BOOK KEEPING
EXAMINATION
FORM IV

TIME: 3 HOURS

INSTRUCTIONS

This paper consists of section A, B and C.
Answer ALL questions.
Write ALL your answers in the answer sheets provided
Remember to write your name/Examination number.

SECTION A: (20 MARKS)

For each of the items (i) – (x) choose the correct answer from among the given alternatives and write its letter beside the item number.

You are given a car, which you decided to use in your business. This should be recorded in your accounts by:

Dr capital a/c, Cr car a/c B. Dr Bank a/c, Cr capital a/c
C. Dr Car a/c, Cr capital a/c D. Dr car a/c, Cr cash a/c

The purchases of typewriter on credit from Sylvester for resale should be recorded by:

Dr Typewriter a/c, Cr Sylvester a/c
Dr purchases a/c, Cr. Cash a/c
Dr purchases a/c, Cr Sylvester a/c
Dr Typewriter a/c, Cr cash a/c

List the following in increasing order of liquidity:

(i) Bank, (ii) Stock, (iii) Cash (iv) Debtors

A. (ii), (iv), (iii), (i) B. (iii), (i), (iv), (ii)
C. (iv), (ii), (i), (iii) D. (ii), (iv), (i), (iii)

A the beginning of its financial year, a firm has a debit balance of Shs.1,000/= on its General expenses account. During the year the firm pays General expenses Shs.5,000/=, and has a credit balance of Shs.500/= on the account at the year end. The amount charged to profit and loss account for General expenses for the year should be:

A. 6,500/= B. 5,500/= C. 3,500/= D. 5,000/=

Which of the following business documents is used as the source document for credit sales into the firm's accounting records?

A. Credit note B. Sales invoice
C. Copy of the sales invoice D. Delivery note

The Sales ledger of a business contains:

A. The personal account of customers B. The creditors' accounts
C. The sales account D. The accounts of suppliers

A request to a bank to make payments at regular intervals is known as:

A. Standing order B. Credit transfer
C. Bill of exchange D. Paying-in slip

Which of the following methods of payment is available, only to person having a current bank account?

A. Cash B. Postal order C. Bill of exchange D. Direct debit

At the end of the financial year a business has debtors of shs.5,000/= and a provision for bad debts of shs.240/=. It is proposed to maintain provision for bad debts at 5%. What amount will be passed to profit and loss account for the year?

A. A debit of shs.250/= B. A credit of shs.10/=
C. A debit of shs.10/= D. A debit of shs.240/=

If stock at the year-end is under valued, gross profit will be:

A. Understated B. Only affected next year
C. Overstated D. Not affected

(xi) Credit purchases are first entered in a …………

A. Purchases ledger B. Purchases account
C. Purchases journal D. Purchases returns journal

(xii) Determine the amount of capital from the following; Assets: premises shs. 20,000; Loan to Shamir shs. 17,000 stock shs. 35,000; Liabilities; creditor's shs. 5,000; loan from Kagose shs. 22,000

A. shs. 50,500 B. shs. 54,000 C. shs. 45,500 D. shs. 45,000

(xiii) Which of the following is not correct?

A.Profit changes capital
B. Assets plus capital are equal to working capital
C. Capital plus liabilities are equal to liabilities
D. Assets less capital are equal to liabilities

(xiv) Which of the following is not correct?

A. Received commission by cheque (debit bank and credit commission received)
B. Paid rent by cash (debit rent and credit cash)
C. Received tax refund by cheque (debit tax and credit bank)
D. Paid wages by cash (Debit cash credit wages)

(xv) Which of the following is a liability?

A. Premises B. We owe for goods C.Loan to Hamisi
D. Cash at Bank

Match the items in list A with the responses in list b by writing the letter of the corresponding response beside the item number.

LIST A

A financial plan shown expressed in money
A means by which someone may pass the right to collect money due on a cheque
A reduction given to a customer when calculating the selling prices of goods.
Depreciation calculation method which is at a lesser amount every following period.
A cheque which has been sent but has not yet gone through the bank account of the receiver of it.

LIST B

Original entry error
Commission error
Straight-line method
Budget
Gross profit
Unpresented cheque

Contra
Balance sheet
Statement of affair
Uncredited cheque
Surplus
Going concern concept
Trade discount
Endorsement
Bank statement
Dishoured cheque
Prudence concept
Cash discount
Diminishing balance method

SECTION B: (40 MARKS)

Answer ALL questions in this section.

