

# BOOK-KEEPING - FORM IV - 2017

## Solutions

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

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### QUESTION 1

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

### QUESTION 2

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

### QUESTION 3(A)

#### Advantages of using Books of Original Entry

- i. To record the daily credit sales
- ii. To record the daily credit purchases
- iii. To record the daily cash sales and cash purchases
- iv. To record goods which were returned to suppliers
- v. To record goods which were returned to suppliers

### QUESTION 3(B)

#### Errors Which Do Not Affect the Trial Balance (Closed Errors/ Revealed Errors)

- i. **Error of omission** occurs when transaction is not recorded in the books of accounts.
- ii. **Error of principle** occurs when transaction is posted to a wrong account which is not of the same type
- iii. **Error of commission** occurs when transaction is posted to a wrong account of the same class
- iv. **Error of original entry** occurs when an incorrect amount has been recorded in the books of accounts.
- v. **Error of complete reversal of entries** occurs when item is shown on the wrong side of the account.
- vi. **Compensating errors** are errors which cancel each other

### QUESTION 4(A)

DR			RENT RECEIVED ACCOUNT			CR
DATE	DETAILS	SH.	DATE	DETAILS	SH.	
1/1/2015	Accrued b/d	420,000	1/1/2015	Prepaid b/d	550,000	
31/12/2015	Profit and loss	10,200,000	31/12/2015	Cash	9,870,000	
31/12/2015	Prepaid c/d	120,000	31/12/2015	Accrued c/d	320,000	
		<b>10,740,000</b>			<b>10,740,000</b>	
					<b>0</b>	
1/1/2016	Accrued b/d	320,000	1/1/2016	Prepaid b/d	120,000	

### QUESTION 4(B)

#### Importance of Preparing Bank Reconciliation Statement

- (i) Identify the missing information from both cash account and bank statement

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- (ii) Update cashbook and bank account. i.e. adjusting cashbook and reconciling
- (iii) Correct the arithmetical errors
- (iv) To know presented cheques and un presented cheques
- (v) To record all transactions

#### QUESTION 5(A)

##### JOURNAL PROPER AS AT 1.1.2015

NAME OF ACCOUNT	DR	CR
Cash at bank	1,400,000	
Stock	4,000,000	
Debtors:		
W.Kamau	1,500,000	
R.Nundu	960,000	
Creditors:		
J.Polo		1,300,000
S.Matoke		850,000
Office equipment	420,000	
Motor van	3,200,000	
Capital		9,330,000
	<b>11,480,000</b>	<b>11,480,000</b>

#### QUESTION 5(B)

DR		CREDITORS A/C		CR	
DETAILS	AMOUNT	DETAILS	AMOUNT		
J. Polo	30,000	J. Polo	1,300,000		
Balance c/d	2,515,000	S .Matoke	850,000		
		J. Polo	250,000		
		Patel brothers	145,000		
	<b>2,545,000</b>		<b>2,545,000</b>		
		Balance b/d	2,515,000		

DR		DEBTORS A/C		CR	
DETAILS	AMOUNT	DETAILS	AMOUNT		
W. Kamau	1,500,000	Balance c/d	3,860,000		
R. Nundu	960,000				
W. Kamau	1,400,000				
	<b>3,860,000</b>		<b>3,860,000</b>		
Balance b/d	3,860,000				

#### QUESTION 5(C)

DR			CASH A/C			CR	
DATE	DETAILS	SH	DATE	DETAILS	SH		
23.1.2015	Sales	1,250,000	4.1.2015	Office stationery	36,000		
			14.12.2015	Salaries	80,000		
			27.01.2015	Patel Brothers	130,000		

			29.1.2015	Rent	160,000
			31.1.2015	Balance c/d	<u>844,000</u>
		<b>1,250,000</b>			<b><u>1,250,000</u></b>
1.2.2016	Balance b/d	844,000			

DR			BANK A/C			CR		
DATE	DETAILS	SH	DATE	DETAILS	SH			
1.1.2015	Balance b/d	1,400,000	2.1.2015	Drawings	200,000			
7.1.2015	R.Nundu	920,000	15.1.2015	S.Matokle	600,000			
23.1.2015	Sales	5,000,000	28.1.2015	Drawings	370,000			
			29.1.2015	Salaries	180,000			
					<u>5,970,00</u>			
			31.1.2015	Balance c/d	<u>0</u>			
		<b>7,320,000</b>			<b><u>7,320,00</u></b>			
					<b><u>0</u></b>			
1.2.2016	Balance b/d	5,970,000						

