66.12.22

TEVETA
Technical Education, Vocational and Entrepreneurship Training Authority

CERTIFICATE IN ADVANCED COMPUTER STUDIES
LEVEL 5 YEAR I EXAMINATIONS
FINAL INTEGRATED SUMMATIVE EXAMINATIONS

SITTING: NOVEMBER/DECEMBER 2022

SUBJECT: ACCOUNTING

TIME: THREE (3) HOURS **TOTAL MARKS: 100**

PASS MARK: 50

INSTRUCTIONS TO CANDIDATES

1. Write your examination number and National Registration Card number on the answer booklet provided. Ensure to append your signature in the space provided on the answer booklet.
2. Write your answer **SCRIPT SERIAL NUMBER** on the examination register provided and on the entry slip.
3. There are **Two (2)** Sections in this paper.
4. Questions 1 and 2 in Section A are compulsory.
5. Attempt **any Three (3)** questions in Section B.
6. All questions carry equal marks.
7. Cell phones and programmable calculators are not allowed in the examination room.

DO NOT TURN THIS PAGE UNTIL YOU ARE TOLD TO DO SO

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SECTION A – COMPULSORY

QUESTION 1

This question has **ten (10)** multiple-choice of **two (2)** marks each. Answer all questions.

1.1 Is it true that the trial balance totals should agree?

(a) No, there are sometimes good reasons why they differ

(b) Yes, except where the trial balance is extracted at the year end

(c) Yes, always

(d) No, because it is not a balance sheet (2 marks)

1.2 Which is the best description of fixed assets?

(a) Are bought to be used in the business

(b) Are items which will not wear out quickly

(c) Are expensive items bought for the business

(d) Are of long life and are not bought specifically for resale (2 marks)

1.3 Which of the following is correct?

(a) Profit does not alter capital

(b) Profit reduces capital

(c) Capital can only come from profit

(d) Profit increases capital (2 marks)

1.4 Entered in the purchases journal are:

(a) Payments to suppliers

(b) Trade discounts

(c) Purchases invoices

(d) Discounts received (2 marks)

1.5 A credit balance brought down on a rent account means:

(a) We owe that rent at that date

(b) We have paid that rent in advance at that date

(c) We have paid too much rent

(d) We have paid too little rent (2 marks)

1.6 Working Capital is a term meaning

(a) The amount of capital invested by the proprietor

(b) The excess of the current assets over the liabilities

(c) The capital less drawings

(d) The total of fixed assets less current assets (2 marks)

1.7 Which of the following is not the book of original entry

(a) Purchases Ledger

(b) Cash book

(c) Returns inwards

(d) General Journal (2 marks)

1.8 Motor expenses of K355 are paid by cheque. What will be the effect of this transaction?

(a) Expense will be debited and Bank Credited

(b) Bank will be debited and Expense credited

(c) Bank Account will Debited and Expenses will be debited

(d) No movement on account (2 marks)

1.9 A provision for bad debts is created

(a) When debtors become bankrupt

(b) When debtors cease to be in business

(c) To provide for possible bad debts

(d) To write off bad debts (2 marks)

Bank A/C

Dr	Cr
	355

Exp

Dr	Cr
355	

1.10 A firm bought a machine for K16,000. It is expected to be used for 5 years then sold for K1,000. What is the annual amount of depreciation if the straight-line method is used?

(a) K3,200

(b) K3,100

(c) K3,350

(d) K3,000

16,000 — 5 years

1,000 — x

$\frac{16000x}{5} = \frac{5000}{5}$

(2 marks)

Total (20 marks)

QUESTION 2

The following Trial Balance was extracted from the books of accounts of Kambani Enterprises as at 31st December 2021:

TRIAL BALANCE AS AT 31ST DECEMBER 2021

	Dr (K)	CR (K)
Capital		165,150
Purchases	70,000	
Debtors	80,000	
Rent	4,650	
Bank balance	6,000	
Motor van	50,000	
Telephone	3,500	
Provision for Bad debts		3,450
Returns Outwards		6,550
Drawings	7,500	
Wages and salaries	75,200	
Stock at 1st January, 2021	20,000	
Stores Fittings	28,000	
Creditors		25,000
Turnover		150,000
Carriage inwards	5,000	
Discounts	700	400
	350,550	350,550