KAOLE social club has been in existence for a number of the years. Members' subscriptions were as follows:

1.1.2001

Subscriptions in arrears Tshs.13,000/=
Subscriptions in advance Tshs.7,400/=

31.12.2001

Members' subscriptions paid Tshs.297,400/=
Subscription in arrears Tshs.17,000/=
Subscription in advance Tshs.7,400/=

Required:

Reconstruct the subscriptions account for the year ended 31.12.2001.

Write short notes on the following:

Personal accounts
Disposal of an Asset
Provisions
Capital
Vote book

The existing provision for bad debts in the books of Soma Ufaulu and Co. is shs. 5,600. On 31st December, the sundry debtors stood at shs. 98,000

Required: Give the journal and ledger entries required to:-

Reduce the bad debts provision to shs. 4,900

Create a provision of 2½ percent for discounts on debtors and show the items sundry debtors and provisions, as they would appear in the statement of financial position.

6. (a) MACHA financial position on 1st January 2003 was as follows:

Cash at Bank	Shs. 4,000/=
Stock	Shs.20,000/=
Debtors	Shs. 2,000/=
Creditors	Shs. 1,000/=
Motor van	Shs. 7,000/=

Premises	Shs.30,000/=
Furniture	Shs. 8,000/=

Enter the above in the journal showing the capital at that date.

Show where the original information in the books of prime entry are to be found:

Books of prime entry	Document/Source of Information
E.g. Sales journal	Answer: Sales Invoices
(i) Purchases Journal	(i)
(ii) Return inwards journal	(ii)
(iii) Return outwards journal	(iii)
(iv) Cash book	(iv)

SECTION C (40 MARKS)

7. On 31 March 2001 the bank column on Ramadhan's cash book showed a debit balance of shs.60,000/=.

A bank statement written up to 31 March 2001 disclosed that the following items had not been entered in the cashbook:

The sum of shs.150,000/= received from E. Godfrey by credit transfer
The transfer of Shs.100,000/= from Ramadhan's private bank deposit account into his business bank account.
Bank charges shs.18,000/=.

On receiving the bank statement, the following items were discovered:

Cheques drawn in favour of creditors totallling shs.830,000/= had not yet been presented
Cash and cheques shs.410,000/= had been entered in the cashbook but not yet credited by the bank.

You are required to prepare as at 31 March 2001

(a) Adjusted cash book balance
(b) A Bank Reconciliation statement showing the balance as per adjusted cash book

8. ZUMA of South Africa consigned goods costing shs.3,500,000/= to his agent CASTORY of Shinyanga Tanzania. He drew on his agent a three months bill of exchange for shs.1,000,000/= against the consignment and discounted it upon acceptance for Tshs.950,000/=.
Zuma paid the following expenses:
Marine insurance Shs.150,000/=
Carriage from Dar es Salaam to Shinyanga Shs.280,000/=
Castorys' Expenses on consignment:
Landing charge shs.240,000/=
Carriage Shs.340,000/=
Postage and other expenses Shs.80,000/=
Three quarter (¾) of the consignment was sold and the following expenses were incurred:

Selling expenses Shs.70,000/=

Agent commission was 10% plus 2% delcredere on gross proceeds which amounted to shs.14,750,000/=

N.B.: All calculations must be clearly shown.

Required:

Show the accounts in the books of consignor:

Consignment to Castory account
Consignee's account (Castory)

Mandez and Mashall are in partnership sharing profit and loss equally. The following is their trial balance as at 30.6.1996

Details	DR	CR
Building (cost 75,000)	50,000	
Fixture at cost	11,000	
Provision for depreciation: fixture		3300
Debtors	16,243	
Creditors		11,150
Cash at bank	677	
inventory at 30 June 1995	41,979	
Sales		124,150
Purchases	85,416	
Carriage outwards	1288	
Discount allowed	115	
Loan interest	4000	
Office expenses	2416	
Salary and wages	18919	
Bad debts	501	
Provision for bad debts		400
Loan from J. King		40,000
Capital: Mandez		35,000
Mashall		29,000
Current account: Mandez		1306
Mashall		298
Drawing: Mandez	6400	
Mashall	5650	
	244,604	**244,604**

NOTE:

Stock 30June 1996 56,340
Office Expenses accrued 96
Wages and salary accrued 200
Depreciation fixture 10% on reducing balance basis and building 1000/=
Reduce provision for bad debts to 320
Partnership salary 800 to Mandez
Interest on drawing: Mandez 180 Mashall 120
Interest on capital charged at 10%

Required: Prepare income statement for the year ended 30^{th} june 1996 and statement of financial position as at that date.