

BOOK-KEEPING - FORM IV - 2020

Solutions

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

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QUESTION 1

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

QUESTION 2

(i)	(ii)	(iii)	(iv)	(v)
F	C	B	G	D

QUESTION 3

The following are books of prime entry:-

- (i) **Cashbook**, this is the book used to record the receipts and payments of the business done by cash.
- (ii) **Sales journal (sales daybook)**, this is a book used to record all credit sales per day. For example, goods sold on credit to customer.
- (iii) **Purchases Journal (Purchases Day Book)**, this is a book used to record all credit purchases. For example, goods purchased on credit from supplier.
- (iv) **Return inwards journal** is the book used to record goods returned to the business on a daily basis. This may be due to wrong size, colour.
- (v) **Returns Outwards Journal (Purchases Returns Day Book)**, this is a book used to record the daily transactions of goods returned to the suppliers. This may be due to wrong size, colour.

QUESTION 4

- a) **Accrued expenses (arrears/ outstanding expenses)** are expenses incurred but not yet paid. For example, accrued rent
- b) **Book-keeping** is the daily process of recording and keeping accurate information of financial transactions of a company.
- c) **Credit transactions** are transactions involving purchase or sale of goods or services, and the payment for them is made in future. For example, buying a shirt and paying for it in the following month
- d) **Carriage outwards** are costs incurred when goods are transferred from the business to a customer.
- e) **Gross profit** is the excess amount of sales from cost of goods sold.

QUESTION 5

KIWANGO SHOP JOURNAL ENTRIES

NO.	DETAILS	DR (TZS.)	CR (TZS.)
(a)	Sales	20,000	
	Suspense		20,000
	Being error of over cast now rectified		

(b)	Xavier	50,000	
	Xavery		50,000
	Being sales to Xavier was wrongly debited to Xavery account		
(c)	Suspense (81,000 - 18,000)	63,000	
	Repair expenses		63,000
	Being error of over cast now rectified		
(d)	Suspense	60,000	
	Discount allowed		30,000
	Discount received		30,000
	Being discount received erroneously posted to the dr of discount allowed		
(e)	Legal expense	90,000	
	Salaries and wages		90,000
	Being legal expenses posted to salaries and wages now rectified		
(f)	Motor car	170,000	
	Purchases		170,000
	Being motor car purchased entered in purchases account error of now rectified		
(g)	Dasi	15,000	
	Dasian		15,000
	Being error of omission now rectified		
(h)	Insurance	40,000	
	Sales		40,000
	Being error of under cast now rectified		
(i)	Wages	78,200	
	Suspense		78,200
	Being error of under cast now rectified		

QUESTION 6

MS ANNET

STATEMENT OF AFFAIRS AS AT 31.12.2017

ASETS		TSH.
Fixed Assets		
Premises	350,000	
Furniture	60,000	
Motor van	<u>18,000</u>	
		428,000
Current Assets		
Prepaid insurance	25,000	
Debtors	<u>62,800</u>	87,800
-	-	<u>515,800</u>

FINANCED BY CAPITAL AND LIABILITIES		
Capital		224,300
LONG TERM LIABILITIES		
Bank loan	-	120,000
CURRENT LIABILITIES		
Salaries due	92,000	
Rent prepaid	40,000	
Creditors	<u>39,500</u>	171,500
	-	<u>515,800</u>

MS ANNET
STATEMENT OF AFFAIRS AS AT 31.12.2018

ASETS		TSH.	TSH.
Fixed Assets			
Premises		295,000	
Furniture		53,000	
Motor van	18,000		
Less: depreciation (18,000 × 10%)	<u>1,800</u>	<u>16,200</u>	
			364,200
Current Assets			
Prepaid insurance		36,000	
Debtors		74,300	<u>110,300</u>
			<u>474,500</u>
FINANCED BY CAPITAL AND LIABILITIES			
Capital			270,800
LONG TERM LIABILITIES			
Bank loan (120,000 - 100,000)			20,000
CURRENT LIABILITIES			
Salaries due		75,000	
Rent prepaid		68,000	
Creditors		<u>40,700</u>	<u>183,700</u>
			<u>474,500</u>

