TEST SERIES EXAMS
BOOKKEEPING
SERIES 33

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) The cost of borrowing money is called:
A. Tax
B. Duty
C. Price
D. Interest
E. Profit

(ii) Which of the following is entered in the general journal?
A. Purchase of goods for resale
B. Purchase of fixed assets
C. Return Inwards
D. Return outwards
E. Sales of goods on credit

(iii) A van was purchased on 1st January 2002 for TZS 5,000. After two years it has a written-down value of TZS 2,500. The straight-line depreciation percentage each year is:
A. 12½% B. 10% C. 25% D. 33% E. 50%

(iv) A decrease in provision for bad debts will:
A. Increase the net profit for the year
B. Increase the cash/bank balance
C. Decrease the net profit for the year
D. Decrease the cash/bank balance
E. None of the above

(v) A trial balance fails to agree and it is discovered that discount received TZS 100 had been entered on the wrong side of the account. The correction is made by:

	DEBIT	CREDIT
A.	Discount Received Account TZS 100	Suspense account TZS 100
B.	Suspense account TZS 200	Discount received A/c TZS 200
C.	Suspense account TZS 100	Discount received account TZS 100
D.	Discount received account TZS 200	Suspense account TZS 200
E.	Discount allowed account TZS 100	Discount Received account 100

(vi) The descending order in which current assets should be shown in the balance sheet are:
A. Cash, bank, debtors and stock
B. Debtors, bank, stock and cash
C. Cash, debtors, bank and stock
D. Stock, debtors, cash and bank
E. Stock, debtors, bank and cash

(vii) When a customer returns goods previously sold to him the shopkeeper will use a document called:
 A. Invoice
 B. Credit note
 C. Pay in slip
 D. Order note
 E. Debit not

(viii) "True and Fair View" state of affairs is a conclusive word in audit report. According to the auditor, its meaning includes the following:
 A. Financial statements are true and accurate
 B. Financial statements are fairly prepared
 C. Financial statements are prepared following the double entry
 D. Financial statements belong to a true and fair view of a firm
 E. Financial statements are accurately prepared

(ix) A record maintained by each accounting officer and warrant Holder for proper control of expenditure of public funds is called:
 A. Cash book
 B. Special Funds
 C. Receipt book
 D. Payment book
 E. Vote book

(x) Cash float of TZS 52,000 is desired. If TZS 37,000 is re-imbursed at a period, how much was the balance at the end of the period.
 A. TZS 37,000
 B. TZS 52,000
 C. TZS 12,000
 D. TZS 15,000
 E. TZS 49,000

(xi) We originally sold 25 items at sh 12 each, less $33^1/_3$% trade discount our customer now returns 4 of them to us what is the amount of credit note to be issued?
 A. TZS 48 B. TZS 36 C. TZS 30 D. TZS 32 E. TZS 100

(xii) A firm bought machinery for TZS 1,600,000 it is expected to be used for 5 years and then sold for TZS 1,000,000 what is the annual amount of depreciation the cost method is used?
 A. TZS 320,000 B. TZS 370,000
 C. TZS 300,000 D. TZS 310,000 E. TZS 500,000

(xiii) Receipts and payment account does not show
 A. Cheque paid out during the year
 B. Receipts from sales of an asset
 C. Accumulated fund
 D. Bank balance
 E. Money received from debtors

(xiv) The two types of discounts are:…

A. Cash discount and credit discount
B. Cash discount and discount allowed
C. Cash discount and trade discount
D. Cash discount and discount received
E. Cash discount and bank discount

(xv) The bank reconciliation statement is a statement….
A. Sent by the bank when the account is overdrawn
B. Drawn by us to verify our cash balance with the bank statement balance
C. Drawn up by the bank to verify the cash book
D. Sent by the bank when we have made an error
E. Prepared by the bank

2. Match the items in list A with responses in list B by writing the letter of the correct response beside the item number.

LIST A:
(i) An excess of sales over cost of goods sold.
(ii) The part of the cost of the fixed assets consumed during its period of use of the firm.
(iii) account opened by the consignor when goods consigned to the consignee.
(iv) Is value of Partly finished goods.
(v) Is a special commission payable by the consignor to the agent in consideration of liabilities of the business.

LIST B:
A. Consignment Inwards
B. Prime cost
C. Del-credere
D. Appreciation
E. Depreciation
F. Gross profit
G. Consignment outwards
H. Work-in-progress
I. Net profit

SECTION B (40 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. Write short notes on the following:
   (a) Continuous audit
   (b) Interim audit
   (c) Procedural Audit
   (d) C and A.G
   (e) Authorised officer

5. Mr. Were and Opwapwa are in partnership with a capital of TZS 60,000 and TZS 40,000 respectively. The partnership agreement provides that:
   a) Mr. Were and Opwapwa share profits and losses in the ratio of 2:1 respectively
   b) Partners receive interest on capital at 10% p.a.
   c) Balances on partners current accounts Mr. Were TZS 10,000 (CR) and Opwapwa TZS 5,000 (CR)
   d) Both partners receive a commission of TZS 2,000 each
   e) Partners are also to pay interest on drawings at 20% p.a.
   f) The partners agree to transfer TZS 10,000 to a general reserve.
   g) Mr. Were receives a special allowance of 10% of the net profit after allowing a salary to Opwapwa.
   h) Opwapwa receives a salary of TZS 5,000
   i) Their net profit was TZS 85,000.

