

BOOK-KEEPING - FORM IV - 2015

Solutions

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

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QUESTION 1

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

QUESTION 2

(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
L	M	A	B	G	E	J	D	F	I

QUESTION 3(A)

NA	DR	CR
(i)	Stock A/C	Omondi A/C
(ii)	Muita A/C	Sales A/C
(iii)	Motor vehicle A/C	Cash A/C
(iv)	Electricity A/C	Bank A/C
(v)	Nkatha A/C	Return outward A/C

QUESTION 3(B)

The following are Errors revealed by a Trial Balance (Disclosed Errors)

1. Sub-errors are errors caused by overcast or under cast in the subsidiary books
2. Posting a figure on the wrong side of an account
3. Posting a wrong figure from the subsidiary book to the ledger
4. Failure to post an entry from a subsidiary book to a ledger
5. Error in balancing an account

QUESTION 4(A)

RENT

(i)			
)	DETAILS	SH.	SH.
	Prepaid b/d	40,000	
	Add: Cash	<u>320,000</u>	
			360,000
	Less: Accrued b/d	20,000	
	Prepaid c/d	60,000	
			<u>80,000</u>
	Transferred to profit and loss		<u>280,000</u>

WAGES		
(ii) DETAILS	SH.	SH.
Accrued b/d	240,000	
Add: Profit and loss	690,000	
Prepaid c/d	10,000	
		940,000
Less: Accrued c/d		<u>320,000</u>
Wages paid		<u>620,000</u>

QUESTION 4(B)

Importance of trading, profit and loss account

1. To determine profit or loss of the business
2. For making decision of the business
3. For obtaining loan from bank
4. For attracting investors to the business
5. For calculating tax
6. It help to prepare balance sheet

QUESTION 5(A)

(i) Books of Majura

Joint Venture With Majuni

Dr Account			Cr		
Date	Details	Sh	Date	Details	Sh
1/7/2011	Purchases (TV)	110,000	31/7/2011	Sales	310,000
3/7/2011	Repairs	84,000			
31/7/2011	Share of profit (W1)	6,800			
31/7/2011	Balance c/d	109,200			
		<u>310,000</u>			<u>310,000</u>
		<u>0</u>			<u>0</u>
1/8/2011	Cash to Majuni	109,200	1/8/2011	Balance b/d	109,200
		<u>0</u>			<u>0</u>

(ii) Books of Majuni

Joint Venture With Majura

Dr Account			Cr		
Date	Details	Sh	Date	Details	Sh
4/7/2011	Office rent	30,000	31/7/2011	Balance c/d	109,200
	Advertising expenses	9,000			
6/7/2011	Packing materials	3,400			
7/7/2011	Purchases (TV)	60,000			

31/7/2011	Share of profit (W1)	6,800			
		<u>109,200</u>			<u>109,200</u>
1/8/2011	Balance b/d	109,200	1/8/2011	Cash from Majura	109,200

(W1) Workings: Share of profit:

Profit = Incomes – Expenses

Profit = 310,000 – (110,000 + 84,000 + 30,000 + 9,000 + 3,400 + 60,000)

Profit = 310,000 – 296,400

Profit = 13,600

i) Majura = $13,600 \times \frac{1}{2} = 6,800/=$

Majuni = $13,600 \times \frac{1}{2} = 6,800$

QUESTION 5(B)

TENGENEZA					
DR			CR		
DATE	DETAILS	SH	DATE	DETAILS	SH
1.1.2009	Balance b/d	15,000		Bank charges	300
	Dividends	2,400		Charity subscription	700
	Credit transfer	2,600		Standing order	2,000
	Direct deposit	<u>14,000</u>		Balance c/d	31,000
		<u>34,000</u>			<u>34,000</u>
	Balance b/d	31,000			

TENGENEZA BANK RECONCILIACION STATEMENT AS AT 31.12.2008

Balance as per adjusted cashbook		31,000
Add: unpresented cheques		
Tamale	2,500	

Fadiga	<u>2,90</u> <u>0</u>	
		<u>5,400</u>
		36,400
Less: uncredited cheques		<u>6,900</u>
Balance as per bank statement		<u>29,500</u>

QUESTION 6

(a)

