TIME: 3 l

INSTRUCTIONS:

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

SECTION A: (20 MARKS)

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

   (i) Which is the best description of non current assets?

   A. Are bought to be used in the business
   B. Are items which will not wear out quickly
   C. Are expensive items bought for the business
   D. Are of long-life and are not bought specifically for resale.

   (ii) A cash discount is best described as a reduction in the sum to be paid

   A. If payment is made within a previously agreed period
   B. If payment is made by cash, not cheque
   C. If payment is made either by cash or cheque
   D. If purchases are made for cash, not on credit

   (iii) Depreciation is

   A. The amount spent to buy a fixed asset
   B. The salvage value of a fixed asset
   C. The part of the cost of the fixed asset consumed during its period of used by the firm
   D. The amount of money spent in replacing assets

   (iv) In the business of Masele who owns a clothing store, which of the following are capital expenditure?

   (i) Shop fixtures bought
   (ii) Wages of assistants

(iii) New motor van bought
(iv) Petrol for motor van

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

(v) If Shs.500/= was shown added to purchases instead of being added to a fixed asset

A. Net profit only would be understated
B. Net profit only would be overstated
C. It would not affect net profit
D. Both gross and net profits would be understated

(vi) When a petty cash book is kept there will be:

A. More entries made in the general ledger
B. Fewer entries made in the general ledger
C. The same number of entries in the general ledger
D. No entries made at all in the general ledger for items paid by petty cash.

(vii) Which of the following errors would be disclosed by the trial balance?

A. Cheque Shs.65/= from Peter entered in Peter' s account as 56/=
B. Selling expenses had been debited to sales account
C. Credit sales of shs.400/= entered in both double entry accounts as shs.4,000/=
D. A purchases of shs.300/= was omitted entirely from the books

(viii) If creditors at 1st January 1993 were Shs.25,000/=, creditors at 31 December 1993 shs.42,000/= and payments to creditors shs.320,000/=, then purchases for 1993 are:

A. 303,000/= B. 337,000/= C. 316,000/= D. None of these

(ix) Which of the following should be charged in the profit and loss account?

A. Office rent B. Work in progress
C. Direct Materials D. Carriage on raw materials

(x) Prime cost includes

(i) Direct labour
(ii) Factory overhead expenses
(iii) Raw materials consumed

(iv) Direct expenses

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

(Xl) When a new partner is admitted to a partnership business, any decrease in value of asset resulting from valuation is debited to

A) asset account. B) cash account C) trading account D) revaluation account.

XIl) which of the following books of prime entry used to record a list of goods sold on credit?

A) the sales return day book B) the purchases day book

C) the sales day book. D) purchases return day book.

Xlll) What shokuld be the accounting entry for expenses incurred by a consignor in his books of accounts?

A) credited to consignment account and debited to goods sent on consignment account

B) Debited to cash book and credited to consignment account

C) debited to consignment account and credited to cash/bank

D) debited to cash/bank account and credited to consignment account

XlV) GOvernment accounting is very important in the countries because of

A) expands the more money in the system

B) has the largest volume of monetary transactions

C) provides more revenues and expenses

D) prepare abudget duly passed by the parliament.

XV) what is the amount of stock reserve on a closing stock of TZs 6000 in department B if goods are transferred from department A to department B at price which includes a profit of 25%on cost

A) TZs 1200 B) TZs 2200 C) TZs 1500. D) TZs 2000

2. 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

(i) Accounts in which property of all kinds is recorded

(ii) An expense, which the firm has used up, but which has not yet been paid for.

(iii) Liabilities that have been received for the next period

(iv) Is a statement prepared in order to show the financial position of a firm at particular time

(v) An account, which checks the arithmetical accuracy of a ledger.

LIST B:

A. Gross loss
B. Special fund
C. Long-term liabilities
D. Short-term liabilities
E. Petty cash book
K. Gross Profit
L. Drawee
M. Balance sheet
N. Nominal account
O. Treasury

F. Trial balance
G. Control account
H. Drawer
I. Accrued expense
J. Receipts and payments account
P. Exchequer account
Q. Prepaid expenses
R. Income and expenditure a/c
S. Real accounts

SECTION B: (20 MARKS)

3. On 1st January 2019 a debit balance of shs.1,535/= for insurance shown in the books of Thomas. During the year ended 31 December 2019 the information related to insurance account is as follows:

(i) Fire - Insurance shs.4,800/=, covering the year ended 31 April 2019 was paid
(ii) General insurance shs.3,150/=, covering the year ended 31 August 2019 was paid
(iii) An Insurance rebate of shs.275/= was received on 30 June 2019

Required:

Write up the account for insurance for the year to 31 December 2019 Carry forward necessary balance(s) to 2020

4. Write short notes

(a) Accumulated fund
(b) Working capital
(c) Discounted cheque
(d) Set-off for Debtor/creditor
(e) Manufacturing account

SECTION C: (60 MARKS)

5. A trial balance extracted on 31 December 2020which failed to agree by shs.1,650/=, a shortage on the credit side of the trial balance. A suspense account was opened for the difference.

