

BOOK-KEEPING - FORM IV - 2010

Solutions

Prepared for [Maktaba by TETEA](#) by:

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QUESTION 1

(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
D	B	B	D	A	A	B	B	D	D

QUESTION 2

(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
K	I	B	J	H	C	E	A	G	L

QUESTION 3

- (a) Nugatory Expenditure are payments made for which the government has received no value in return. Eg. Unclaimed salaries.
- (b) Virament is an authority granted by the minister of finance to transfer approved funds from one vote to another. This happens normally when there is a change of functions between ministries
- (c) Collector of revenue is an officer appointed by the receiver of revenue to collect and account public money on behalf of him
- (d) Civil Contingency Fund is a fund established to pay urgent services which could not have been foreseen and provided for. Example, fund caters for floods, hunger.
- (e) The paymaster general is the person appointed by the ministry of finance to control the issue of public money

QUESTION 4

(a)

DR		BAD DEBTS ACCOUNT				CR
DATE	DETAILS	SH.	DATE	DETAILS	SH.	
10.03.2000	Shelukindo	88,000	31.12.2000	Profit and loss	148,000	
30.05.2000	Shemaombe	51,200				
31.08.2000	Shekidele	9,600				
		148,800			148,800	

(b)

DR		PROVISION FOR BAD DEBTS ACCOUNT				CR
DATE	DETAILS	SH.	DATE	DETAILS	SH.	

31.12.2000		176,000	31.12.2000		176,000
	Sundry debtors	0	0	Profit and loss	0
		<u>176,000</u>			<u>176,000</u>
		0			0

(c

) DR BALANCE SHEET AS AT 31. 12. 2000 CR

ASSETS	SH.	CAPITAL AND LIABILITIES	SH.
Current Assets			
Debtors	5,480,000		
Less: provision for bad debts	176,000		
	<u>5,304,000</u>		

QUESTION 5

A. MWAKYUSA CONSIGNMENT ACCOUNT

DR			CR		
DATE	DETAILS	SHS.	DATE	DETAILS	SHS.
	<u>Consignor Expenses</u>		30/6/2004	Sales	1,200,000
5/3/2004	Goods sent on consignment to C. Omari	800,000		Unsold stock c/d(W1)	<u>566,000</u>
	Carriage	200,000			1,766,000
	Marine insurance	80,000			0
	Freight	90,000			
	<u>Add: Consignee Expenses</u>				
30/6/2014	Carriage	150,000			
	Import duty	45,000			
	Storage	50,000			
	Commission	80,000			
	Sales expenses	5,000			
	Profit	<u>266,000</u>			
		<u>1,766,000</u>	-		<u>1,766,000</u>
					0

In the Books of Consignor (A. Mwakyusa)

DR			CR		
DATE	DETAILS	SHS.	DATE	DETAILS	SHS.
30/6/2004	Trading account	800,000	5/3/2004	Consignment	800,000

In the Books of Consignee (C. Omari)

DR CONSIGNEE (c. omari) ACCOUNT CR

DATE	DETAILS	TSH.	DATE	DETAILS	TSH.
30/6/2004	Sales	1,200,000	30/6/2004	Carriage	150,000
				Import duty	45,000
				Storage	50,000
				Commission	80,000
				Sales expenses	5,000
				Bank	870,000
		1,200,000			1,200,000
					0

DR BANK ACCOUNT CR

DATE	DETAILS	SHS.	DATE	DETAILS	SHS.
30/6/2004	C. Omari (consignee)	870,000	5/3/2004	Carriage	200,000
				Marine insurance	80,000
				Freight	90,000
				Balance c/d	500,000
		870,000			870,000

(W1) Working: value of unsold stock

Unsold cases = 1000 units – 600 units = 400 units

	SHS.
Goods sent on consignment	800,000
Carriage	200,000
Marine insurance	80,000
Freight	90,000
Carriage	150,000
Import duty	45,000
Storage	50,000
Cost of goods before sold	1,415,000

$$\text{Unsold stock} = \frac{400}{1000} \times 1,415,000 = 566,000 \text{ Shs.}$$

QUESTION 6

MVUMI CONSUMERS COOPERATIVE SHOP

DR DEPARTMENTAL TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30/ 06/ 1983

CR

DETAILS	BUTTER & EGG	POULTRY & BEEF (S(SH.)H.)	BOTTLED GOODS (SH.)	TOTAL (TSH.)	DETAILS	BUTTER & EGG (SH.)	POULTRY & BEEF (SH.)	BOTTLED GOODS (SH.)	TOTAL (TSH.)
Opening stock	7,300	5,620	4,560	17,480	Sales	40,000	32,000	24,000	96,000
Add: purchases	26,400	21,800	17,400	65,600					
Cost of goods available for sale	33,700	27,420	21,960	83,080					

Less: closing stock	<u>6,200</u>	<u>4,327</u>	<u>4,873</u>	15,400					
Cost of goods sold	27,500	23,093	17,087	67,680					
Gross profit c/d	<u>12,500</u>	<u>8,907</u>	<u>6,913</u>	28,320					
	40,000	32,000	24,000	96,000		40,000	32,000	24,000	96,000
					Gross profit b/d	12,500	8,907	6,913	28,320
ADD: EXPENSES					ADD: INCOME				
Rates and rent (W1)	700	700	700	2,100	Discount received (W4)	<u>396</u>	<u>327</u>	<u>261</u>	984
Delivery expenses (W2)	500	400	300	1,200		12,896	9,234	7,174	29,304
Salaries and wages (W5)	6,300	5,250	4,200	15,750					
Advertising (W6)	200	200	200	600					
Depreciation (W7)	490	490	490	1,470					
Administration and general expenses (W8)	1,315	1,315	1,315	3,945					
Commission (W9)	800	640	480	1,920					
Net profit c/d	<u>2,591</u>	<u>239</u>	-	<u>2,830</u>	Net loss c/d			<u>511</u>	<u>511</u>
	12896	9234	7,685	29,815		12896	9234	7,685	29,815
Net loss b/d			511	511	Net profit b/d	2,591	239		2,830

