TEST SERIES EXAMS
BOOKKEEPING
SERIES 04

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) Given the cost of goods sold as TZS800, 000.00 and a margin of 20%, what is the percentage of the mark-up.

A. 40% B. 20% C. 25% D. 50% E. 75%

(ii) The manufacturing account seeks to arrive at:

A. Production costs paid in the year
B. Cost of goods produced
C. Cost of goods sold
D. Gross profit of goods sold
E. Net profit of goods produced

(iii) Where there is no partnership agreement, profit and losses must be shared

A. In the same proportion as capital
B. Equally
C. In the same proportions as current accounts
D. Equally after adjusting capital balances
E. As required by the Gama Vs. Murray

(iv) A provision for bad debts is created when

A. Debtors become bankrupt
B. Debtors cease to be in business
C. In need of creating bad debts
D. In need of writing off bad debts
E. There is Uncertainty to collect some amounts to debtors.

(v) Which of the following is a nominal account?

A. Bank a/c
B. Furniture and fittings
C. Motor vehicles a/c
D. Motor vehicle running expenses
E. Bank overdraft

(vi) Which document is raised when goods are received from a debtor?

A. Debit note
B. Credit note
C. Goods Received Note
D. Sales invoice
E. Purchases invoice

(vii) Which of the following should be charged to profit and loss a/c?

A. Work in process
B. Direct materials costs
C. Carriage on raw materials
D. Office rent
E. Indirect labour

(viii) Receipts and payments account does not show
- A. Cheques paid out during the year
- B. Accumulated fund
- C. Receipts from sales of fixed assets
- D. Bank balance
- E. Cash balance

(ix) Which of the following is correct?
- A. Drawings increase capital
- B. Profit decreases capital
- C. Loss increases capital
- D. Drawings are added to capital
- E. Profit increases capital

(x) Which of the following is not an asset?
- A. Loan to somebody
- B. Bank balance
- C. Bank overdraft
- D. Cash borrowed from somebody
- E. Furniture bought on credit

(xi) The transfer of values from one person to another is
- A. transfer
- B. distribution
- C. transportation
- D. recording
- E. transaction

(xii) The account of properties the company own's is known as__ accounts
- A. personal
- B. nominal
- C. impersonal
- D. real
- E. Asset.

(xiii) Given that:

Opening stock……. TZS 40,000
Sales ……. TZS 60,000
Closing stock …….. TZS 30,000
Cost of goods sold ……. TZS 20,000
The amount of purchases is equal to

- A. TZS 50,000
- B. TZS 40,000
- C. TZS 10,000
- D. TZS 60,000
- E. TZS 20,000

(xiv) A person selling goods on behalf of the principal is called
- A. partner
- B. auditor

C. consignor
D. consignee
E. wholesaler

(xv). The cost of goods sold is ascertained as
A. closing stock + net purchases – opening stock
B. opening stock + purchases returns – closing stock
C. opening stock + purchases – returns outwards
D. closing stock + purchases – opening stock
E. Opening stock + net purchases – closing stock.

2. Match the responses in LIST B with the statements in LIST B by writing the letter of the correct response beside the item number.

LIST A	LIST B
(i) A ratio comparing current assets with current liabilities	A. Letter of engagement
(ii) The sale of fixed assets that were bought for the purpose of being used in the business	B. Vote
(iii) Is an amount set aside out of profits in order to strengthen the financial position of the business	C. Depreciation
(iv) An act of recording transactions twice in the books of accounts	D. Single entry system
(v) Is the decrease in the value of natural resources like mineral deposits, oil wells etc.	E. Provision
	F. Accounting
	G. principles Current ratio
	H. Depletion
	I. Warrant fund
	K. Letter of management
	L. Reserves
	M. Disposal of fixed assets
	N. Joint venture
	O. Amalgamation
	P. Double entry
	Q. Partnership
	S. Accounting concepts
	T. Provisions

SECTION B (20 MARKS)
Answer all questions in this section

3. 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	TZS 3,000
Debtors balance	TZS 82,000
Provision for Bad debts	TZS 7,800
Bad debts	TZS 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.