On January 2002 the following errors made in 2001 were found:

(i) Sales day book had been undercast by shs.500/=
(ii) Sales of Shs.1,250/= to Joel had been debited in error to Joachim' s account
(iii) Rent account had been undercast by Shs.350/=
(iv) Discount allowed a/c had been overcast by shs.1,500/=
(v) The sales of a motor van at book value had been credited in error to sales account shs.1,800/=

You are required to:

(a) Show the journal entries to correct the erros
(b) A suspense account
(c) The net profit had previously been calculated at shs.39,500/= for the year ended 31 December 2001, show the corrected net profit.

6. On 1st January 2018 G. Ally of Dar es Salaam and G. Maduhu of Shinyanga entered into a joint venture for the sale of goods, Profits and losses being shared equally between them. On 12th February, Ally paid shs.100,000/= for the goods, and in addition, freight shs.4,000/=, Railway charge shs.2,000/= and sundry expenses shs.2,500/=.

Maduhu made the following payments on account of the joint venture 16th March. Government duty, shs.4,050/=; 17th April, warehouse charges shs.1,450/=; 19th May postages and sundries, shs.550/=.

On 20th May Maduhu sold the whole of goods sent for shs.144,000/=.

Required:

Prepare a memorandum joint venture account together with joint venture account in each person' s books.

Note: The final settlement between the venture was completed on 30th May 2018

7. A partnership consists of three partners with capital and sharing profits as follow for the month ended 31jan 2020.

	Capital	Profit	Drawings
E. Mashauri	15,000/=	50%	1,500/=
E. Kafulya	10,000/=	30%	1,000/=
E. Raphael	5,000/=	20%	1,000/=

Capital is chargeable with 10% per annum interest. Kafulya and Raphael received a salary of Shs.750/= per annum, capital to remain fixed. Mashauri had loaned a further 10,000/= to the partnership at 5% per annum interest. Profit for the year, before charging partners' salaries, interest on capital and loans, Shs.10,000/=.

Required: Prepare:

(a) Partnership appropriation account
(b) Current account for partners in column form.
(C). Extract balance sheet as 31jan 2020

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8. The following trial balance was extracted form the books of kifaru, a trader a (from 1st January to 30 June 2020)

		Dr.	Cr.
Capital			165000
Buildings		102200	
Furniture & Fitting		6000	
Purchases and Sales		355000	410000
Debtors and Creditors		62,000	47675
Insurance		1200	
General expenses		1700	
Wages and Salaries		4925	
Drawings		20425	
Bad debts		300	
Balance at Bank		12,400	
Provision for doubt fuel debts (1.1.2020)			1375
Discount allowed and Received		5500	4100
Stock (1.1.2020)		52000	
Rates		4500	
		628150	628150

You are given the following information:

I. Stock in trade at 30th June 2020 was shs.62350

II. At 30th June 2020 insurance prepaid was Shs.250/=

III. Wages and salaries outstanding at 30th June 2000 was Shs.2050/=

IV. On 1t March 2020 kifaru purchased a motor van for the business for shs.10000/= and furniture for the business costing shs.1000. He paid for both the motor van and the furniture with cheques drawn on his private account.

V. Kifaru also took from the business goods costing shs.1250 for his private use. No entries have been made in the books of the trader recording these transactions.

VI. Provide shs.700 for depreciation of furniture and fittings and allow for depreciation on motor van 10% per annum on cost.

Required: Prepare. Statement of income for a six month ended 30june2020 and statement of financial position as that date.

9.statement of Magwala with NBC bankfor the month of December 2019

Bank Statement from National bank of commerce as at 31dec2019.

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	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	Cheques		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.

Prepare a Bank Reconciliation, starting with the adjusted cash book balance.

b). Fixtures & fittings is to be depreciated by 10 percent per year for the accounting period of January 1st 2020 to December 31st 2020. On reducing balance method, based on modern method. The cost of fixtures and fittings is Tshs.200, 000/=.

Required: (show the entries for next three years)

I. Open the ledger account of fixture & fittings
II. Provision for depreciation account
III. Show how the items appear in the profit and loss account and Balance sheet