TEST SERIES EXAMS
BOOKKEEPING
SERIES 06

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 from this section

1. From items (i) – (xv), choose the most correct answer from the given alternatives and write its letter besides the item number in the answer booklet(s).

(i) Which of the following chain is best defines the accounting cycle for a profit making organization?

A. Source of documents, Books of prime entry, Ledgers, Trial balance and financial statements
B. Source of documents, Ledger, Books of prime entry, Trial balance and financial statements
C. Trial balance and financial statements
D. Ledger, Trial balance and financial statements
E. Source of documents, Trial balance and financial statements

(ii) Closing stock refers to the amount of unsold goods at the year-end whose value is obtained by

A. Doing stocktaking
B. Looking in the stock account
C. Deducting opening stock from cost of goods sold
D. Deducting cost of goods sold from sales
E. Doing stock valuation

(iii) Any trading activity results into either profit or loss; then where exactly can we find the net profit of the company?

A. in the trading statement
B. in the profit and loss statement
C. in the drawing account
D. in the capital account
E. in the statement of financial position

(iv) Which of the following items are apportioned among departments according to purchases?

A. Wages, discount received and carriage inwards
B. Wages, discount allowed and carriage inwards
C. Wages, discount received and carriage outwards
D. Wages, salaries and carriage inwards
E. Wages, discount received and salaries

(v) What is the double entry when TZS.500/= banked from the cash till?

A. Debit cash column TZS.500/=: Credit bank column TZS.500/=
B. Debit bank column TZS.500/=: Credit cash column TZS.500/=
C. Debit cash column TZS.500/=: Credit cash column TZS.500/=
D. Debit bank column TZS.500/=: Credit bank column TZS.500/=
E. Debit bank column TZS.1,000/=: Credit bank column TZS.500/=

(vi) After auditing, the auditor concluded that the financial statements are free from any misrepresentations but they are not maintained according to the generally accepted accounting principles. What is this type of audit report?
A. Disclaimer report C. Adverse report
B. Assessment report D. Qualified report E. Unqualified report

(vii) The advantage of book keeping that is enjoyed by the business when there is a good status on assets and liabilities
A. Business transaction
B. Fair tax assessment
C. Knowledge of credit dealings
D. Reliable financial position
E. Profit determination

(viii) How an error of original entry does comes?
A. From debiting wrong personal account
B. From crediting wrong personal account
C. From entering entries into wrong class of account
D. From the source documents
E. From not recording the entries

(ix) The government financial year starts on
A. 1^{st} June current year and ends 30^{th} July of the next year
B. 1^{st} July current year and ends 30^{th} June of the next year
C. 1^{st} March current year and ends 31^{st} April of the next year
D. 1^{st} April current year and ends 31^{st} March of the next year
E. 1^{st} August current year and ends 31^{st} October of the next year

(x) Prime cost simply means
A. Raw materials consumed plus purchases of raw material
B. Raw materials consumed plus return of raw material
C. Raw materials consumed plus direct costs
D. Raw materials consumed plus indirect costs
E. Raw materials consumed plus indirect costs plus administration expense

(xi) Who appoints the collector of revenue?
A. The minister of finance
B. The president
C. Controller and Auditor General
D. The receiver of revenue
E. The parliament

(xii) Msuki company incurred TZS 15,000 for van running costs during the year; this expenditure is then classified under
A. Capital expenditure
B. Revenue expenditure
C. Van expenditure
D. Running expenditure
E. Capital-revenue expenditure

(xiii) The cash book balance mismatched with that of the bank statement because of a cheque issued to Kiwia but not cashed by the bank due to various reasons. This cheque is generally called

A. Un-presented cheque
B. Returned cheque
C. Un-credited cheque
D. Matured cheque
E. Dishonoured cheque

(xiv) Few days after goods have been sent to Kibadeni, the consignee, he returned a document showing total amount of sales proceeds, expenses and the amount due for remittance. The document describing all these is called

A. a consignment note
B. a pro forma invoice
C. an account sale
D. a freight note
E. a credit note

(xv) The following are uses of a journal proper except

A. writing off bad debts
B. acquisition and disposal of non-current assets
C. correction of errors
D. closing of entries
E. recording of special items

2. Match the items in **Column A** against the correct response in **Column B** and write it beside the item number in the answer sheet(s)/booklet(s) provided **(05 Marks)**

