BOOK KEEPING EXAMINATION NEW FORMAT

INSTRUCTIONS

This paper consists of sections A, B and C.

Answer ALL questions.

Write ALL your answers on the answer sheet(s) provided.

Cellular phones are not allowed in the examination room.

Electronic calculators are not allowed in examination room.

Write your Examination Number on every answer sheet.

SECTION A (20Marks)

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. Cash float of shs.52,000/= is desired. If shs.37,000/= is re-imbursed at a period, how much was the balance at the end of the period.

A. Shs.37,000/=
B. Shs.52,000/=
C. Shs.12,000/=
D. Shs.15,000/=
E. Shs.49,000/=

ii. The descending order in which current assets should be shown in the balance sheet are:

A. Cash, bank, debtors and stock
B. Debtors, bank, stock and cash
C. Cash, debtors, bank and stock
D. Stock, debtors, cash and bank
E. Stock, debtors, bank and cash

iii. "True and Fair View" state of affairs is a conclusive word in audit report. According to the auditor, its meaning includes the following:

A. Financial statements are true and accurate
B. Financial statements are fairly prepared
C. Financial statements are prepared following the double entry
D. Financial statements belong to a true and fair view of a firm
E. Financial statements are accurately prepared

iv A trial balance fails to agree and it is discovered that discount received shs.100 had been entered on the wrong side of the account. The correction is made by:

	DEBIT	CREDIT
A.	Discount Received Account shs.100/=	Suspense account shs.100/=
B.	Suspense account Shs.200/=	Discount received A/c 200/=
C.	Suspense account shs.100/=	Discount received account shs.100/=
D.	Discount received account shs.200/=	Suspense account shs.200/=
E.	Discount allowed account shs.100/=	Discount Received account 100/=

v. A decrease in provision for bad debts will:

A. Increase the net profit for the year
B. Increase the cash/bank balance
C. Decrease the net profit for the year
D. Decrease the cash/bank balance
E. None of the above

vi. Which of the following is entered in the general journal?

A. Purchase of goods for resale
B. Purchase of fixed assets
C. Return Inwards
D. Return outwards

E. Sales of goods on credit

vii. A record maintained by each accounting officer and warrant Holder for proper control of expenditure of public funds is called:

A. Cash book
B. Special Funds
C. Receipt book
D. Payment book
E. Vote book

viii. A van was purchased on 1st January 2002 for shs.5,000/=. After two years it has a written-down value of shs.2,500/=. The straight-line depreciation percentage each year is:

A. 12½% B. 10% C. 25% D. 33% E. 50%

ix. When a customer returns goods previously sold to him the shopkeeper will use a document called:

A. Invoice
B. Credit note
C. Pay in slip
D. Order notej
E. Debit not

x. The cost of borrowing money is called:

A. Tax B. Duty C. Price D. Interest E. Profit

xi. A receipts and payments account does not show

A. Cheque paid out during the year
B. The accumulated fund
C. Receipts from sales of assets
D. Bank balances
E. Assets bought during the year

xii. Which of the following should be charged in the income statement of the sole trader as expenses

A. Royalty.
B. Work in progress.
C. Direct materials.
D. Office rent.
E. Carriage on raw material

xiii. Which of the following statement describes non-current assets?

A. Items bought to be used in the business
B. Items which will not wear out quickly
C. Expensive items bought for the business
D. Items having a long life and bought for resale
E. Items having a long life and not bought for resale.

xiv. The correct method of calculating cost of goods sold is ;

A. Closing stock +purchases –opening stock
B. Opening stock+ closing stock –purchases
C. Closing stock+ purchases +opening stock
D. Opining stock- purchases + closing stock
E. Opening stock + purchases – closing stock

xv. A plant asset with a cost of Tshs 900,000 and accumulated depreciation of Tshs 800,000 is sold for Tshs 80,000. What is the amount of the gain or loss on disposal of the plant asset?

A. Tshs 20,000 loss C. Tshs 80,000 loss.
B. Tshs 80,000 gain. D. Tshs 20,000 gain.

E. Tshs 90,000 loss

2. Match the items in **list A** with the responses in the **list B concerning book keeing/accounting concepts and assumptions** and write letter of correct response on the space provided

LIST A	LIST B
i. Assumption that only transactions that affect the firm, and not the owner's private transactions, will be recorded. ii. The concept of dealing with both aspect of a transaction. iii. Assumption that a business is to continue for a long time. iv. The concept that profit is the difference between revenue and expenses. v. The concept that accounting is concerned only with facts measurable in money, and for which measurement can be obtain general agreement.	A. Cost concept B. Accrual concept C. Matching principle D. Business entity concept E. Materiality F. Money measument concep G. Going concern concept H. Dual aspect concept I. Consistency J. Prudence

SECTION B (40 marks)

Attempt **ALL** question under this section

3. Write short notes on the following:

a) Continuous audit
b) Interim audit
c) Procedural Audit
d) Controler and Auditor General
e) Authorised officer

4. (a) Mention and explain three factors that may cause the non current assets to fall in value

(b) Previously, the charge for depreciation on a fixed asset was recorded in the account for that fixed asset. This method has now fallen into disuse. Why do you think this is no longer done? (Respond with two reasons)

5. From the following figures calculate by showing in the following ledger accounts:

(a) Provision for Bad debts account

(b) Provision for discount allowed account

Balances:

Provision for discount on debtors	Shs. 3,000/=
Debtors balance	Shs.82,000/=
Provision for Bad debts	Shs. 7,800/=
Bad debts	Shs. 2,000/=

Provision for Bad debts is to be at the rate of 10% on debtors and provision for discount allowed 5% on debtors. Show clearly the transfer to profit and loss account.