QUESTION 7

MITAMBA MOTORS LTD
MACHINERY A/C

DR			CR		
DATE	DETAILS	TSH.	DATE	DETAILS	TSH.
1/1/2014	Cash (A)	<u>100,000</u>	31/1/2014	Balance c/d	<u>160,000</u>
1/7/2014	Cash (B)	<u>60,000</u>			
		<u>160,000</u>			<u>160,000</u>
1/1/2015	Balance b/d	160,000	31/1/2015	Balance c/d	<u>240,000</u>
31/3/2015	Cash (C)	<u>80,000</u>			
		<u>240,000</u>			<u>240,000</u>

1/1/2016	Balance b/d	240,000	7/10/2016	Disposal (A)	100,000
5/11/2016	Cash (D)	120,000	31/1/2016	Balance c/d	260,000
		360,000			360,000
1/1/2017	Balance b/d	260,000	4/2/2017	Disposal (B)	60,000
6/2/2017	Cash (E)	90,000	11/10/2017	Disposal (D)	120,000
11/10/2017	Cash on disposal(F)	70,000	31/1/2017	Balance c/d	240,000
		420,000			420,000
1/1/2018	Balance b/d	240,000			

DR			PROVISION FOR DEPRECIATION A/C			CR		
DATE	DETAILS	TSH.	DATE	DETAILS	TSH.			
31.12.2014	Balance c/d	32,000	31.12.2014	Profit and loss	32,000			
-	-	32,000	-	-	32,000			
31.12.2015	Balance c/d	80,000	1.1.2015	Balance b/d	32,000			
			31.12.2015	Profit and loss	48,000			
		80,000			80,000			
7.10.2016	Disposal (A)	40,000	1.1.2016	Balance b/d	80,000			
31.12.2016	Balance c/d	92,000	31.12.2016	Profit and loss	52,000			
		132,000			132,000			
4.2.2017	Disposal (B)	36,000	1.1.2017	Balance b/d	92,000			
11.10.2017	Disposal (D)	24,000	31.12.2017	Profit and loss	48,000			
31.12.2017	Balance c/d	80,000						
		140,000			140,000			
			1.1.2018	Balance b/d	80,000			

DR			MACHINERY DISPOSAL A/C			CR		
DATE	DETAILS	TSH.	DATE	DETAILS	TSH.			
7/10/2016	Disposal (A)	100,000	7/10/2016	Disposal (A)	40,000			
			7/10/2016	Cash	55,000			
			31/12/2016	Profit and loss	5,000			
		100,000			100,000			
4/2/2017	Disposal (B)	60,000	4/2/2017	Disposal (B)	36,000			
			4/2/2017	Cash (B)	30,000			
11/10/2017	Disposal (D)	120,000	11/10/2017	Disposal (D)	24,000			
			11/10/2017	Cash (F)	70,000			
			31/12/2017	Profit and loss	20,000			
		180,000			180,000			

Workings: depreciation charges

Straight line method

Full year policy

1/1/2014 Machine A = $100,000 \times 20\% = 20,000/$

1/7/2014 Machine B = $60,000 \times 20\% = 12,000/$

1/1/2015 Machine A = $100,000 \times 20\% = 20,000/$

1/1/2015 Machine B = $60,000 \times 20\% = 12,000/$

31/3/2015 Machine C = $80,000 \times 20\% = 16,000/$

7/10/2016 Machine A = Disposed

1/1/2016 Machine B = $60,000 \times 20\% = 12,000/$

1/1/2016 Machine C = $80,000 \times 20\% = 16,000/$

1/1/2016 Machine D = $120,000 \times 20\% = 24,000/$

1/1/2017 Machine B = Disposed

1/1/2017 Machine C = $80,000 \times 20\% = 16,000/$

1/1/2017 Machine D = Disposed

6/2/2017 Machine E = $90,000 \times 20\% = 18,000/$

11/10/2017 Machine F = $70,000 \times 20\% = 14,000/$

TABLE OF DEPRECIATION

YEARS	A	B	C	D	E	F	P & L
2014	20,000	12,000					32,000
2015	20,000	12,000	16,000				48,000
2016		12,000	16,000	24,000			52,000
2017			16,000		18,000	14,000	48,000
							180,000
TOTAL	40,000	36,000	48,000	24,000	18,000	14,000	0

