

PRESIDENT'S OFFICE
REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT
KIBAHA TOWN COUNCIL
NYUMBU SECONDARY SCHOOL

FORM THREE MID -TERM EXAMINATION

CODE:062

BOOK – KEEPING

TIME: 2:30 HOURS

August, 2023

Instructions

1. This paper consists of sections **A, B** and **C** with a total of **nine (9)** questions.
2. Answer **all** questions in this paper.
3. Section A carries **fifteen (15)** marks, section B **forty (40)** marks and section C carries **forty-five (45)** marks.
4. Non-programmable calculators may be used.
5. Cellular phones and any unauthorized materials are **not allowed** in the examination room.
6. Write your **Examination Number** on every page of your answer booklet(s)

SECTION A (15 Marks)

Answer all question 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 items number in the answer booklet provided.
 - i) Kuchida has recovered one of the debts previously written off. At the end of the financial year, in which record should he transfer such an amount?
 - A. Statement of comprehensive income
 - B. Provision for doubtful debts account
 - C. Trade receivable
 - D. Trade payable
 - E. Statement of financial position
 - ii) Which of the following books of original entry is used for recording motor vehicle bought on time?
 - A. Purchases journal
 - B. Purchases return day book
 - C. General journal
 - D. Return outwards journal
 - E. Cash book
 - iii) A farmer, who depreciates his plant and machinery by 25% per annum, bought a combined harvester on 1st July 2019 for Tzs. 160,000. What would be the effect on his profile at the year ended 31st December,2019. If is also serving him casual labour costs at harvest time of Tzs. 25,000
 - A. A reduction of Tzs. 20,000
 - B. A reduction of Tzs. 40,000
 - C. A reduction of Tzs. 25,000
 - D. An increase of Tzs 5,000
 - E. An increase of Tzs. 15,000
 - iv) Suppose you are writing up the statement of financial position, how would you categorize rent received in advance?
 - A. A current asset
 - B. A current liability
 - C. Non-current asset
 - D. Non-current liability
 - E. Owner's equity
 - v) Suppose you spent Tzs. 400,000 on painting the second-hand motor vehicle that you have just acquired; how would you classify such expenditure?
 - A. Deferred expenditure
 - B. Normal expenditure
 - C. Revenue expenditure
 - D. Capital expenditure
 - E. Joint expenditure

- vi) If a business incorrectly records a payment as an asset rather than expense, how will this error affect net income in the current period?
- A. Net income will be too high
 - B. Net income will be equal to net loss
 - C. Net income will turn into a loss
 - D. Net income will be too low
 - E. Net income will not be affected with this error
- vii) Given the balance as per cash book Tzs. 6,500, uncredited cheques Tzs. 1,500, bank charges not yet entered in the cash book Tzs. 500 and credit transfer received by bank but not yet entered in the cash Tzs. 1,000. What will be the balance as per bank statement?
- A. TZS 7,500
 - B. TZS 4,500
 - C. TZS 8,500
 - D. TZS 5,500
 - E. TZS 3,500
- viii) Kichamo, a sole proprietor, sells his inventory on credit; when should he recognize sales revenue?
- A. When goods are sent to the customer
 - B. When customer place their orders
 - C. When customer pay for the goods
 - D. When customer receive invoice for the goods
 - E. When goods are sent back to the business
- ix) Which of the following, best explain why employees are interested in the financial reports of the business?
- A. To assess the profitability of the business in order to decide whether to invest in it
 - B. To assess whether the business will continue into the foreseeable future
 - C. To assess the effect of the business on the local economy, community and environment
 - D. To compare the business performance with that of competitors in order to decide whether to look for employment with those competitors
 - E. To check the liabilities of the business in order to predict their future employment contracts
- x) The proper steps for preparing a statement of comprehensive income are:
- I. Calculate cost of goods sold and gross profit
 - II. Calculate the net profit
 - III. Close off the purchases and sales accounts
 - IV. Close off the account of expenses and other revenues
- A. IV, III, I then II
 - B. I, II, III then IV
 - C. III, I, IV then II
 - D. III, IV, I then II
 - E. IV, III, II then

2. Match the items in **Column A** with the responses in **Column B** by writing the letter of the correct response below the corresponding item number in the table provided.

COLUMN A	COLUMN B
i) A book of prime entry which is used for recording goods returned to suppliers	A. Sales daybook
ii) A book of prime entry used for recording all goods bought on credit	B. Journal proper
iii) A book of prime entry which is used to record the details of all transactions which cannot be recorded in any other book of original entry	C. Returns outward journal
iv) A book of prime entry used to record all goods sold on credit	D. Creditor
v) Book of original entry to record prompt receipt and payments	E. Purchases day book
	F. Return inward journal
	G. Cash book

SECTION B (40 Marks)

Answer **all** question in this section

3. **Kadogoo** is a student of JK secondary school expert in accounting who assists a school bursary office to perform bank reconciliation. On 31st January 2023, she was issued with a cash book showing a debit balance of TZS 543,000 and a bank statement with a credit balance of TZS 320,000

