

**TEST SERIES EXAMS
BOOKKEEPING
SERIES 34**

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) – (x) choose the correct answer from among the given alternatives and write its letter beside the item number.
 - (i) Cash float of TZS 52,000 is desired. If TZS 49,000 is spent in the period, how much will be re-imbursed at the end of the period:
A. TZS 2,000 B. TZS 98,000 C. TZS 49,000 D. TZS 52,000 E. TZS 3,000
 - (ii) Which of the following is BEST describes the meaning of ‘Purchases.’
A. Items bought
B. Goods bought on credit
C. Goods bought for resale
D. Goods paid for
E. Goods on transit
 - (iii) Work in progress is the
A. Sales less cost of goods sold
B. Sales plus cost of goods sold
C. Value of finished goods
D. Value of partly finished goods
E. Prime cost plus factory overhead expenses
 - (iv) If the opening capital was TZS 16,500, closing capital TZS 11,350 and drawings were TZS 3,300.
A. The loss for the year was TZS 1,850
B. The profit for the year was TZS 1,850
C. The loss for the year was TZS 8,450
D. The profit for the year was TZS 8,450
E. The profit for the year was TZS 11,350
 - (v) Capital expenditure is:
A. The extra capital paid in by proprietor
B. The extra purchase of goods for sale
C. The cost of running the business on day to day basis
D. Money spent on buying fixed assets or adding value to them
E. Money spent on selling fixed assets
 - (vi) When preparing a control account the total of returns inwards for the month should be entered on the:
A. Debit side of purchases ledger control account
B. Credit side of purchases ledger control account
C. Debit side of sales ledger control account
D. Credit side of sales ledger control account
E. In both sales and purchases ledger control accounts
 - (vii) Which one of the following would you not take into account in calculating working capital?
A. Cash B. Debtors C. Motor vehicles D. Creditors E. Stock

- (viii) With fluctuating capital accounts interest on drawings must be:
- A. Credited to Partners' current accounts
 - B. Credited to Partners' capital accounts
 - C. Debited to Partners' current accounts
 - D. Debited to Partners capital accounts
 - E. Credited to the statement of financial position
- (ix) A revaluation account shows:
- A. Assets bought and assets sold
 - B. Goodwill written off
 - C. Goodwill sold
 - D. Goodwill premium
 - E. Gain or loss in value of assets
- (x) Which one of the following is entered in the general Journal?
- A. Purchase of goods for resale
 - B. Purchase of fixed assets
 - C. Return inwards
 - D. Sale of goods on credit
 - E. Return outwards
- (xi) Receipts and payments account is one
- A. which is accompanied by a balance sheet
 - B. in which the profit is calculated
 - C. in which the opening and closing cash balances are shown
 - D. in which the surplus of income over expenditure is calculated
 - E. in which all expenditure and revenue are shown
- (xii) If it is required to maintain fixed capitals then the partner's shares of profits must be
- A. debited to capital accounts
 - B. credited to capital accounts
 - C. debited to partner's current account
 - D. credited to partner's current account
 - E. debited to profit and loss appropriation account
- (xiii) Assets can be revalued in partnership change because
- A. the law insists upon it
 - B. it help to prevent injustice to some partners
 - C. inflation affects all value
 - D. the depreciation charged on them needs to be reversed
 - E. the decrease in revaluation is the gain to the partners
- (xiv) Any loss on revaluation is
- A. credited to old partners in old profit sharing ratio
 - B. credited to new partners in profit sharing ratio
 - C. debited to old partners in old profit sharing ratio
 - D. debited to new partners in new profit sharing ratio
 - E. credited to the new partners in the future ratio

- (xv) When the financial statements are prepared the bad debts account is closed by transfer to the
- statement of financial position
 - income statement profit and losses section
 - income statement trading section
 - allowances for doubtful debts account
 - provision for discount on debtors

2. Match the item in List A with the response on List B and write the letter on beside the item number.

LIST A

- A document issued when goods accepted by supplier for returns
- A document issued when goods returned by customers.
- A document issued by supplier to customer for cash payment.
- A document issued when goods sold for future payments.
- A document issued to show summary of debtor transactions.

LIST B

- Receipt
- Debit note
- Statement of account
- Invoice
- Credit note
- Bank voucher
- Cash cheque

SECTION B (20 Marks)

Answer **all** questions in this section

3. The accounts of HINDU MANDAL TENNIS CLUB are prepared annually at 31st December. Subscription in arrears and in Advance amounted to TZS 12,000 and TZS 8,000 respectively as at 31st December 2001. During 2002 TZS 120,000 was received in respect of the year 2002, including TZS 12,000 for the year 2001. The amounts (TZS 120,000) also includes TZS 10,000 for the year 2003. Subscription not paid for the current year 2003 amounted to TZS 12,000.

