sales?
    - A. Office fixtures sold
    - B. Goods sold on credit
    - C. Goods sold for cash
    - D. Sales of items previously included in purchases
    - E. None of these
  - (v) Discount received are:
    - A. Deducted when we receive cash
    - B. Given by us when we sell goods on Credit
    - C. Deducted by us when we pay our accounts
    - D. Allowed when we receive cash
    - E. Added by us when we pay our accounts

- (vi) The best method of departmental expenses distribution is to:
- Charge against each department its controllable costs
  - Allocate expenses in proportion to sales
  - Allocate expenses in proportion to purchases
  - Allocate expenses in proportion to net sales
  - Distribute sales in proportion to expenses
- (vii) Which one of the following is entered in the general journal?
- Purchase of goods for resale
  - Purchase of fixed assets on credit
  - Return inwards
  - Sale of goods on credit
  - Return outwards
- (viii) One of the following reasons allow the goods to be returned to the supplier
- Durable goods
  - Consumable goods
  - Perishable goods
  - Excess goods
  - Expired goods
- (ix) Working capital means
- Total of fixed assets plus current asset
  - Excess of the current assets over current liabilities
  - Amount of capital invested by the proprietor
  - Capital less drawings
  - Capital plus drawings
- (x) Bank overdraft is best described as:
- Having more receipts than payment
  - A firm wasting its money
  - A firm bought too many goods
  - The amount of money by which a bank account is withdrawn
  - A bank balance being a credit
- (xi) Determine the value of accumulated fund as at 1<sup>st</sup> January 2010, from the following information:
- |                          |               |
|--------------------------|---------------|
| Cash in hand             | shs 2,000,000 |
| Furniture                | shs 8,000,000 |
| Refreshments expense due | shs 100,000   |
| Subscription in advance  | shs 5,000,000 |
| Subscription due         | shs 400,000   |
- shs 4,500,000
  - shs 4,700,000
  - shs 5,300,000
  - shs 5,500,000
  - shs 6,000,000
- (xii) Compute the value of Net profit given the following;
- |                     |             |
|---------------------|-------------|
| Gross profit        | shs 400,000 |
| Salaries paid       | shs 200,000 |
| Electricity paid    | shs 100,000 |
| Salaries due        | shs 30,000  |
| Prepaid electricity | shs 40,000  |
- Shs 30,000
  - shs 90,000
  - shs 110,000
  - shs 170,000
  - shs 80,000

- (xiii) In manufacturing business, royalties are included as:
- Raw materials
  - Work in progress
  - Overheads
  - Direct expenses
  - Finished goods
- (xiv) Mukasa's Bank Statement showed a debit balance of shs 3,000,000. A creditor had not presented a cheque worth shs 750,000 for payment. When this cheque is presented for payment, Mukasa's Bank balance will be...
- shs 3,750,000 (Dr)
  - Shs 2,250,000(Dr)
  - shs 3,750,000 (Cr)
  - shs 2,250,000 (Cr)
  - shs 3,000,000 (Dr)
- (xv) Goods sent on consignment account is a.....
- Real account
  - Nominal account
  - Personal account
  - Proprietor's account
  - All the above

2. Choose the correct term from **LIST B** which matches with the explanation in **LIST A** and write its letter in the answer sheet provided.

<b>LIST A</b>	<b>LIST B</b>
i. A ledger for impersonal accounts	A. Cash book
ii. A ledger for debtors accounts	B. Private ledger
iii. A ledger for creditors accounts	C. Capital ledger
iv. A ledger for capital and drawing accounts	D. Sales ledger
v. A ledger for cash and bank accounts	E. Proprietor ledger
	F. Purchases ledger
	G. Nominal ledger
	H. Real ledger

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

#### **Answer all questions from this section.**

3. By using sum of the years digits method show the five (5) years calculations of a motor vehicle Depreciation costing shs.600,000/= and lasting with a residual value of shs.30,000/=.
4. Write short notes on the following
- Money measurement concept
  - Partnership deed
  - Government accounting
  - Nugatory expenditure
  - Consignment

5. The following details relate to the rent received for the year ended 31<sup>st</sup> December 2016. The business lets two properties (A and B) to two other businesses.
- (i) Rent received in advance as at 1<sup>st</sup> January 2016 in respect of property A shs 130,000/=
  - (ii) Rent received still owing as at 1<sup>st</sup> January 2016 in respect of property B shs 240,000/=
  - (iii) Rent received by cheque on 23<sup>rd</sup> January in respect of property A shs 780,000/=
  - (iv) Rent received by cheque on 12<sup>th</sup> March in respect of property B shs 1,430,000/=
  - (v) Rent received by cheque on 15<sup>th</sup> June shs 2,810,000/= in respect of property A
  - (vi) Rent received by cheque on 30<sup>th</sup> September shs 4,520,000/= in respect of property B
  - (vii) Rent received by cheque on 28<sup>th</sup> November in respect of property A shs 1,575,000/=
  - (viii) Rent received still owing in respect of property A as at 31<sup>st</sup> Dec 2016 shs 382,000/=
  - (ix) Rent received in advance in respect of property B as at 31<sup>st</sup> Dec 2016 shs 76,000/=.
- REQUIRED:** Construct the ledger account for rent received for the year ending 31<sup>st</sup> December 2016 and financial statements extracts