With five (05) points explain the reasons for this difference

4. From the following cash book prepare Trial Balance as at 30th April 2022

DR.				CASH BOOK				CR.	
Date	Particulars	Cash	Bank	Date	Particulars	Cash	Bank		
Apr. 1	Capital	500,000	300,000	Apr. 10	Bank	250,000			
10	Cash		250,000	13	Purchases	100,000			
25	Sales	450,000		15	Drawings		15,000		
				22	Motor van	150,000			
				28	Rent		8,000		
				30	Balance c/d	450,000	527,000		
		<u>950,000</u>	<u>550,000</u>			<u>950,000</u>	<u>550,000</u>		
May 1	Balance b/d	450,000	527,000						

5. Rule a petty cash book under the following headings: - postage, stationary, petrol, entertainment and ledger, TZS

March 12 petty cashier received cash from main cashier 15,000

14. Paid postage 500

16. Paid entertainment 3,000

18. Paid petrol 1,200

20. Paid B. Robert, a creditor 4,000

25. Paid for stationary 1,700

29. The cashier reimbursed the petty cashier the amount spent in the period.

6. Mzee Kidogodogo commenced a business on 1st January 2023 with cash TZS 350,000/=
- Jan 2: bought goods from Mwembamba TZS 50,000
 - 4: Bought a machinery by cash TZS 60,000
 - 8: Cash purchases to dateTZS 120,000
 - 10: Sold goods to Kitufe TZS 85,000
 - 12: Cash sales to date TZS 100,000
 - 16: Paid cash to Mwembamba TZS 47,000
 - 18: Bought goods on credit from Mwembamba TZS 12,500
 - 20: Paid cash for rent TZS 6,000
 - 22: Received cash from Kitufe TZS 84,000
 - 25: Paid electricity bill TZS 5,000
 - 28: Sold goods on credit to Kitufe TZS 69,000
 - 30: Sold a machinery which was bought on 4th January 2023, for TZS 43,750 after involved in accident.
 - 31: Bought goods from Chibonge TZS 20,000

Required; use the above information to write up the following accounts;

- a) Sales account
- b) Purchases account
- c) Machinery account
- d) Kitufe's account
- e) Mwembamba's account

SECTION C (45 Marks)

Answer all question from this section

7. The Santa Lucia Band club is in the process of preparing its financial statement for the year ended 31st December, 2018 in preparation for the annual general meeting. The treasures have caught with some medical problems and the committee has asked you to prepare the financial statement for the year. They gave you the following: -

RECEIPTS	F/ L	AMOUNT	PAYMENTS	F/ L	AMOUNT
Balance		1,500	Electricity and water		900
Membership fees		3,060	Rent		1,000
Bar sales		14,500	Bar payable		8,000
			Barman's wages		4,800
			Stationary		200
			Conductor's fees		4,000
			Balance	c/d	160
		19,060			19,060

The club had the following assets and liabilities

DETAILS	1 ST JANUARY, 2018	31 ST DECEMBER, 2018
Bar equipment	10,000/=	9,500/=
Musical instruments	40,000/=	35,000/=
Furniture	8,000/=	7,000/=
Electricity and water owing	140/=	130/=
Bar payable	700/=	850/=
Rent prepaid	200/=	250/=

Bar inventory	500/=	680/=
Loan to Samaira	150/=	-

Required

- i) Prepare the Bar Trading account for the year ended 31st December, 2018
 - ii) Prepare the income and expenditure account for the year 31st December, 2018
 - iii) Prepare the statement of financial position at 31st December, 2018
8. Mis mwene motor company end its financial year at 31st December each year. She bought and sold following machinery
- 01st January 2018 bought machine 1 for cash Tzs 1,400,000 and bought another machine 2 for Tzs 600,000 by cheque on 01st December same year.
- 05th May 2020 bought machine 3 for Tzs 1,000,000 from Mwango company
- 10th February 2021 sold machine which bought on 01st December 2018 for Tzs 700,000.
- On 01st July 2021 bought machinery no 4 by cheque Tzs 500,000.
- You are required to prepare following account to record above detail for the year end 2018 up 2021.
- (a) Machinery account
 - (b) Machinery disposal account
 - (c) Accumulated provision for depreciation account
9. From the following particular extracted from the books of a trader under the single-entry system, you are required to find out figures for credit sales, credit purchases by showing the total debtors account, total creditors account as well as receivable account.

Balance on 1 st January, 2011:	Sh.
Total debtors	527,000
Bills receivable	40,000
Total creditors	264,000
Transaction during the year:	
Cash paid to creditors	702,500
Discount allowed by supplier	26,500
Cash receive from customer	1,354,000
Discount allowed to customer	42,000
Return from customer	16,250
Return to supplier	13,300
Bills receivable dishonored	11,000
Bad debts previously written off, now recovered	10,000
Cash sales during the year	158,000
Cash purchases during the year	123,000
Bad debts written off	35,400
Cash received against bills receivable	142,000
Balance on 31 st December, 2011:	
Total debtors	556,000
Total creditors	284,000
Bills receivable	10,000