6.On 31st December 2007, the cash book balance of pharaoh was Tsh. 25,370/= where the bank statement showed a credit balance of Tsh. 25, 670/=. In comparing these two balances, the following were discovered;

Cheques not yet presented for payment Tsh. 12,340/=

Cheques paid into the bank but not yet credited by the bank account Tsh. 12,160/=

Items shown in the bank statement but not yet entered in the cash book were as follows:

Bank charges	Tsh. 240/=
Standing order	Tsh. 460/=
Dividends collected by the bank	Tsh. 820/=

Required:

Bring the cash book to date to show the correct cash book balance.

Prepare a bank reconciliation statement starting with the adjusted cash book balance

SECTION C (40 MARKS)

Attempt only **TWO (2)** questions under this section

7. You are required to record the following transactions into the books of original entry (General Journal, Sales Journal, Purchases Journal, Returns Journal and the cashbook). Ledger entries are not required.

January 1st 2003

Assets:	Building shs.40,000/=, motor vehicles shs.9,000/=, fixture shs.12,000/=, stock shs.25,780/=, cash at Bank shs.25,080/=, cash in hand shs.900/= and loan – J. Khalid 55,000/=
January 1	Paid rent by cheque shs.300/=
January 2	Goods bought on credit from Mabelele shs.400/=, Mawazo shs.1,120/=, Mpondyo shs.760, Nyaso shs.1,380/=
January 3	Goods sold on credit to Kisomba shs.1,800/=; Masele shs.1,120/=, Bippa shs.1,560/=, Bakalalwa shs.2,360/=
January 9	Paid motor expenses in cash shs.260/=
January 11	Cash drawings for personal use shs.400/=
January 12	Goods sold on credit to Masele shs.2,000/=, Kitula shs.1,800/=
January 13	Goods returned to the business by Kisomba shs.320/= and Kitula shs.360/=
January 14	Bought another motor van on credit from Baluya shs.6,000/=
January 16	The following paid the firm their accounts by less 10% cash discount: Kisomba, Bakalalwa, Kitula
January 19	Goods returned by the firm to Nyaso shs.180/=
January 22	goods bought on credit from Mwamba shs.1,780; Sikujua shs.1,440/=
January 24	The following accounts were paid by the firm by cheque less 10% cash discount; Mabelele, Mawazo, Mpondyo
January 27	Salaries paid by cheque shs.1,120/=

January 30 Paid electricity by cheque shs.1,320/=

8. The following is the trial balance extracted from the books of a sole trade, MASANJA; AT 31st Dec.2000

PARTICULARS	**DR (Tsh)**	**CR (Tsh)**
Inventory 1st January 1999	50,000/=	
Free hold premises	240,000/=	
Bills receivable	30,000/=	
Purchases	280,000/=	
Salaries & wages	35,000/=	
Sales		520,000/=
Fixtures & fittings	25,000/=	
Discount allowed	7,500/=	
Discount received		4,500/=
Plant & machinery	140,000/=	
Rates	5,600/=	
Advertising	10,400/=	
Insurance	3,800/=	
General expenses	7,200/=	
Provision for doubtful debts		1,800/=
Sundry debtors	60,000/=	
Bills payable		15,000/=
Sundry creditors		43,000/=
Cash in hand	2,400/=	
Bank overdraft		18,600/=
Drawings	6,000/=	
Capital account		300,000/=
	902,900/=	**902,900/=**

The following additional information is provided

Provide for depreciation of plaint & machinery at 10% premises and fixtures & fitting at 15 per annum

Increase the provision for doubtful debts equal to 4% of sundry debtors

Prepaid insurance amount to Shs 500/=

Rates accrued Shs. 400/=

Closing a tock was Shs 60,000/=

During the year Mr. Masanja took goods worth Shs. 2000/= for his personal use.

Required

Prepare income statement as on 31st December 2000

Prepare statement of financial position as on that date

9. On 5th March 2014,A.Mwakyusa of Mbeya consigned 1,000 units of goods to C. Omari of Zanzibar, the cost of which was shs 800,000.A.Mwakyusa paid the following expenses

Carriage shs 200,000

Marine insurance shs 80,000

Freight shs 90,000

On 30th June, 2014 C. Omar sent an account sale to A. Mwakyusa showing that 600 units were sold for shs 1,200,000 and he incurred.

The following expenses

Carriage shs 150,000

Import duty shs 45,000

Storage shs 50,000

Commission shs 80,000

Sales expenses shs 5,000

Required: Record the above transaction in the book of the consignor showing the calculation of the unsold stock.