   Required: Draw up the profit and loss appropriation account and partners' current accounts, given that drawings for partner were: Mr. Were TZS 20,000 and Opwapwa TZS 10,000, draw on 30th June and December 31st.

6. Rent and rates are payable annually at TZS 60,000 and TZS 40,000 respectively, but by installments as at 1st January 1997 rent had been prepaid by TZS 10,000 whereas rates were owed by TZS 4,000. During 1997, the following amount were paid: Rent TZS 45,000 and Rates TZS 50,000.
   You are required to prepare a combined rent and rates account for the year ending 31st December 1997 indicating the amount to be transferred to the profit and loss account.

SECTION C (40 Marks)

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

7. On 1/1/1988 Makawa a social club had the following assets and liabilities

	TZS
Snack bar stock	8,000
Club house	150,000

Creditors for bar suppliers 60,000

During the year ended 31/12/1988 the club prepared the following receipts and payment account:

Receipts and payment account

	TZS		TZS
Balance b/d	2,000	Rent and rates	15,000
ubscription	35,000	Extension to club Houses	80,000
"	3,800	Snack bar purchase	37,500
Snack bar sales	60,000	Secretarial expenses	2,400
Visitors fees	6,500	Electricity	2,600
Donations	55,000	Wages and salaries	6,000
Competition fees	8,200	Games equipment	20,000
Balance c/d	5,500	Stationery	12,500
	176,000		**176,000**
		Balance b/d	5,500

Additional information

i) Snack bar stock on 31/12/1988 TZS 9,000

ii) Games equipment are depreciated at 20% p.a

iii) Subscription due is TZS 5,000

Required:
i) Snack bar trading account
ii) Income and expenditure account
iii) Statement of affairs as at 1/1/1988
iv) Balance sheet as at 31/12/1988

8. You are required to record the following transactions into the books of original entry (General Journal, Sales Journal, Purchases Journal, Returns Journal and the cashbook). Ledger entries are not required.

January 1st 2003

Assets: Building TZS 40,000, motor vehicles TZS 9,000, fixture TZS 12,000, stock TZS 25,780, cash at Bank TZS 25,080, cash in hand TZS 900 and loan – J. Khalid TZS 55,000.

January 1	Paid rent by cheque TZS 300
January 2	Goods bought on credit from Mabelele TZS 400, Mawazo TZS 1,120, Mpondyo TZS 760, Nyaso TZS 1,380
January 3	Goods sold on credit to Kisomba TZS 1,800; Masele TZS 1,120, Bippa TZS 1,560, Bakalalwa TZS 2,360
January 9	Paid motor expenses in cash TZS 260
January 11	Cash drawings for personal use TZS 400
January 12	Goods sold on credit to Masele TZS 2,000, Kitula TZS 1,800
January 13	Goods returned to the business by Kisomba TZS 320 and Kitula TZS 360

January 14	Bought another motor van on credit from Baluya TZS 6,000
January 16	The following paid the firm their accounts by less 10% cash discount: Kisomba, Bakalalwa, Kitula
January 19	Goods returned by the firm to Nyaso TZS 180
January 22	goods bought on credit from Mwamba TZS 1,780; Sikujua TZS 1,440
January 24	The following accounts were paid by the firm by cheque less 10% cash discount; Mabelele, Mawazo, Mpondyo
January 27	Salaries paid by cheque TZS 1,120
January 30	Paid electricity by cheque TZS 1,320

9. Mr. Were prepared the following balance sheet which had a difference placed in the suspense:

BALANCE SHEET AST AT 31 DECEMBER 1996

Capital	20,000	*Fixed assets*		
Add: Net Profit	14,000	Machine		22,000
	34,000	*Less*: Depreciation		8,000
Less: Drawings	9,000			14,000
Current liabilities	25,000	*Current Assets*		
Creditors	6,000	Stock	7,000	
		Debtors	6,000	
		Bank	2,400	
		Cash	1,000	16,400
		Suspense A/c		600
	31,000			**31,000**

The following errors were discovered at the beginning of the year:

i) Sales were overcast by TZS 700
ii) Rent undercast by TZS 200
iii) Rates were overcast by TZS 500
iv) Cash payment to a creditors is entered in the cashbook only as TZS 300
v) Complete omission of drawings by cheque TZS 1,800
vi) A purchase of goods by cheque for TZS 950 is entered in the books both debit and credit as TZS 590
vii) Discount received was undercast by TZS 100

Required: a) Journal entries to correct the above error
b) Suspense account
c) Corrected net profit
d) A corrected balance sheet

THE END