QUESTION 8

SUNGURA STORE INCOME STATEMENT FOR THE YEAR ENDING 28 FEB 2018

DETAILS	TZS	TZS
Sales		15,716,500
LESS: COST OF GOODS SOLD		
Opening stock	412,000	
Add: purchases	<u>9,280,000</u>	
Cost of goods available for sale	9,692,000	
Less: closing stock	240,000	
Cost of goods sold		<u>9,452,000</u>
Gross profit	-	6,264,500
ADD: OTHER INCOMES		
Discount received		16,000
		6,280,500
LESS: EXPENSES		
Wages and salaries (314,000 + Accrued 16,000)	330,000	
Rent (340,000 – prepaid 23,000)	317,000	
Van running cost (61,940 + owing 7,200)	69,140	
Doubtful debt	9,100	
Depreciation for office furniture	38,000	
Depreciation for delivery van	125,000	
Discount allowed	82,000	
Bad debt written off	<u>73,000</u>	

		1,043,240
Net profit		5,237,260

STATEMENT OF FINANCIAL POSITION AS AT 28/02/2018

ASSETS	TZS	TZS	TZS
FIXED ASSET			
Office furniture	2,290,000		
Less: depreciation	<u>38,000</u>	2,252,000	
Delivery van	2,309,000		
Less: depreciation	<u>125,000</u>	<u>2,184,000</u>	
			4,436,000
CURRENT ASSETS			
Stock		240,000	
Account receivable	123,160		
Less: allowance for doubtful debt (40,500 + 9,100)	<u>49,600</u>	73,560	
Rent prepaid		23,000	
Cash at bank		410,000	
Cash in hand		<u>32,400</u>	
			778,960
TOTAL ASSETS			5,214,960
FINANCED BY CAPITAL AND LIABILITIES			
Capital		1,140,000	
Add: net profit	-	<u>5,237,260</u>	
		6,377,260	
Less: drawings	-	<u>1,710,000</u>	
Net capital			4,667,260
CURRENT LIABILITIES			
Account payable		524,500	
Wages and salaries accrued		16,000	
Van running cost owing		<u>7,200</u>	
			547,700
TOTAL CAPITAL AND LIABILITIES			5,214,960

QUESTION 9

IN THE BOOKS OF MZIWANDA

DR

JOINT VENTURE WITH MWEREVU

CR

DATE	DETAILS	TZS	DATE	DETAILS	TZS
2/5/2018	Purchases (boat1)	600,000	31/5/2018	Sales (600,000 × 2)	1,200,000
	Purchases (boat2)	700,000	12/6/2018	Sales (boat3)	1,600,000
	Purchases (boat3)	900,000		Receipt	200,000
	Engine	400,000		Share of profit	533,333
12/6/2018	Proceed to Mwerevu	1,600,000		Balance c/d	<u>966,667</u>
	Harbor dues	100,000			
	Marine insurance	<u>200,000</u>			
-	-	4,500,000	-	-	4,500,000
	Balance b/d	966,667		Cash settlement from Mwerevu	966,667

DR

JOINT VENTURE WITH MZIWANDA

CR

DATE	DETAILS	TZS	DATE	DETAILS	TZS
3/5/2018	Purchases (boat	700,000	8/5/2018	Sales	800,000
	Repainting	50,000	12/6/2018	Proceed from Mziwanda	1,600,000
28/5/2018	Purchases (take back boat	750,000	30/6/2018	Take over	700,000
	Harbor dues	300,000		Share of loss	266,667
	Marine insurance	600,000			
	Balance c/d	<u>966,667</u>			
-	-	<u>3,366,667</u>	-	-	<u>3,366,667</u>
	Cash settlement to Mziwanda	966,667		Balance b/d	966,667

DR

MEMORANDUM JOINT VENTURE A/C

CR

DATE	DETAILS	TZS	DATE	DETAILS	TZS
2/5/2018	Purchases (boat1)	600,000	31/5/2018	Sales (600,000 × 2)	1,200,000
	Purchases (boat2)	700,000	8/5/2018	Sales	800,000
	Purchases (boat3)	900,000	12/6/2018	Proceed from Mziwanda	1,600,000
	Engine	400,000		Receipt	200,000
	Harbor dues	100,000	30/6/2018	Take over	700,000
	Marine insurance	200,000		Share of loss:	
	Repainting	50,000		Mziwanda	533,333
28/5/2018	Purchases (take back boat	750,000		Mwervevu	266,667
30/6/2018	Drawings	700,000			
	Harbor dues	300,000			
	Marine insurance	<u>600,000</u>			
-	-	<u>5,300,000</u>	-	-	<u>5,300,000</u>