TEVETA

Technical Education, Vocational and Entrepreneurship Training Authority

ADVANCED CERTIFICATE IN COMPUTERS

LEVEL 5 EXAMINATIONS

FINAL INTEGRATED SUMMATIVE EXAMINATION

NOVEMBER/DECEMBER 2019

SUBJECT: BUSINESS ACCOUNTING

TIME ALLOWED 3 HOURS TOTAL MARKS: 100

PASS MARK - 50

INSTRUCTIONS TO CANDIDATES:

1. Write the examination number and the National Registration Card Number on the answer booklet provided
2. There are Seven (7) questions in this paper
3. Attempt any Five (5) questions of your choice
4. 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

Attempt All Questions. Each question carries two (2) Marks

QUESTION 1

1. The role of piece work tickets in the costing of labour is.....
   A. Entry the cash book and facilitate balancing of accounts
   B. Records the number of parts produced or task performed and it forms basis for wages
   C. Records time sheets and time spent on the job / work performed for the supervisor to pay salaries
   D. None of the above

2. What is the contribution of product with sales per unit K10, fixed cost K6 and variable cost of K4?
   A. K6
   B. K4
   C. K3
   D. K5

3. Which one of the following will not appear on banks statement?
   A. Standing orders
   B. Unpresented cheques
   C. Credit transfer received from debtor
   D. None of the above

4. Which one is the current liabilities?
   A. Bank overdraft
   B. Fixture and fittings
   C. Shop premises
   D. Stock of footballs

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5. How is the cost of goods sold calculated?
   A. Opening stock + purchase – closing stock
   B. Closing stock + work progress – sales
   C. Sales – goods returns purchases
   D. Gross profit + income – expenses

6. Which book of prime entry records the sales of goods on credit?
   A. Purchase journal
   B. Sales return journal
   C. Sales day book
   D. Cash book

7. The opening balance the trade receivable ledger is K4000, an invoice is issued to the same person of K2,300 for goods bought, then he pays K3,000. What is the balance carry forward on this account?
   A. 2,300
   B. 4,000
   C. 3,300
   D. 3,000

8. Costs are classified according to the behaviour. Kindly name two commonly used in cost classification?
   A. Cost sales and variable cost
   B. Cost of sales and debtors cost
   C. Expenses and income
   D. Fixed and variable

9. Application software refers to particular applications such as sales or wages. Name two controls relating to software controls.
   What is the value of good will?
   A. Controls over application development and over program changes
   B. Control on issuing of invoices and trial balance

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C. Controls on preparation cash book and journals

D. Controls on preparation cash book and journals, software processing

10. A trader calculated his net profit at K50,500. Two errors were then discovered. Sale of goods K100 was recorded as selling expense; purchase of goods K200 was recorded as a purchase of a fixed asset.

What is the correct net profit?

A. 50,500

B. 5,400

C. 3,200

D. 50,300

[20 Marks]

ANSWER ANY FIVE (5) QUESTIONS FROM THIS PAPER

QUESTION 2

Trial balance as at 31st October 2018

Account	DR	CR
Cash	4,200.00	
Bank	16,800.00	
Bills payable and receivable	18,000.00	17,000.00
Trade receivables	24,000.00	
Trade payables		44,400.00
Owner's equity		80,000.00
Drawings	18,000.00	
Sales		105,000.00
Sales returns	2,500.00	
Purchase	75,000.00	
Carriages inwards	2,700.00	
Salaries	12,000.00	

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Returns outwards		1,500.00
Advertisement	2,400.00	
Insurance	1,600.00	
Furniture	7,500.00	
Rent	2,000.00	
Inventory 01/09/2017	18,600.00	
Motor vehicle	12,000.00	
Equipment	30,000.00	
	247,900.00	247,900.00

Additional information as at 31 October 2018

Inventory	12,000.00
Rent owing	1,500.00
Insurance prepaid	400.00
Depreciation	
Motor vehicle 10%	
Furniture 15%	
Equipment 5%	

Required:

Prepare the Income statement and statement of financial position as 31 October 2018

[Total 20 marks]

QUESTION 3

The company needs to hold a stock of item Z for sale to its customers. This item Z is for small value per unit but very important to customers, quality control requirements and the need to obtain competitive supply tenders at short intervals result in high procurement cost.

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Basic information about item Z is as follows:

Annual sales demand over 52 weeks	4095 units
Cost of placing and processing a purchase order	K48.46
Cost of holding one unit for one year	K4
Normal delay between placing purchase order and receiving	3 weeks

(a) Required calculate:

(i) The economic order quantity for item Z

(ii) The frequency at which purchase order would be placed using that formula

(iii) The total annual procurement costs

[12 Marks]

(b) .

(i) State four (4) costs of holding stock [4 Marks]

(ii) State four (4) reasons for holding stock [4 Marks]

[Total 20 marks]

QUESTION 4

(a) What basis might applied to apportion heat and lighting?

(b) Define a cost pool?

(c) Mukushi engineering Ltd has incurred the following overheads costs.

	ZMK
Depreciation	100,000
Factory repairs and maintenance	60,000
Factory office cost (overheads)	150,000
Depreciation of equipment	80,000
Insurance of equipment	20,000
Heating	39,000
Lighting	10,000
Canteen	90,000

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Information relating to the production and service department in the factory is as follows:

	Production	Production	Services	Services
	1	2	100	101
Floor space (square meters)	1200	1600	800	400
Volume (cube meter)	3000	6000	2400	1600
Number of employees	30	30	15	15
Book value of equipment	K30,000	K20,000	K10,000	K20,000

Required:

Determine the overhead cost to be apportioned between the four department.

[16 Marks]

QUESTION 5

(a) Name four (4) non-current assets that are found on the financial statements.

[4 Marks]

(b) Explain the difference between a trading business and service business

[4 Marks]

(c) State four (4) benefits of using ICT equipment in preparing accounts.

[4 Marks]

(d) Explain the difference between book keeping and accounting

[4 Marks]

(e) State three (3) elements of costs and how they are classified

[4 Marks]

[Total 20 marks]

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QUESTION 6

(a) List the contents of sales day book [4 Marks]

(b) Explain four (4) functions of a system of budgeting? [4 Marks]

(c) DJM investments had the following transactions

(i) Bought goods on credit K2000

(ii) Paid creditor by cash K3000

(iii) Received cash rental income K1500

(iv) Purchases of machine for processing K8000

(v) Sold goods on credit to Mr. Mwasanza K1000

(vi) Received cash from debtor K2500

Required: Enter the transaction T accouts [12 Marks]

[Total 20 marks]

QUESTION 7

Blocks Company Ltd's bank statement dated Dec 31, 2018 shows a balance of K24, 594.72. The company's cash records on the same date show a balance of K23,196.79. Following additional information is available:

1. Following checks issued by the company to its customers are still outstanding:
2. A deposit of K400.00 made on 31st December 2018 did not appear on bank statement.
3. An Indo bank cheque of K850 was returned by the bank statement
4. The bank charged K50 as service fee
5. Interest income earned on the company's average cash balance at bank was K1,237.22
6. The bank collected a note (standing order) receivable on behalf of company. Amount received by the bank on the note was K550. This includes K50 interest income. The bank charged a collection fee of K10.
7. A deposit of K430 was incorrectly entered as K340 in the company's cash records.

Required:

Prepare a bank reconciliation statement after making adjustments to the cash book

[Total 20 marks]

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