MSONGOLA CHARITABLE CLUB

DR BAR TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31/12/2006
CR

DETAILS	SH.	DETAILS	SH.
Opening stock	449,600	Sales	6,128,000
Add: purchases (W1)	3,966,600		
Cost of goods available for sale	4,416,200		
Less: closing stock	555,800		
Cost of goods sold	3,860,400		
Add: Direct Expenses			
Wages (barman)	862,400		
Cost of sales	4,722,800		
Gross profit c/d	<u>1,405,200</u>		<u>6,128,000</u>
	<u>6,128,000</u>		
	1,405,200	Gross profit b/d	1,405,200
EXPENSES		ADD: INCOMES	
Bar expenses (W2)	34,500	Gross profit b/d	1,405,200
Net profit c/d	1,370,700		
	<u>1,405,200</u>		<u>1,405,200</u>
		Net profit c/d	1,370,700

MSONGOLA CHARITABLE CLUB

DR INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31/12/2006 CR

EXPENDITURE	SH.	INCOME	SH.
Wages: Grounds man and assistant	1,993,900	Subscription (W3)	1,610,000
Repairs to stands	74,000	Profit from the bar	1,370,700

Ground upkeep	182,900	Donations received	80,000
Secretary's expenses	93,800		
Transport cost (W4)	268,500		
Depreciation (W5):			
Football stands (2,000,000 × 10%)	200,000		
Equipment (250,000 × 20%)	50,000		
Surplus	<u>197,600</u>		
-	<u>3,060,700</u>		<u>3,060,700</u>

Workings

(W1) DR

PURCHASES ACCOUNT

CR

DATE	DETAILS	SH.	DATE	DETAILS	SH.
31/12/2009	Bank	3,862,000	31/12/2008	Accrued b/d	329,400
31/12/2009	Accrued c/d	<u>434,000</u>	31/12/2009	Trading	<u>3,966,600</u>
-	-	<u>4,296,000</u>	-	-	<u>4,296,000</u>
			1/1/2010	Accrued b/d	4,340

(W2)
)

DR

BAR EXPENSES A/C

CR

DATE	DETAILS	SH.	DATE	DETAILS	SH.
31/12/2009	Bank	23,400	31/12/2008	Accrued b/d	22,500
31/12/2009	Accrued c/d	<u>33,600</u>	31/12/2006	Profit and loss	<u>34,500</u>
-	-	<u>57,000</u>	-	-	<u>57,000</u>
			1/1/2007	Accrued b/d	336

(W3) DR

SUBSCRIPTION RECEIVED ACCOUNT

CR

DATE	DETAILS	SH.	DATE	DETAILS	SH.
31/12/2008	Accrued b/d	140,000	31/12/2008	Bank	140,000
31/12/2010	Income and expenditure	1,610,000	31/12/2009	Bank	1,435,000
31/12/2010	Prepaid c/d	<u>120,000</u>	31/12/2010	Bank	120,000
			31/12/2009	Accrued c/d	<u>175,000</u>
-	-	<u>1,870,000</u>	-	-	<u>1,870,000</u>

1/1/2010	Accrued b/d	175,000	1/1/2011	Prepaid b/d	120,000
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W4) DR TRANSPORT COSTS ACCOUNT CR

DATE	DETAILS	SH.	DATE	DETAILS	SH.
31/12/2009	Cash	242,000	31/12/2009	Income and expenditure	268,500
31/12/2009	Accrued c/d	<u>26,500</u>			
-	-	<u>268,500</u>	-		<u>268,500</u>
			1/1/2010	Accrued b/d	26,500

(W5) Depreciation charges:

(a) Football stand = $2,000,000 \times 10\% = 200,000$ Sh.

(b) Equipment = $250,000 \times 20\% = 50,000$ Sh.

