BOOK KEEPING

TIME: 3:00 HOURS.

INSTRUCTIONS.

1. This paper consists of section A, B and C with a total of **nine (09)** questions.
2. Answer **all** questions in section A and B and **two (02)** questions from section C.
3. Non programmable calculators may be used.
4. Cellular phones and any unauthorized materials are **not** allowed in the examination room.
5. Write your **Examination Number** on every page of your 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 among the given alternatives and write its letter beside the item number.
   (i) If petty cashier had the balance of TZS 12,000 on 1st January, then on 2nd January received TZS 32000 to restore the imprest. How much was the desired cash float?

A. TZS 20,000
B. TZS 24,000
C. TZS 44,000
D. TZS 32,000
E. TZS 12,000

(ii) Making the second entry of double entry system is known as
A. Posting
B. Recording
C. Transaction
D. Narrating
E. Journalizing

(iii) If the opening capital was TZS 35,000, closing capital TZS 29,700 and drawings were TZS 8,600,
A. The loss for the year was TZS 3,300
B. The profit for the year was TZS 3,300
C. The loss for the year was TZS 5,300
D. The profi for the year was TZS 21,100
E. The profit for the year was TZS 26,400

(iv) Which one of the following would not be taken into account when calculating working capital?
A. Cash
B. Debtors
C. Loan from bank
D. Motor vehicles
E. Creditors

(v) A separate fund which is controlled by accounting officer is known as.
A. Warrant of fund
B. Vote
C. Consolidated fund
D. Special fund
E. Virement

(vi) Which of the following best describes the meaning of trial balance?
- A. It is a list of balances on the books
- B. Shows the financial position of the business
- C. It is a special account.
- D. It shows total receipts and total payments plus balance.
- E. It shows all the entries in the books.

(vii) Amina of Iringa consigned 200 cases of goods to Halima of Kigoma. Then Halima is
- A. Principal
- B. Consignor
- C. Partner
- D. Agent
- E. Seller

(viii) Errors are corrected via the journal because
- A. it provides a good record explaining the double entry records
- B. it is much easier to do so
- C. it saves entering them in the ledger
- D. it saves the book keeper time
- E. it is a special journal.

(ix) The sales day book best described as
- A. Containing real account
- B. A list of credit sales
- C. Containing customers accounts
- D. Part of double entry system
- E. A list of cash sales.

(x) When there is partnership agreements profit and losses must be shared
- A. Equally
- B. In the same proportion as capital
- C. In the same proportion as current account
- D. Equally after adjustments
- E. According to partnership deeds.

(xi) Bank reconciliation is?
- A. A process of rectifying the difference between cash book and bank statement
- B. A statement which is prepared in order to rectify the difference between cash book and bank statement
- C. A summary of customer's bank account
  An instructions made by the customer to the bank to pay specific amount of money to a specific persons on a specific dates.
- D. Usually done by the customers.

(xii) Which one of the following does not appear in a manufacturing account?
- A. Depreciation on factory machinery
- B. Depreciation on office equipment
- C. Royalties

D. Foremen's wages
E. Factory power

(xiii) An audit which cover only part of trading period is called
A. Procedural audit
B. Final audit
C. Management audit
D. Balance sheet audit
E. Interim audit

(xiv) Costs of building warehouse would be classified as
A. Capital receipts
B. Revenue expenditure
C. Revenue receipts
D. Recurrent expenditure
E. Capital expenditure.

(xv) A club's receipts and payments account is similar to a firms':
A. Balance Sheet
B. Capital account
C. Trading, and Profit and loss account
D. Cash Book
E. Trial balance

2. For each of the items (i) – (v), match the meaning of different types of audit in **Column A** with relevant terminology in **Column B** by writing the letter of correct response besides the item number in the answer sheet (s) provided.

COLUMN A		**COLUMN B**
i.	Audit which is conducted after preparations of financial statements usually at the end of accounting period	A. Statutory audit B. Interim audit C. Joint audit D. Periodical audit E. Balance sheet audit F. Internal audit G. Private audit
ii.	Audit which is conducted because the law requires it to be done included company's act.	
iii.	Audit which is conducted by the employee of the business in any aspects of its affair.	
iv.	Audit carried out on the nature and reported value of assets of the business.	
v.	Audit which is done by two or more auditors and produce a joint audit report.	

SECTION B (40 Marks)

Answer **all** questions in this section.

3. Briefly explain five (05) users of accounting information.
4. Briefly explain the following terminologies as they are used in book keeping
   (a) Subscriptions
   (b) Legacy
   (c) Donations
   (d) Surplus
   (e) Accumulated fund

5. From the following information extracted from the books of MAKINIKIA, you are required to prepare the appropriate control account.