Column A	Column B
(i) The concept which needs that a business should record only those transactions that can be stated in monetary terms	A. Consistency concept B. Time period concept
(ii) The concept which shows that, there are two aspects of the business represented by assets and liability and are always equal	C. Historical cost concept D. Materiality concept
(iii) The concept which needs that, there must be a close relationship between revenue and expenses used to generate that revenue	E. Accrual concept F. Money measure concept
(iv) The concept which needs that, only those transactions with significant effects are to be recorded in the account books and insignificant figures may be shown as foot notes	G. Dual concept H. Going concern concept
(v) The concept which needs that, there should be the same method of recording and processing accounting information	I. Matching concept J. Business entity concept

SECTION B (40 Marks)

Answer all questions in this section

3. "In bank reconciliation, the bank statement balance is reconciled with the cash book balance in the client's books of accounts, resulting into the tallying of the two balances, where the calculated adjusted bank balance should be equal to the figure of the adjusted cash book balance." In light of this statement, explain five advantages bank reconciliation to the business firm.

4. Write short notes on the following terms
   (a) Collector of revenue
   (b) Authorized officers
   (c) Accounting officers
   (d) Receivers of revenue
   (e) Controller and Auditor General

5. You are given the following information:
   (i) 1.1.2011 commission received owing TZS 72,000
   (ii) 1.1.2011 rent received in advance TZS 65,000
   (iii) During the year 2011, TZS 124,000 was received for commission
   (iv) During the year 2011 TZS 86,000 was received for rent
   (v) 31.12.2011 commission received owing TZS 33,000
   (vi) 31.12.2011 rent received in advance TZS. 22,000
   You are required to show the amount of combined commission and rent to be transferred to income statement without using a T-account.

6. Rate of stock turn-over of goods bought at a mark-up of $33^1/_3\%$ is 5 times. These goods had an average stock of TZS 18,000 and the closing stock of TZS 20,000.
   From this information, you are to write up an income statement showing clearly the amount of sales, opening stock, cost of goods available for sale, cost of sales and gross profit.

SECTION C (40 MARKS)

Answer **any two** questions in this section

7. At 1st January 2000, Nitwa Volleyball club had the following Assets and Liabilities

Furniture	TZS 25,000
Trophies	TZS 5,000
Cash at Bank	TZS 12,000
Sundry expenses owing	TZS. 1,500

The receipts and payments account for the year to 31 December 2000 is:

Receipts:		**Payments:**	
Bank balance (01.01.2000)	12,000	Rent of clubhouse	11,000
Subscriptions	21,500	Secretary's expenses	5,400
		New furniture	5,000
		Sundry expenses	3,800
		Bank balance (31.12.200)	8,300
	33,500		33,500

Additional information (31.12.2000)

(i) Subscription due but unpaid TZS 1,000
(ii) Subscription paid in advance TZS 500
(iii) Depreciation is to be provided for 10% on the value of furniture at the year-end
(iv) Owing to the secretary's expenses TZS 2,000

Required: Prepare income and expenditure statement for the year ended 31.12.2000 together with a statement of financial position at that date.

8. Makabila of Morogoro sends to his agent, Dula of Musoma, 200 Samsung mobile phones at TZS 40,000 per unit and pays transport charges of TZS 35,000; insurance charges TZS 15,000. The Consignee forwards the following account sale

DULA
MUSOMA
P.O.BOX 777

MAKABILA
MOROGORO
Sales of consignments on behalf of Makabila

Details	TZS	TZS
Sales (160 units X 50,000)		8,000,000
<u>Less: Expenses;</u>		
Unloading charges		
Rent	50,000	
Advertisement	45,000	
Selling expenses	15,000	
Commission	90,000	
	<u>800,000</u>	<u>1,000,000</u>
Bank draft		<u>7,000,000</u>

Required to show:
(a) Consignment account (b) Consignee account (c) Consignor account

9. Carl Peters, has a limited accounting knowledge. In the absence of his accounting technician, he extracted the following trial balance as at 31 December 2002 from his business's accounting records:

Details	**DR (TZS)**	**CR (TZS)**
Stock at 01.01.2002		10,700
Stock at 31.12.2002	7,800	
Discount allowed		310
Discount received	450	
Provision for bad debts	960	
Purchases	94,000	
Purchases returns	1,400	
Sales		132,100
Sales returns	1,100	
Machinery at cost	70,000	
Provision for depreciation	3,500	
Motor vehicle at cost	15,000	
Provision for depreciation	4,500	
Capital		84,600
Balance at Bank	7,100	
Debtors		11,300

Creditors	7,600	
General expenses	16,600	
Drawings	9,000	
	239,010	**239,010**

Required: Prepare a corrected trial balance as at 31 December 2002.