Workings:

(W1) Rent and rates = 2,100 shared equally by 3 departments

$$\text{Rent and rates} = \frac{1}{3} \times 2,100 = 700$$

(W2) Delivery expenses = 1,200

$$\text{Total sales} = 40,000 + 32,000 + 24,000 = 96,000$$

$$\text{Butter and eggs} = \frac{40,000}{96,000} \times 1,200 = 500$$

$$\text{Poultry and beef} = \frac{32,000}{96,000} \times 1,200 = 400$$

$$\text{Bottled goods} = \frac{24,000}{96,000} \times 1,200 = 300$$

(W3) Commission =

$$\text{Butter and eggs} = 2\% \times 40,000 = 800$$

$$\text{Poultry and beef} = 2\% \times 32,000 = 640$$

$$\text{Bottled goods} = 2\% \times 24,000 = 480$$

(W4) Discount received =

$$\text{Butter and eggs} = 1.5\% \times 26,400 = 396$$

$$\text{Poultry and beef} = 1.5\% \times 21,800 = 327$$

$$\text{Bottled goods} = 1.5\% \times 17,400 = 261$$

(W5) Salaries and wages = 15,750 (6:5:4)

Total ratio = 6 + 5 + 4 = 15

Butter and eggs = $\frac{6}{15} \times 15,750 = 6,300$

Poultry and beef = $\frac{5}{15} \times 15,750 = 5,250$

Bottled goods = $\frac{4}{15} \times 15,750 = 4,200$

(W6) Advertising = 600 shared equally by 3 departments

Advertising = $\frac{1}{3} \times 600 = 200$

(W7) Depreciation = 1,470 shared equally by 3 departments

Depreciation = $\frac{1}{3} \times 1,470 = 490$

(W8) Administration and general expenses = 3,945 shared equally by 3 departments

Administration and general expenses = $\frac{1}{3} \times 3,945 = 1,315$

QUESTION 7

S. M. NONDO

DR TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31/12/1999

CR

DETAILS	SHS.	SHS.	DETAILS	SHS.
Opening stock		50,000	Sales	520,000
Add: purchases		280,000		
		330,000		
less: goods taken		2,000		
Cost of goods available for sale		328,000		
Less: closing stock		60,000		
Cost of goods sold		268,000		
Gross profit c/d		252,000		
		520,000		520,000
			Gross profit b/d	252,000
Add: Expenses			Add: Other Incomes	
Salaries and wages	35,000		Discount received	4,500
Discount allowed	7,500			256,500
Rates (W1)	6,000			
Advertising	10,400			
Insurance (W2)	3,300			
General expenses	7,200			
Provision for bad debts (W3)	2,400			
Depreciation:				

Plant and machinery (140,000 × 10%)	14,000			
Fixtures and Fittings (25,000 × 15%)	<u>3,750</u>			
Total expenses		89,550		
		<u>166,95</u>		
Net profit c/d		<u>0</u>		
		256,50		256,50
		<u>0</u>		<u>0</u>
			Net profit b/d	166,95 0

S. M. NONDO
BALANCE SHEET AS AT 31/ 12/ 1999

DR			CR		
ASSETS	SHS.	SHS.	CAPITAL AND LIABILITIES	SHS.	SHS.
Fixed Assets			Capital	300,00 0	
Freehold premises		240,00 0	Add: net profit	<u>166,95</u> <u>0</u>	
Fixtures and fittings	25,000			466,95 0	
Less: depreciation	<u>3,750</u>		Less: drawings	6,000	
		21,250	goods taken	<u>2,000</u>	
Plant and machinery	140,00 0		Net capital		458,95 0
Less: depreciation	<u>14,000</u>				
		<u>126,00</u> <u>0</u>	Liabilities		
Total fixed assets			Current Liabilities		
			Rates (accrued)	400	
Current Assets			Bills payable	15,000	
Stock		60,000	Sundry creditors	43,000	
Debtors	60,000		Bank overdraft	<u>18,600</u>	
Less: provision for bad debts (W3)	<u>4,200</u>		Total current liabilities		77,000
		55,800			
Insurance (prepayments)		500			
Bills receivables		30,000			
Cash in hand		<u>2,400</u>			
		<u>148,70</u> <u>0</u>			
		535,95 0			535,95 0

Workings

(W1) DR

RATES ACCOUNT

CR

DATE	DETAILS	SHS.	DATE	DETAILS	SHS.
31/ 12/ 1999	Cash	5,600	31/12/1999	Profit and loss	6,000
31/12/1999	Accrued c/d	400			
-	-	6,000	-	-	6,000
			1/1/2000	Accrued b/d	400

(W2)

DR			INSURANCE ACCOUNT			CR	
DATE	DETAILS	SHS.	DATE	DETAILS	SHS.		
31/ 12/ 1999	Cash	3,800	31/12/1999	Prepaid c/d	500		
			31/12/1999	Profit and loss	3,300		
-	-	3,800	-	-	3,800		
1/1/2000	Prepaid b/d	500					

(W3)

DR			PROVISION FOR BAD DEBTS ACCOUNT			CR	
DATE	DETAILS	SHS.	DATE	DETAILS	SHS.		
31/12/1999	Balance c/d	4,200	31/12/1999	Balance b/d	1,800		
			31/12/1999	Profit and loss (60,000 × 4%)	2,400		
-	-	4,200	-	-	4,200		
			1/1/2000	Balance b/d	4,200		