

**TEST SERIES EXAMS
BOOKKEEPING
SERIES 27**

Time: 3:00 Hours

Instructions

1. This paper consists of sections A, B and C with a total of **nine (9)** questions.
2. Answer **all** questions in sections A and B and **two (2)** questions from section C.
3. Non programmable calculators may be used.
4. Cellular phones and any unauthorised materials are **not** allowed in the examination room.
5. Write your **Examination Number** on every page of your answer booklet(s).

SECTION A: (20 Marks)Answer **all** questions in this section

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.
- (i) Which of the following is a liability?
- A. Machinery
 - B. Creditors for goods
 - C. Motor vehicles
 - D. Cash at Bank
 - E. Equipment
- (ii) The descending order in which current assets should be shown in the statement of financial position is:
- A. Stock, Debtors, Bank, cash
 - B. Cash, Bank, Debtors, stock
 - C. Debtors, Stock, Bank, Cash
 - D. Stock, Debtors, Cash, Bank
 - E. Bank, Cash, Debtors, Stock
- (iii) The cost of putting goods into a saleable condition should be charged to:
- A. income statement Trading account section
 - B. income statement Profit and loss account section
 - C. statement of financial position
 - D. purchases account
 - E. None of these
- (iv) When the financial statements are prepared the Bad Debts Account is closed by transfer to the:
- A. statement of financial position
 - B. income statement Profit and loss account section
 - C. income statement Trading account section
 - D. statement of changes in equity
 - E. Provision for Bad Debts account
- (v) Working capital is a term meaning:
- A. The amount of capital invested by the proprietor
 - B. The excess of current assets over the current liabilities
 - C. Capita less Drawings
 - D. The total of non-current assets less current assets
 - E. Net assets
- (vi) Capital expenditure is:
- A. The extra capital paid into the business by the proprietor
 - B. The cost of running the business on a day-to-day basis
 - C. Money spent on buying non-current assets or adding value to them.
 - D. Money spent on selling non-current assets
 - E. Money spent on purchasing goods for resale

- (vii) The total of the purchases Journal is transferred to the:
- A. Credit side of the purchases account
 - B. Debit side of the purchases account
 - C. Credit side of the purchases Book
 - D. Debit side of the purchases Day Book
 - E. Credit side of suppliers' accounts
- (viii) A cheque paid by you but not yet passed through the banking system is:
- A. A standing order
 - B. A dishonoured cheque
 - C. A credit transfer
 - D. An unpresented cheque
 - E. Uncredited cheque
- (ix) A trader operates a free delivery services to customers. The cost of this service is recorded in his account as:
- A. Carriage in, debited to the profit and loss account
 - B. Carriage out, debited to the profit and loss account
 - C. Carriage in, debited to the Trading Account
 - D. Carriage out, debited to the Trading Account
 - E. Carriage inwards, credited to profit and loss account
- (x) Straight line method of depreciation consists of:
- A. Equal amount of depreciation each year
 - B. Increasing amounts of depreciation each year
 - C. Reducing amounts of depreciation each year
 - D. Fluctuating amounts of depreciation each year
 - E. Fluctuating amounts of depreciation each month
- (xi) Which is the best description of non-current assets?
- A. Are bought to be used in the business
 - B. Are items which will not wear out quickly
 - C. Are expensive items bought for the business
 - D. Are of long-life and are not bought specifically for resale.
 - E. Are of long-life, bought specifically resale
- (xii) If TZS 500 was shown added to purchases instead of being added to a non-current asset
- A. Net profit only would be understated
 - B. Net profit only would be overstated
 - C. It would not affect net profit
 - D. Both gross and net profits would be understated
 - E. Only net profit will be understated
- (xiii) When a petty cash book is kept there will be:
- A. More entries made in the general ledger
 - B. Fewer entries made in the general ledger
 - C. The same number of entries in the general ledger
 - D. No entries made at all in the general ledger for items paid by petty cash.
 - E. Profit of the business increased

- (xiv) If trade payable at 1st January 1993 were TZS 25,000, trade payable at 31 December 1993 TZS 42,000 and payments to trade payable TZS 320,000, then purchases for 1993 are:
- A. TZS 303,000 B. TZS 337,000 C. TZS 316,000
D. TZS 333,000 E. None of these
- (xv) Which of the following should be charged in the income statement profit and loss account section?
- A. Office rent B. Work in progress C. Direct Materials
D. Carriage on raw materials E. Depreciation on factory plant

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

LIST A:

- (i) The part of the cost of the non-current asset consumed during its period of use by the firm.
(ii) An alternative name for a sales Journal.
(iii) A deduction in the sum to be paid if payment is made within a previously agreed period.
(iv) Refers to things bought for resale.
(v) A request to a bank to make payments at regular intervals.