4. The Trial Balance of Tunda Chungu as at 31 Dec. 1976 failed to agree. The payment side exceeds the receipt side by TZS 20,000. This was placed to a suspense Account. After scrutiny, the following errors were discovered:
   i) Payment made to Hatujuani TZS 10,000, Posted to Hatujuani TZS 1,000.
   ii) Rent income TZS 2430 posted to the debit of rent Expenses as 3240 in error.
   iii) An amount received from Pwaguzi TZS 14,500 posted to Pwaguzi as TZS 15,400 credit.
   iv) Payment made to Fussi TZS 26,800. Posted to Fussi's personal account in error as TZS 26,080 Although was correctly posted to the cash book.
   v) An amount paid to Tuma Co. ltd. TZS 15,050 was posted to the cash book only

   You are required to show the journal entries to correct the above error and the suspense account should be eliminated.

5. Write short notes on the following:
   (a) Continuous Audit
   (b) Vouching Audit
   (c) Internal Control
   (d) Interim Audit
   (e) Internal Audit

6. You are given the following Bank Statement of Bahatisha Co. Ltd.

Date	Particulars	Folio	DR	CR	Balance
1998					
1-Mar	Balance	b/f			51,970 DR
8-Mar	M. Tabu		1,220		53,190 DR
16-Mar	Cheque			2,440	50,750 DR
20-Mar	J. Bahari		2,080		52,830 DR
21-Mar	Cheque			3,330	49,500 DR
31-Mar	Traders Credit			570	48,930 DR
31-Mar	Standing order		490		49,420 DR
31-Mar	Bank Charges		280		49,700 DR

The following extract of a cash book is also available

CASH BOOK (Bank Column)

Date	Particulars	Folio	Amount	Date	Particulars	Folio	Amount
1998				1998			
3-Mar	Ndendesi, F.		2,440	1Mar	Balance	b/f	51,970
21Mar	Kulwa, A		3,330	6-Mar	M. Tabu		1,220
31-Mar	Hamis, s.		1,600	30Mar	J. Bakari		2,080
31-Mar	Balance	c/d	52,800	30Mar	J. Shoo		4,900
			60,170				60,170

Required: Prepare the Bank Reconciliation statement as at 31 March, 1998, starting with the balance as per cash book. (Do not adjust the cash book)

SECTION C (40 MARKS)

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

7. From the following details, you are required to draw up the income statement for Majaliwa's departmental store for the year ending 31st December 2003.

	31.12.2003	**31.12.2002**
Stocks:		
Electrical department	20,000	35,000
Furniture department	120,000	140,000
Leisure goods department	18,000	30,000
Sales for the year:		
Electrical department	655,000	
Furniture department	1,860,000	
Leisure goods department	950,000	
Purchase for the year:		
Electrical department	300,000	
Furniture department	900,000	
Leisure goods department	250,000	
Sales returns		
Furniture department	50,000	
Leisure goods department	22,000	
Purchase returns:		
Furniture department	18,500	
Leisure goods department	35,000	
Transport inwards for the year	145,000	

Note: Transport inwards is to be apportioned on the basis of purchases.

8. The following balances were taken from the books of H. Muya and M. Komba on 31st December 2003:

Capital: H. Muya TZS 250,000
M. Komba ZS200, 000
Current accounts: H. Muya TZS 14,500 DR
M. Komba TZS 27,000 CR
Drawings: H. Muya TZS 36,000
M. Komba TZS 12,000
Net Profit for the year 2003 TZS 111,000.

(a) 5% interest is allowed on fixed capitals and 10% interest be charged on drawings.
(b) Komba is entitled to a monthly salary of TZS 2,500 which he has withdrawn regularly thought the year, but has not recorded anywhere in the partnership books.
(c) The balance of the profits is to be shared by partners in the ratio of Muya 3/5 and Komba 2/5

Required: Show the partner's profit and loss appropriation account and currents in columnar form.

9. The following figures were taken from the books of semeni Company Ltd. January 1990.

	TZS
Balance on sales Ledger DR.	112,320
Balance on sales Ledger CR.	1,470
Balance on purchases Ledger DR.	1,180
Balance on Purchases Ledger CR.	73,280
Transactions up to 31 Dec. 1990	
Sales to customer on credit	108,450
Cash sales during the year	30,000
Allowance made to suppliers	1,870
Goods Returned to suppliers	1,230
Cash received from customers	96,450
Bad debts (written off)	850
Discount allowed to customers	4,960
Discount allowed by suppliers	4,120
Cash paid to suppliers	61,420
Cash repaid to customer	250
Transfer from sales ledger to the purchases ledger	5,980
Transfer from purchases ledger to sales ledger	2,140
Ledger and other expenses charged to customers	350
Balances on sales ledger CR.	1,100
Balances on Purchases ledger DR.	890

Required to prepare:
(a) Sales Ledger Control Account and
(b) Purchases ledger control account

THE END