Notes;

(i) Closing stock was K12,400 as at 31st December 2021

(ii) K450 rent was outstanding

(iii) K550 on telephones was prepaid

(iv) Provide 5% on Debtors as bad debts

(v) Depreciate Motor van by K800

Required:

a) Prepare the Income Statement as at 31st December 2021 (10 marks)

b) Prepare the Balance Sheet as at 31st December 2021 (10 marks)

Total (20 marks)

SECTION B

Answer any **three (3)** questions from this section.

QUESTION 3

Shopleft Ltd uses a computer package to maintain its accounting records. A print out of its cash book for the month of June 2022 was extracted on 30th June and is summarized below :

	K		K
Opening balance	546	Payments	335,966
Receipts	336,293	Closing balance	873
	336,839		**336,839**

The company's chief accountant provides you with the following:

(i) The company's bank statement for June was received on 1st July 2022 and showed an overdraft balance of K1,444 at the end of June 2022.

(ii) Cheques paid for various payables totalling K7,470 have not yet been presented to the bank.

(iii) Cheques received by Shopleft Ltd totalling K6,816 were paid into the bank on 31st June but not credited by the bank until 2nd July 2022 .

(iv) Bank charges of K630 shown on the bank statement have not been entered in the company's cash book .

(v) Standing orders entered on the statement totalling K2,584 have not yet been recorded in the company's cash book .

(vi) A cheque drawn by Shoprite Ltd for K693 and presented to the bank on 26th June had been incorrectly entered in the cash book as K936.

Required:

Prepare a) updated cashbook (10 marks)

b) A bank reconciliation statement (10 marks)

Total (20 marks)

UPDATED CASH BOOK

QUESTION 4

a) Define the term Accounting (2 marks)

b) Name the **six (6)** Day Books / Books Of Primary Entry and for each: state the source document used to prepare the named book and the information to be written in these books as shown in the table below.

No.	DAY BOOK / JOURNAL	SOURCE DOCUMENT(S) USED	TYPE OF TRANSACTION/ INFORMATION RECORDED
1	Purchases day book		
2	" return day book		
3	sale day day book		
4	" return day book		
5	cash book		
6	General Journal		

(18 marks)

Total (20 marks)

QUESTION 5

a) Describe the following documents used in inventory management:

(i) Delivery note (2 marks)

(ii) Acknowledgement note (2 marks)

(iii) Goods Received Note (2 marks)

(iv) Material requisition note (2 marks)

(v) Stores ledger (2 marks)

b) Distinguish Periodic stocktaking from Continuous stock taking (5 marks)

c) Explain the following features of good coding system

(i) Uniqueness (1 mark)

(ii) Brevity (1 mark)

(iii) Uniformity (1 mark)

(iv) Exhaustively (1 mark)

(v) Mnemonic (1 mark)

Total (20 marks)

QUESTION 6

a) You are required to calculate the five different overhead absorption rates (OAR) from the following budgeted data for a cost center Y.

Labour hours	1,400
Direct wages	K3,600
Direct materials	K7,500
Machine hours	2,850
Units produced	585
Total overheads for the period	K12,900

(15 marks)

b) Under and Over absorption

(i) Explain why there is over absorption and under absorption

(2 ½ marks)

(ii) State how the over and under absorption are treated in the income statement?

(2 ½ marks)

Total (20 marks)

QUESTION 7

Explain the following classes of costs:

a) Overhead costs (2 marks)

b) Conversion costs (2 marks)

c) Fixed costs (2 marks)

d) Semi-fixed costs (2 marks)

e) Variable costs (2 marks)

f) Stepped costs (2 marks)

g) Avoidable costs (2 marks)

h) Committed costs (2 marks)

i) Sunk costs (2 marks)

j) Notional costs (2 marks)

Total (20 marks)