6. On 1.1.2018 the cash book of **KINDENDE TRADERS** Cash and Bank balances of sh.3,500/= and sh.20,000/= respectively. The following transactions took place in the month:

Jan 6, Cash sales sh. 12,500/=

"15, Receives a cheque of sh.45,000/= from a debtor after deducting a 10% cash discount.

"31, Paid a cheque to creditor of sh. 28,500/= after deducting 5% cash discount

"31, Banked all cash leaving a balance of sh.100/= in the cash till

**REQUIRED:** Prepare a three column cash book.

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

**Answer only two (2) questions from this section.**

7. **J. MWAKISHA**, a contractor, started business on 1<sup>st</sup> January 2013. Purchase and disposal of machines over the subsequent three years were as follows:

<b>MACHINE</b>	<b>DATE OF PURCHASE</b>	<b>COST</b>	<b>DATE OF DISPOSAL</b>	<b>DISPOSAL PROCEEDS</b>
MA 1	1 <sup>ST</sup> JANUARY 2013	5,000,000		
MB 2	1 <sup>ST</sup> JANUARY 2013	2,500,000	1 <sup>ST</sup> JANUARY 2015	900,000
MC 3	1 <sup>ST</sup> JANUARY 2015	7,000,000		

The machine is to be depreciated on straight line basis using a rate of 20% per annum.

**REQUIRED:** Write up the following accounts as they would appear in J. Mwakisha's books for three years 2013, 2014 and 2015:

- i. Machines account
- ii. Provision for depreciation on machines account
- iii. Disposal of machines account

8. **KUJIKWAMUA** club is an association of teachers from **TAMONGOSCO SCHOOLS**. The club is aimed at assisting teachers to solve their various problems:

On 1<sup>st</sup> January 2016 the club had the following assets:

	<b>SHS</b>
Cash at bank	40,000
Snack bar inventory	160,000
Furniture	2,500,000

Receipts and payments for the year ended 31<sup>st</sup> December 2016 were as follows:

<b>RECEIPTS</b>	<b>SHS</b>	<b>PAYMENTS</b>	<b>SHS</b>
Teachers contributions	776,000	Rent	300,000
Sack bar takings	1,200,000	Purchase of more furniture	1,600,000
Donations	130,000	Snack bar purchases	750,000
Loan from bank	1,100,000	Secretarial expenses	48,000
Bank interest	164,000	Loan interest	52,000
		Snack bar expenses	120,000
		Purchase of television	460,000

Additional information:

- The snack bar inventory on 31<sup>st</sup> December 2016 was shs 180,000
- All fixed assets should be depreciated at 10% of cost p.a

**REQUIRED:** Prepare:

- Statement of affairs as at 1<sup>st</sup> January 2016 to determine the amount of accumulated fund
- Snack bar income statement for the year ended 31<sup>st</sup> December 2016
- Income and expenditure statement for the year ended 31<sup>st</sup> December 2016
- Statement of financial position as at 31<sup>st</sup> December 2016

9. **MANJI STORES** has three departments:

	<i>Jewellery</i> (a)	<i>Hairdressing</i> (b)	<i>Clothing</i> (c)
<u>Inventory of goods or materials at 1<sup>st</sup> January 2018</u>	20,000	15,000	30,000
<u>Purchases</u>	110,000	30,000	150,000
<u>Inventory of goods or materials at 31 December 2018</u>	30,000	25,000	40,000
<u>Sales and work done</u>	180,000	90,000	270,000
<u>Wages of assistants in each department</u>	28,000	50,000	60,000

The following expenses cannot be traced to any particular department:

<u>Rent</u>	8,200
<u>Administration expenses</u>	48,000
<u>Air conditioning and lighting</u>	6,000
<u>General expenses</u>	2,400

It is decided to apportion (i.e. spread) the cost of rent together with air conditioning and lighting in accordance with the floor space occupied by each department. These were taken up in the ratios of (a) one-fifth, (b) half, (c) three-tenths. Administration expenses and general expenses are to be split in the ratio of sales and work done.

**REQUIRED:** Prepare Income statement for the year ended 31<sup>st</sup> December 2018.

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