LIST B:

- A. Sales
B. Credit transfer
C. Cash discount
D. Standing order
E. Trade discount
F. Purchases
G. Prime cost
H. Sales day Book
I. Depreciation
J. Cash transaction

SECTION B: (40 Marks)

Answer **all** question in this section

3. Briefly explain the following terms used in bookkeeping
- (a) Drawings
(b) Trial balance
(c) Reserve
(d) Bad debts recovery
(e) Outstanding income

4. The accounts of KIJIWENI TENNIS CLUB are prepared annually at 31 December. Subscriptions in arrears and in advance amounted to TZS 6,000 and TZS 4,000 respectively as at 31st December 1998.

During 1999 TZS 60,000 was received in respect of the year 1999 including TZS 6,000 for the year 1998. The amount (TZS 60,000) also includes TZS 5,000 for the year 2000.

You are required to prepare current year's subscription account of Kijiweni Tennis Club showing clearly subscriptions in arrears and in advance including the transfer to income and expenditure account.

5. Give the journal entries necessary to correct the following errors:
- (i) Sales TZS 1,050 to A. Henry entered in P. Henry's account
 - (ii) Cheque payment of TZS 1,340 for motor expenses entered only in cashbook
 - (iii) Purchases TZS 4,400 from C. Brown entered in both account as TZS 4,040
 - (iv) Purchases of machinery TZS 2,000 entered in purchases account
6. The following figures were extracted from the books of Azam Ltd for the month of June 2005

Purchases ledger balance 1 st June	DR: 350
	CR: 18,460
Sales ledger balance 1 st June	DR: 47,600
	CR: 1,350
Credit purchases	39,400
Credit sales	68,940
Cash sales	20,600
Cash purchases	4,400
Return inwards	2,500
Return outwards	890
Receipts from credit customers	52,600
Payments to trade creditors	38,640
Discount received	4,750
Discount allowed	6,990
Bad debts written off	1,240
Interest charged to debtors	360
Debtors cheque dishonored	870
sales ledger balance transferred to purchases ledger	1,230
Purchases ledger balance 30 th June	DR: 480
Sales ledger balance 30 th June	CR: 1,690

Required: prepare sales ledger control account

SECTION C: (40 Marks)

Answer **only two** questions in this section

7. The following trial balance has been extracted from the ledger of Mr. Yusuph, a sole trader.

S/ N	NAME OF ACCOUNT	DR. SHS	CR. SHS
1.	Sales		138,078
2.	Purchases	82,350	
3.	Carriage	5,144	
4.	Drawings	7,800	
5.	Rent, rates and Insurance	6,622	
6.	Postage and Stationery	3,001	
7.	Advertising	1,330	
8.	Salaries and wages	26,420	
9.	Bad debts	877	
10.	Provision for bad debts		130
11.	Debtors	12,120	
12.	Creditors		6,471
13.	Cash in hand	177	
14.	Cash at Bank	1,002	
15.	Stock as at 1 January 1996	11,927	
16.	Equipment at cost	58,000	
17.	Accumulated depreciation		19,000
18.	Capital		53,091
TOTAL		216,770	216,770

The following additional information as at 31 December 1996 is available:

- (f) Rent is accrued by TZS 210.
- (g) Rates have been prepaid by TZS 880
- (h) TZS 2,211 of carriage represents carriage inwards on purchases.
- (i) Equipment is to be depreciated at 15% per annum using the straight line method.
- (j) The provision for bad debts to be increased by TZS 40.
- (k) Stock at the close of business has been valued at TZS 13,551.

Required: Prepare income statement for the year ended 31 December 1996 and statement of financial position as at that date.

NB: Workings should be shown clearly.

8. A business with its financial year end being 31 December buys two machines No. 1 for TZS 1,600,000 and No. 2 for TZS 1,000,000 both on 1st January 2000. It also buys another machinery No.3 on 1st July 2002 for TZS 1,440,000. The first two machinery are sold No. 1 for TZS 458,000 on 30 September 2003, and the other, No. 2 was sold for scrap TZS 10,000 on 30 June 2004. Depreciation is on the straight line basis, 20% percent per annum, Ignoring scrap value when depreciation is calculated per annum.

Required: Show the following accounts for the years ended 31 December 2000, 2001, 2002, 2003 and 2004.

- (a) Machinery account
 - (b) Provision for depreciation account
 - (c) Disposal account
9. B. William received the following bank statement on 30 June 1993.

	Debit TZS	Credit TZS	Balance TZS
1 June Balance			3,300
7 June Cheque N. Faustine	1,200		
11 June Cash		5,100	7,200
18 June Credit transfer (dividends)		6,000	13,200
19 June A. Omary	3,400		9,800
26 June Direct debits (insurance)	700		9,100

William checked the statement against his cheque counterfolios and found that cheques of S. Mbura for TZS 2,300 and K. Oswald for TZS 1,400 had not been presented.

As William has not written up his cashbook for the month of June 1993, you are required to show:

- (i) Unadjusted cash book
- (ii) Adjusted cashbook and
- (iii) Bank reconciliation statement after adjust the cashbook.

- THE END -