QUESTION 7(A)

DR			SALES LEDGER CONTROL ACCOUNT			CR
DATE	DETAILS	AMOUNT	DATE	DETAILS	AMOUNT	
1/8/2012	Balance b/d	381,600	1/8/2012	Balance b/d	2,200	
31/8/2012	Cash refunded	3,700	31/8/2012	Cash received	10,400	
31/8/2012	Dishonoured cheques	2,900	31/8/2012	Cheques received	623,900	
31/8/2012	Dishonoured bills	1,500	31/8/2012	Bills received	300,000	
31/8/2012	Interest charged	5,000	31/8/2012	Bad debts	30,600	
31/8/2012	Credit sales	1,014,500	31/8/2012	Discount allowed	29,800	
31/8/2012	Credit balance c/d	4,000	31/8/2012	Returns inwards	66,400	
			31/8/2012	Set off	7,000	
			31/8/2012	Debit balance c/d	342,900	
-	-	<u>1,413,200</u>	-	-	<u>1,413,200</u>	
1/9/2012	Balance b/d	342,900	1/9/2012	Balance c/d	4,000	

QUESTION 7(B)

PROVISION FOR DEPRECIATION ON MACHINERY

DR	ACCOUNT				CR
DATE	DETAILS	SH.	DATE	DETAILS	SH.
31/12/2005	Balance c/d	<u>10,000</u>	31/12/2005	Profit and loss (W1)	<u>10,000</u>
		<u>10,000</u>			<u>10,000</u>
			1/1/2006	Balance b/d	10,000
31/12/2006	Balance c/d	32,000	1/1/2006	Balance b/d	10,000
			31/12/2006	Profit and loss (W1)	<u>22,000</u>
		<u>32,000</u>			<u>32,000</u>
			1/1/2007	Balance b/d	32,000
30/6/2007	Disposal (machine 1)	20,000	1/1/2007	Balance b/d	32,000
31/12/2007	Balance c/d	<u>24,000</u>	31/12/2007	Profit and loss (W1)	<u>12,000</u>
		<u>44,000</u>			<u>44,000</u>
			1/1/2008	Balance b/d	24,000

(W1) Workings for depreciation charges

1/1/2005	Machine 1→	100,000 x 10% =	
		100,000 x 0/100 =	10,000
1/1/2006	Machine 1→	100,000 x 10% =	10,000
1/10/2006	Machine 2→	120,000 x 10% =	12,000
1/1/2007	Machine 1→	Disposed	10,000
1/1/2007	Machine 2→	120,000 x 10% =	12,000

DEPRECIATION TABLE

YEAR	MACHINE 1	MACHINE 2	PROFIT AND LOSS
2005	10,000		10,000
2006	10,000	12,000	22,000
2007		12,000	12,000
TOTAL	20,000	24,000	44,000

QUESTION 7(C)

JOURNAL ENTRIES

NO .	DETAILS	DR (SHS.)	CR (SHS.)
(i)	Sales	3,500	
	Suspense		3,500
	Being sales over casted now rectified		
(ii)	Discount allowed	1,000	
	Suspense		1,000
	Being discount allowed under casted now rectified		
(iii)	Fixtures	8,500	
	Suspense		8,500
	Being fixtures bought entered in the cashbook but not in fixtures A/C now rectified		
(iv)	Suspense	1,660	
	Creditors		1,660
	Being credit purchases entered in purchases daybook but not in creditors A/C now rectified		
(v)	Creditors	4,900	
	Drawings		4,900
	Being cheque payment to a creditor had been debited to a drawings A/C in error now rectified		

DR		SUSPENSE ACCOUNT		CR	
DETAILS	SHS.	DETAILS	SHS.		
Balance b/d	11,340	Sales	3,500		
Creditors	1,660	Discount allowed	1,000		
		Fixtures	8,500		
	13,000		13,000		

TRIAL BALANCE AS AT 30.06. 2011

NAME OF ACCOUNT	DR (SH)	CR (SH)
Sales (870,500 - 3,500)		867,000
Purchases	624,000	
Discount allowed (3,050 +1,000)	4,050	
Discount received		4,100
Salaries and wages	31,680	
General expenses	5,950	
Fixtures (100,000 + 8,500)	108,500	
Stock 1 July, 2010	124,900	
Debtors	81,200	
Creditors (50,450 + 1,660) - 4,900		47,210
Bank	67,900	
Drawings (45,200 - 4,900)	40,300	

Capital	-	170,170
	<u>1,088,48</u>	<u>1,088,48</u>
	<u>0</u>	<u>0</u>