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

4. Write short note on the following:

- Interim Audit
- Internal Audit
- Procedural audit
- Ambit of vote
- Accounting officer

5. The balance sheet as at 31st May 2007 of forest traders limited included an allowances for doubtful debt of 2300. The company's account for the year ended 31st May 2008 are now

being prepared. The company's policy now is to relate the allowances for doubtful debts to the age of debts outstanding. The debts outstanding at 31st May 2008 and the required allowances for doubtful debts are as follows

	Debts outstanding amount	allowances for doubtful debts
Up to 1 month	24,000	1%
More than 1 month and up to 2 months	10,000	2%
More than 2 months and up to 3 months	8,000	4%
More than 3 months	3,000	5%

Customers are allowed a cash discount of 2½% for settlement of debts within one month. it is now proposed to make a provision for discounts to be allowed in the company's accounts for the year ended 31st May 2008

REQUIRED: Prepare

- Allowance for doubtful debts
- Provision for discounts to be allowed on debtors

6. From the following information prepare

- Machinery account
 - The provision for depreciation on machinery account
 - The machinery disposal account
- on 1st January 2001 purchased machinery for cash 500,000
 1st April 2002 purchased another machine for shs 800,000/
 1st July 2003 purchased machine by cheque of Tsh 600,000/
 31st June 2004 the machinery purchased in 2001 was sold for Tsh 380,000/ by cash. The company has a policy of depreciating its assets at a rate of 10% per annum on cost for each months of ownership.

SECTION C (40 Marks)

Answer **only two (2)** questions in this section

7. The following is the Bank statement of Magwala for the month of December 2002

Bank Statement

DATE	PARTICULARS	Dr	Cr	BALANCE
01.12.2001	Balance b/f			8,000 Dr
05.12.2001	Mwacha and Co.	2,000		10,000 Dr
10.12.2001	Cheque		4,400	5,600 Dr
15.12.2001	Pesambili	5,000		10,600 Dr
18.12.2001	Bank charges	2,600		13,200 Dr
20.12.2001	Dividends		3,000	10,200 Dr
25.12.2001	Standing order	1,000		11,200 Dr
30.12.2001	Credit transfer		6,000	5,200 Dr
31.12.2001	Cheques		1,200	4,000 Dr

Additional Information:

- Cash book opening balance 1st December 2001 was TZS 8,000 (credit balance)
- Deposits in transit at 31st December 2001 – Mawazo TZS 2,400.

(iii) Outstanding cheques – Mabula TZS 7,000.

Required:

- (a) Draw unadjusted cashbook
- (b) Draw adjusted cashbook.
- (c) Prepare a Bank Reconciliation, starting with the adjusted cash book balance.

8. You are required to record the following transactions into the books of prime entry (General ledger, sales Journal, Purchases Journal, Returns Journal and the cash book) Ledger entries are not required.

Jan. 1st 2002

- Assets: Building TZS 80,000, motor vehicle 18,000, Fixtures TZS 24,000, stock TZS 51,560 cast at Bank TZS 50,160, cash in hand TZS 1,800 and loan J. James TZS 110,000.
- Jan. 1 Paid rent by cheque TZS 600
- Jan. 2 Goods bought on credit from Mashamba TZS 800
C. Chacha TZS 2,240; H. Komba TZS 1,520; N. Nyaturu TZS 2,760
- Jan. 3 Goods sold on credit to Buherwa TZS 3,600
Benjamin TZS 2,240; Bupe TZS 3,120, Nyoni TZS 4,720
- Jan. 9 Paid motor expenses in cash TZS 520
- Jan. 11 Cash drawings for personal use TZS 800
- Jan. 12 Goods sold on credit to Benjamin TZS 4,000
Ole Sobbai TZS 3,600
- Jan. 13 Goods returned to the Business by Buherwa TZS 640 and Ole Sobbai TZS 720
- Jan. 14 Bought another motor van on credit from Mtimbira TZS 12,000
- Jan. 16 The following paid the firm their accounts by cheque less 10% cash discount; Buherwa Nyoni; Ole Sabbai.
- Jan. 19 goods returned by the firm to N. Nyaturu TZS 360
- Jan. 22 Goods bought on credit from Mwamba TZS 3,560; Sikuja TZS 2,880
- Jan. 24 The following accounts were paid by the firm by cheque less 10% cash discount. Mashamba; C. Chacha; H. Komba.
- Jan. 27 Salaries paid by cheque TZS 2,240
- Jan. 30 Paid electricity by cheque TZS 2,640

7. The following figures were taken from the books of Mitambo Mingi Company Ltd.

	TZS
Balances on Sales ledger DR	224,640
CR	2,940
Balances on Purchases ledger DR	2,360
CR.....	146,560

Transactions up to 31st December 2002

Sales to customers on credit	216,900
Cash sales during the year	40,000
Purchases on credit from suppliers	126,500
Allowances made to customers	3,740
Cash Purchases during the year	60,000

Goods Returned to Suppliers	2,460
Cash received from customers	192,900
Bad debts written off	1,700
Discount allowed to customers	9,920
Discount allowed to suppliers	8,240
Cash paid to suppliers	122,840
Cash repaid to customers	500
Transfer from sales ledger to Purchases ledger	11,960
Transfer from Purchases to sales ledger.....	4,280
Legal and other expenses charged to customers	700
Balances on sales ledger CR	2,200
Balances on Purchases ledger DR	1,780

Required:

- (a) Sales ledger control account
- (b) Purchases ledger control account