

**FORM FOUR EXAMINATION
BOOK KEEPING SERIES 43**

062

TIME: 3 HOURS

INSTRUCTIONS

1. This paper consists of section A, B and C.
2. Answer ALL questions in section A and B, and ONLY TWO (2) Questions from section C.
3. Write ALL answers in the answer sheet provided
4. Non programmable calculators are allowed.
5. Write your examination number on every page of you answer sheet(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) Cash float of Shs.52,000= is desired. If Shs.49,000= is spent in the period, how much will be re-imbursed at the end of the period:
 - A. Shs. 2,000=
 - B. Shs.98,000=
 - C. Shs.49,000=
 - D. Shs.52,000=
 - E. Shs.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 shs.16,500=, closing capital shs.11,350= and drawings were shs.3,300=
 - A. The loss for the year was shs.1,850=
 - B. The profit for the year was shs.1,850=
 - C. The loss for the year was shs.8,450=
 - D. The profit for the year was shs.8,450=
 - E. The profit for the year was shs.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 non current assets or adding value to them
 - E. Money spent on selling non current assets

- (vi) When preparing a control account the total of returns inwards for the month should be entered on the:
- Debit side of purchases ledger control account
 - Credit side of purchases ledger control account
 - Debit side of sales ledger control account
 - Credit side of sales ledger control account
 - In both sales and purchases ledger control accounts
- (vii) Which one of the following would you not take into account in calculating working capital?
- Cash
 - Debtors
 - Motor vehicles
 - Creditors
 - Stock
- (viii) With fluctuating capital accounts interest on drawings must be:
- Credited to Partners' current accounts
 - Credited to Partners' capital accounts
 - Debited to Partners' current accounts
 - Debited to Partners capital accounts
 - Credited to Partners' fixed accounts
- (ix) A revaluation account shows:
- Assets bought and assets sold
 - Goodwill written off
 - Goodwill sold
 - Goodwill premium
 - Gain or loss in value of assets
- (x) Which one of the following is entered in the general Journal?
- Purchase of goods for resale
 - Purchase of non current assets
 - Return inwards
 - Sale of goods on credit
 - Return outwards
- (xi) Errors are corrected via the journals because
- It saves the book keeper's time
 - It saves entering them in the ledger
 - It is much easier to do
 - It provides a good record explaining the double entry system
 - Errors are automatically corrected.
- (xii) The document which gives description of goods bought on credit is
- Receipt
 - Cash sale
 - Credit note
 - Incoming Invoice
 - Outgoing invoice
- (xiii) To find the value of closing inventory at the end of a period we do this by
- Physically counting the inventory (stock taking)
 - Look in the inventory account
 - Deduct opening inventory from cost of goods sold
 - Deduct cost of goods sold from sales
 - Add opening inventory and purchases
- (xiv) The descending order in which current assets should be shown in the balance sheet is
- Stock, debtor, bank, cash
 - cash, bank, debtor, stock
 - Bank, cash, stock, debtors

- D. Cash, debtor, stock, bank
E. Stock, cash, bank, debtors
- (xv) When the final accounts are prepared, the bad debts account is closed by a transfer to the:
- A. Provision for bad debts account.
B. Trading account section of the income statement.
C. Profit and loss account section of the income statement.
D. Statement of financial position.
E. Debtors account.

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

LIST A	LIST B
i) Where a transaction is completely omitted from the books	A) commission error
ii) This type of error occurs when the correct amount is entered but in the wrong personal's account	B) Casting
iii) Where an item is entered in the wrong class of account	C) suspense
iv) Where errors cancel each other out	D) error of omission
v) Where the original figure is incorrect yet double entry is still observed using this incorrect figure	E) error of original entry
	F) principle error
	G) compensating error
	H) complete reversal of entry
	I) transposition error

SECTION B: (20 MARKS)

Answer ALL questions in this section

3. Write short note on the following budgeting procedures terms:
- (a) Zero – based budgeting
(b) Flexible budget
(c) Government expenditures
(d) Government budgeting
(e) Government revenues
4. The accounts of HINDU MANDAL TENNIS CLUB are prepared annually at 31st December. Subscription in arrears and in Advance amounted to Shs.12,000 and shs.8,000 respectively as at 31st December 2001. During 2002 shs.120,000 was received in respect of the year 2002, including shs.12,000 for the year 2001. The amounts shs.120,000 also includes shs.10,000 for the year 2003. Subscription not paid for the current year 2002 amounted to shs.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 statement of income and expenditure.

5. Complete the following table:

S/No.	Transaction	Account to be debited	Account to be credited
i.	Bought office machinery on credit from pH Co.		
ii.	A debtor, Fue, paid us in cash.		
iii.	The proprietor paid a creditor, Jumanne, from his private funds.		
iv.	Returned some of office machinery to pH Co..		
v.	Repaid part of loan from Kibeche by cheque.		

6. State the type of expenditure, capital expenditure or revenue expenditure, incurred in the following transactions:

- i. Break-down van purchased by a garage.
- ii. Repairs to a fruiterer's van.
- iii. The cost of installing a new machine.
- iv. Cost of hiring refrigeration plant in a butcher's shop.
- v. Twelve dozen sets of cutlery, purchased by a catering firm for a new dining-room.
- vi. A motor vehicle bought for re-sale by a motor dealer.
- vii. The cost of acquiring patent rights.
- viii. Cost of rebuilding warehouse wall which had fallen down.
- ix. Painting extension to warehouse when it is first built.
- x. Carriage costs on purchases.

SECTION C: (60 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	Kitashika: 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	Mashimo: cheque		1,200=	4,000= DR

Additional Information.

- (i) Cash book opening balance 1st December 2001 was shs.8,000= (credit balance)
- (ii) Deposits in transit at 31st December 2001 – Mawazo shs.2,400=.
- (iii) Outstanding cheques – Mabula Shs.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 journal, sales Journal, Purchases Journal, Returns Journal and the cash book) Ledger entries are not required.

Jan. 1st 2002

Assets: Building Shs.80,000=, motor vehicle 18,000=, Fixtures shs.24,000=, stock shs.51,560= cash at Bank shs.50,160=, and cash in hand shs.1,800=
 Liabilities: Loan from J. James .shs.110,000=.

Jan. 1 Paid rent by cheque shs.600=
 Jan. 2 Goods bought on credit from Mashamba shs.800=
 C. Chacha shs.2,240=; H. Komba shs.1,520; N. Nyaturu shs.2,760=
 Jan. 3 Goods sold on credit to Buherwa shs.3,600=
 Benjamin shs.2,240=; Bupe shs.3,120=, Nyoni shs.4,720=
 Jan. 9 Paid motor expenses in cash shs. 520=
 Jan. 11 Cash drawings for personal use shs.800=
 Jan. 12 Goods sold on credit to Benjamin shs.4,000=
 Ole Sobbai shs.3,600=

Jan. 13 Goods returned to the Business by Buherwa shs.640= and Ole Sobbai shs.720=
 Jan. 14 Bought another motor van on credit from Mtimbira shs.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 shs.360=
 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 shs.2,240=
 Jan. 30 Paid electricity by cheque shs.2,640=

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

	Shs.
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 received from 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