**THE UNITED REPUBLIC OF TANZANIA**

**PRESIDENT OFFICE, REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT**

**LINDI MUNICIPAL MOCK EXAMINATION**

**BOOK KEEPING FORM IV**

**APRIL 2019**

**SECTION A (20 MARKS)**

1. For each of items (i) –(x) choose the correct answer from among the given alternatives and write its letter beside the item number.
2. The transfer of values from one person to another is
a) Transfer b) Distribution c) Transportation
d) Recording e) Transaction
3. The account of properties the company own’s is known as……… account
a) Personal b) Nominal c) Impersonal d) Real e) Asset
4. A person selling goods on behalf of the principal is called
a) Partner b) Auditor c) Consignor d) Consignee e) Wholesaler
5. The cost of goods sold is ascertained as
a) Closing stock + net purchases – opening stock
b) Opening stock + purchases returns – closing stock
c) Opening stock + purchases – return outwards
d) Closing stock + purchases – opening stock
e) Opening stock + net purchases + closing stock
6. A balance of an account can be defined as the
a) Balance carried down b) Difference between two sides of an account
c) Total amount of debit side and credit side
d) Balance brought down e) Balancing figure of an account
7. Which document is raised when goods are received from a debtor?
a) Debit note b) Credit note c) Goods received note
d) Sales invoice e) Purchases invoice
8. Receipts and payment account shows:
a) Cheques paid out during the year b) Accumulated fund
c) Receipts from sales of fixed assets d) Bank and Cash balance
9. Which of the following is correct?
a) Drawings increase capital b) Profit decreases capital c) Loss increases capital
d) Drawings are added to capital e) Profit increases capital
10. Which of the following should be charged to profit and loss account
a) Work in progress b) Direct material cost c) Carriage on raw materials
d) Office rent d) Indirect labour
11. A provision for bad debts is created when?
a) Debtors become bankrupt b) Debtors cease to be in business
c) In need of creating bad debts d) In need of writing off bad debts
e) Debtors become obsolete
12. Match the items in LIST A with the responses in LIST B by writing the letter of the correct response
 beside the item number.

|  |  |
| --- | --- |
| **LIST A** | **LIST B** |
| 1. The amount of resources invested by the owner.
2. The property belonging to the business
3. The property acquired permanently in the business
4. The property that one can touch and see.
5. The property that have no body texture but also assist in the earning capacity of a business.
6. The property acquired temporary in the business.
7. Amount of money for a goods supplied on credit, for which a business must pay.
8. The claims for which payment is to be made at a later date but no within a year of incurring.
9. The fund received in the business to increase its permanent fund.
10. The claims for which must be paid in full, within a short period of time.
 |  |

**SECTION B: 20 MARKS**

1. What is bank reconciliation statement? Briefly explain the causes for disagreement between cash book and bank statement, not less than 4 points.
2. From the following transactions show action to take in recording the accounts in the double entry.

|  |  |  |
| --- | --- | --- |
| **Transactions** | **Account to be debited** | **Account to be credited** |
| 1. Owner put cash into business.
 |  |  |
| 1. Paid a creditor L.Lihimba by cheque.
 |  |  |
| 1. Bought goods on credit from M. Wamilika.
 |  |  |
| 1. A debtor Chinamato paid us in cash.
 |  |  |
| 1. Received cash for rent.
 |  |  |
| 1. Paid commission by cheque.
 |  |  |
| 1. Owner took cash for a personal uses.
 |  |  |
| 1. Bought land on credit from Viv trader.
 |  |  |
| 1. Sold goods by cheque
 |  |  |
| 1. Bought goods paying cash.
 |  |  |

**SECTION C: 60 MARKS**

1. On **01st Jan, 2007**. Nina & Bahati commenced a business with the following balances:-

Stock 25,000

Debtor 4,000

Rent prepaid 600

Bank 20,000

Discounting received owing 5,000

Land 100,000

Building 70,000

Creditor 30,000

**31st Dec, 2007.** Nina & Bahati had the following entries

Stock 19,000

Debtor 30,000

Rent due 800

Bank overdraft 2,000

Creditor 2,700

Land 20,000

Fixture and fitting 30,000

During the year Nina & Bahati had an additional capital 40,000 and made drawings for 200,000.

**Required:** Determine profit or loss.

6. Sinashida Tena Ltd bought a motor van, a company depreciates its motor van by 25% p.a, straight line method, for the each month of ownership. From the following details draw up the plant account, provision for depreciation, disposal account and balance sheet, from the year 2004, 2005, 2006 and 2007.

Transactions made during the year were as follows:-

2004 Bought motor van costing sh. 260,000 on 1st Jan.

 Bought motor van costing sh. 210,000 on 1st Oct.

2006 Bought motor van costing sh. 280,000 on 1st Sep.

2007 Sold a motor van which was bought 2004 on 1st Jan, 2004 for the sum of 81,000 on 31st Aug 2007.

7 a) From the following particulars extracted from the book of a trader, prepare sales and purchases ledger control account for the month ended 31st December, 2015.

|  |  |
| --- | --- |
| Balance on 1st January, 2015 | **Sh** |
| Sales ledger -cash | 356,000 |
|  -credit | 78,000 |
| Purchases ledger -cash | 424,440 |
|  -credit | 86,000 |
|  |  |
| Transactions during the year | 9,54,000 |
| Sales on credit | 8472,000 |
| Returns inwards | 245,000 |
| Returns outwards | 349,000 |
| Cheques received from customers | 7,242,000 |
| Cheques paid to suppliers  | 6,940,000 |
| Cash paid to suppliers | 94,000 |
| Cash received from customers | 104,000 |
| Bad debts written-off | 8,000 |
| Discount allowed to customers | 69,000 |
| Discount received from suppliers | 254,000 |
| Credit purchases set off against credit sales |  |
|  |  |
| Balance on 31stDecember, 2015: |  |
| Sales ledger - credit balance  | 89,000 |
| Purchases ledger - Debit balance  |  92,000 |

b) When extracting the trial balance of M.Magwanda & Co Ltd. As at 31st December, 2009, it was observed that the total debit exceeded the total credit by 476,000.

Investigations revealed the following errors:

1. Sales had been over casted by sh 30,000
2. Return outwaards account had not been credited with an amount of sh 122,640.
3. A payment by debtor of shs. 300,000 by direct bank transfer had not been entered in the debtors account.
4. Cash purchases of shs. 4,640 had been recorded in the cash book only.
5. Shs. 44,000 received from a debtor had been debited to his account.

**Required**: shows necessary journal entries to correct the above errors.

 Suspense account

**.*END.***