2010

August 1	Sales ledger balances -	Debit	11,448
		- Credit	66
" 31	Transactions for the month		
	Cash received		312
	Cheque received		18,717
	Credit sales		21,270
	Bad debts written off		918
	Discount allowed		894
	Returns inwards		1,992
	Refund to overpaid customers		111
	Dishonored cheque		87
	Interests charged by us on overdue debt		150
	At the end of the month:		
	Sales ledger balances -	Debit	10,287
		- Credit	120

6. The following are the extracts from the cash book and bank statement of Pendamoyo. You are required to:

(a) Adjust the cash book

(b) Draw up bank reconciliation statement as on 31st December 2009.

Dr. CASH BOOK Cr.

2009			**2009**		
Dec 7	Lameck	876	Dec 1	Balance b/d	12,600
" 22	Baraka	1,107	8	Yonah	552
" 31	Thomas	576	" 15	Haruna	480
" 31	Balance c/d	12,585	" 28	Eva	1,512
		15,144			**15,144**

BANK STATEMENT

Date		**Particulars**	**Debit**	**Credit**	**Balance**
2009					
Dec	1	Balance b/d	-	-	12,600 O/D
"	9	Cheque	552	-	13,152 O/D
"	11	Cheque	-	876	12,276 O/D
"	20	Haruna	480	-	12,756 O/D
"	22	Cheque	-	1,107	11,649 O/D
"	31	Credit transfer –Maria	-	264	11,385 O/D
"	31	Standing order	96	-	11,481 O/D
"	31	Bank charges	57	-	11,538 O/D

SECTION C (40 Marks)

Answer **any two (02)** questions from this section

7. From the following particular you are required to prepare departmental income statement for the year ended 31st December 2000.

Stock on 1st January 2000

Department A 7,000

Department B	6,000
Purchases during the year	
Department A	20,000
Department B	15,000
Sales during the year	
Department A	40,000
Department B	32,000
Wages	
Department A	3,000
Department B	1,500
Exhibition expenses	1,900
Travelling expenses	5,000
Rent and rates	900
Furniture and fixtures	10,000
Salaries	3,600
Insurance	4,000
Provision for bad debts	700
Directors fees	2,000
Sundry debtors	20,000
Bad debts	8,000
Discount received	4,000
Discount allowed	1,700

Also the following information available

i) Stock at 31st December
Department A TZS 9,000
Department B TZS 7,500

ii) Apportionment of expenses were as follows
   a. Area occupied
   Department A: 400 foots Department B: 300 foots
   Expenses to be apportioned according to area occupied were: rent and rates, depreciation and insurance.
   b. Number of employees : Department A 5, Department B 3
   Expenses to be apportioned were director's fees, travelling expenses and salaries.
   c. Discount received is apportioned according to purchases.
   d. Bad debts, provision for bad debts, exhibition expenses and discount allowed according to sales.

iii) Depreciate furniture and fixtures at the rate of 15% and adjust provision for bad debts to 2% of sundry debtors.

8. On 1st august 2008, Monalisa of Dar es salaam consigned 300 cases of perfume to Kodema of Kisumu. The cost of goods was TZS 900 per case. Monalisa aid for carriage TZS 750, freight TZS 7,800, and insurance TZS 2,250 for the consignment.
On arrival of goods Kodema sent TZS 60,000 cash to Monalisa as the advancement on consignment, and paid loading charges TZS 3,600, import duty TZS 8,400, consignee is entitled commission of 5% plus del credere commission of 2%.
Kodema sold 150 cases at TZS 1,350 per case and 30 cases at TZS 1,200 a case. And 31st December 2008, Monalisa received an account sale for these transactions. The bank draft enclosed with the account sales for the amount due.
Required: Prepare

(i) Necessary accounts in the books of Monalisa

(ii) An interim account sales

9. (a) MINAH is a petty cashier keeps his petty cash book on the imprest system and the imprest amount being TZS 50,000. The petty cash transactions for the month of October 2010 were as follows:-

2010

October 1, petty cash in hand TZS 6,400
1, petty cheque restored the imprest amount.
3, paid wages TZS 7,500
7, purchased stationery TZS 5,800
10, paid Massawe a creditor TZS 6,200
14, paid wages TZS 2,600
17, Purchased envelopes TZS 5,600
20, paid wages TZS 7,700
21, purchased postage stamps TZS 5,800
24, paid wages TZS 7,600

Required: Draw up Moses petty cash book for the month of October 22008, with analysis columns for

a. Wages
b. Stationery
c. Postage
d. Ledger

On 1st November show the restoration of the petty cash to the imprest amount.

(b) A company whose trading period ends on 31st December each year bought motor van for TZS 700,000 by cash on 7th august 2010.

The company estimates that the motor van will be used for 6 years. After exactly 3 years the motor van was sold for TZS 350,000 cash.

The company depreciates its motor van at the rate of 20% based on assets in existence.

Required:

(a) Disposal account
(b) Journal entry on disposal.

THE END