#### QUESTION 6(I)

CHITUHUMA CHARITABLE CLUB STATEMENT OF AFFAIRS AS AT 01.01.2015					CR	
DR						
ASETS		TSH.	CAPITAL AND LIABILITIES		TSH.	
<b>Fixed Assets</b>			Capital		550,170	
Premises	450,000					
Club Furniture	67,500					
Sports equipment	<u>45,000</u>					
		562,500			-	
<b>Current Assets</b>					-	
Stock	13,500		<b>LIABILITIES</b>			
Subscription	4,050		<b>Current Liabilities</b>			
Insurance	720		Wages		2,700	
Cash	15,300		Subscription		1,800	
Debtors	<u>9,000</u>		Repair to sport equipment		5,400	
			Bank overdraft		25,560	
		<u>42,570</u>	Creditors		<u>19,440</u>	
		<b>605,070</b>			<b>605,070</b>	

#### QUESTION 6(II)

CHITUHUMA CHARITABLE CLUB BAR TRADING ACCOUNT FOR THE YEAR ENDING 31.12.2015				CR	
DR					
DETAILS	SH	DETAILS	SH		
Opening stock	13,500	Sales(W2)	179,550		
Add: purchases(W1)	<u>79,200</u>				
Cost of goods available for sale	<b>92,700</b>				
Less: closing stock	<u>8,775</u>				
Cost of goods sold	<b>83,925</b>				
Add: barman wages(W3)	<u>675</u>				
	84,600				

Gross profit c/d	94,950		
-	<b>179,550</b>	-	<b>179,550</b>
		Gross profit b/d	94,950

### QUESTION 6(III)

#### CHITUHUMA CHARITABLE CLUB

DR INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR  
ENDED 31.12.2015

CR

EXPENDITURE	AMOUNT	INCOME	AMOUNT
Stationery and printing	77,625	Gross profit b/d	94,950
Electricity	10,395	Subscription(W4)	224,820
Wages	105,660	Appreciation of s.equipment(W8)	<u>12,600</u>
Insurance(W5)	18,360	<b>Deficit</b>	<b>67,680</b>
Sport equipment(W6)	27,000		
Repair to sports equipment(w7)	32,220		
Telephone and postage	7,470		
General expenses	15,750		
Advertising	8,820		
Depreciation on premises(W8)	90,000		
Depreciation on club furniture(W8)	<u>6,750</u>		
-	<b>400,050</b>	-	<b>400,050</b>

### WORKINGS:

W1	DR	PURCHASES LEDGER CONTROL A/C		CR
	Cash	90,000	Balance b/d	19,440
	Balance c/d	8,640	Credit purchases	79,200
	-	<b>98,640</b>	-	<b>98,640</b>

W2	DR	SALES LEDGER CONTROL A/C		CR
	Balance b/d	9,000	Cash	177,300
	Credit sales	<u>179,550</u>	Balance c/d	<u>11,250</u>
	-	<b>188,550</b>	-	<b>188,550</b>

W3	DR	BARMAN WAGES A/C		CR
	Accrued c/d	3,375	Accrued b/d	2,700
	-	-	Trading	<u>675</u>
	-	<b>3,375</b>	-	<b>3,375</b>

W4	DR	SUBSCRIPTION A/C		CR
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Accrued b/d	4,050	Prepaid b/d	1,800
Income and expenditure	224,820	Cash	225,000
Prepaid c/d	<u>1,080</u>	Accrued c/d	<u>3,150</u>
-	<b>229,950</b>	-	<b>229,950</b>
Accrued b/d	3,150		224,820

W

5

DR	INSURANCE A/C		CR
Prepaid b/d	720	Income and expenditure	18,360
Cash	18,000	Prepaid C/d	<u>360</u>
-	<u>18,720</u>	-	<u>18,720</u>
Prepaid b/d	360		

W

6

DR	SPORTS EQUIPMENT A/C		CR
Balance b/d	45,000	Income and expenditure	27,000
Appreciation	12,600		
Cash	<u>27,000</u>	Balance c/d	<u>57,600</u>
-	<b><u>84,600</u></b>	-	<b><u>84,600</u></b>
Balance b/d	57,600		

W

7

DR	REPAIR TO SPORTS EQUIPMENT A/C		CR
Cash	33,750	Accrued b/d	5,400
Accrued c/d	<u>3,870</u>	Income and expenditure	<u>32,220</u>
-	<b><u>37,620</u></b>		<b><u>37,620</u></b>

W8. Depreciation charges on:

Premises = 450,000 – 360,000 = 90,000

Club furniture = 67,500 – 60,750 = 6,750

Appreciation of Sports equipment = 57,600 – 45,000 = 12,600

### QUESTION 7(A)

SINA HAMU TENA MOTOR VAN ACCOUNT					
DR			CR		
DATE	DETAILS	TSH.	DATE	DETAILS	TSH.
1/1/2014	Cash	<u>1,800,000</u>	31/12/2014	Balance c/d	<u>1,800,000</u>
-	-	<b>1,800,000</b>	-	-	<b>1,800,000</b>
1/1/2015	Balance b/d	1,800,000	31/12/2014	Balance c/d	1,800,000
-	-	<b>1,800,000</b>	-	-	<b>1,800,000</b>
1/1/2016	Balance b/d	1,800,000	31/12/2016	Disposal	1,800,000
-	-	<b>1,800,000</b>	-	-	<b>1,800,000</b>

PROVISION FOR DEPRECIATION ON MOTOR VAN ACCOUNT CR

DR

DATE	DETAILS	TSH.	DATE	DETAILS	TSH.
31/12/2014	Balance c/d	300,000	31/12/2014	Profit and loss (W1)	300,000
-	-	<u>300,000</u>	-	-	<u>300,000</u>
31/12/2015	Balance c/d	600,000	1/1/2015	Balance b/d	300,000
			31/12/2015	Profit and loss (W1)	300,000
-	-	<u>600,000</u>	-	-	<u>600,000</u>
31/12/2016	Disposal	900,000	1/1/2016	Balance b/d	600,000
			31/12/2016	Profit and loss (W1)	300,000
-	-	<u>900,000</u>	-	-	<u>900,000</u>

DR

## MOTOR VAN DISPOSAL ACCOUNT

CR

DATE	DETAILS	SH.	DATE	DETAILS	SH.
31/12/2016	Motor van	1,800,000	31/12/2016	Provision for depreciation(W1)	900,000
31/12/2016	Profit and loss (profit)	<u>100,000</u>	31/12/2016	Bank	<u>1,000,000</u>
		<u>1,900,000</u>			<u>1,900,000</u>
-	-	<u>0</u>	-	-	<u>0</u>

(W1) Workings for depreciation charges on motor van

$$\text{Depreciation} = \frac{\text{Cost} - \text{Scraple value}}{\text{Number of expected years of use}}$$

$$\text{Depreciation 2014} = \frac{1,800,000 - 300,000}{5} = 300,000$$

Depreciation = 300,000 Tsh. For each year

## TABLE OF DEPRECIATION

YEAR	MOTOR VAN 1	PROFIT AND LOSS
2014	300,000	300,000
2015	300,000	300,000
2016	300,000	300,000
<b>TOTAL</b>	<b>900,000</b>	<b>900,000</b>

## QUESTION 7(B)

DR

## SALES LEDGER CONTROL ACCOUNT

CR

DATE	DETAILS	SH.	DATE	DETAILS	SH.
1.1.2015	Balance b/d	78,000		Return inwards	245,000
	Credit sales	9,548,000		Cheques from customers	7,242,000
	Credit balance c/d	89,000		Cash from customers	104,000

				Bad debts written-off	8,000
				Discount allowed	69,000
				Set off	254,000
			31.01.2015	Balance c/d	<u>1,793,000</u>
		<b>9,715,000</b>	-	-	<b>9,715,000</b>
1.2.2015	Balance b/d	1,793,000			

DR			PURCHASES LEDGER CONTROL ACCOUNT			CR	
DATE	DETAILS	SH.	DATE	DETAILS	SH.		
	Returns outwards	349,000	1.1.2015	Balance b/d	86,000		
	Cheques to suppliers	6,940,000		Credit purchases	8,472,000		
	Cash paid to suppliers	94,000		Debit balance c/d	92,000		
	Discount received	76,000					
	Set off	254,000					
31.1.2015	Balance c/d	<u>937,000</u>					
-	-	<b>8,650,000</b>	-	-	<b>8,650,000</b>		
			1.2.2015	Balance b/d	937,000		