TEVETA

ADVANCED CERTIFICATE IN COMPUTER STUDIES

LEVEL 5 YEAR EXAMINATIONS

FINAL INTEGRATED SUMMATIVE EXAMINATIONS

NOVEMEBER/DECEMBER 2020

BUSINESS ACCOUNTING

TIME: 3 HOURS **TOTAL MARKS: 100**

INSTRUCTIONS **PASS MARK: 50**

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 entry slip.
3. There are two (2) sections paper. Section A is compulsory
4. Attempt any three (3) questions from Section B.
5. Programmable calculators and cellular phones 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 – BOTH QUESTIONS ARE COMPULSORY

Question 1

MWEETWA AND SONS' TRIAL BALANCE AS ON 31 DECEMBER, 2017 IS PROVIDED BELOW TOGETHER WITH ADDITIONAL INFORMATION

	DR	CR
Plant and Machinery	144,000	
Motor Vans	192,000	
Furniture	96,000	
Debtors	280,000	
Opening stock	46,000	
Creditors		120,000
Purchases	112,000	
Carriage out	48,000	
Carriage outwards	36,000	
Sales returns	96,000	
Sales		1,018,000
Drawings	50,000	
Insurance	96,000	
Rent	72,000	
Wages and salaries	28,000	
Light and heating	64,000	
Purchases returns		8,000
Discount received		18,000
Cash	600,000	
Bank	480,000	
Motor Van expenses	14,000	
Bad debts	6,000	
Capital		1,000,000
Long term Loan		296,000
	2,460,000	**2,460,000**

Additional information:

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(a) Closing stock K26,000

(b) Light and heating owing K16,000

(c) Insurance paid in advance K24,000

(d) The plant and machinery was revalued to K128,000

(e) Provide for depreciation on motor vans at 20% (straight line method).

Required:

(i) Prepare Income statement for the year ended 31 December 2017. **(12 marks)**

(ii) Prepare the statement of financial position as on 31 December 2017. **(8 marks)**

(Total 20 marks)

Question 2

Answer all the multiple choice questions

1. A business purchases a new motor vehicle on credit. Which book of prime entry is used to record this transaction?

   A Cash Book

   B General Journal

   C Purchases Journal

   D Sales Journal **(2 marks)**

2. On 15 February Choolwe sold goods by Mumba with a list price of K36000. The goods were subject to a trade discount of 15% and cash discount of 5% for settlement within 28 days. Mumba paid on 20 May. How much did Choolwe receive for the goods?

   A 2280

   B 2907

   C 3060

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D 3600 (2 marks)

3 A business decided to record stocks of stationery as an asset only if the value is over K1000. Which accounting principle is being applied?

A Accounting Entity

B Historical Cost

C Matching

D Materiality (2 marks)

4. What will happen to the Asset when you pay the creditor by Cheque?.

A Decrease asset(Bank)

B Increase asset

C Increase in stock

D Non of the above (2 marks)

5 Which of the following is not the book of original entry?

A General Ledger

B Cash book

C Returns outwards

D Sales day book (2marks)

6 Prime cost is:

A all costs incurred in manufacturing a profit

B the total of direct costs

C the material costs of a product

D the cost of operating a department (2 marks)

7 A component has a safety stock of 500, re-order quantity of 3 000 and a rate of demand which varies between 200 and 700 per week. The average stock is approximately:

A 2 000

B 2 300

C 2 500

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D 3 500 (2 marks)

8 Over – absorbed overheads occur when:

A absorbed overheads exceed actual overheads

B absorbed overheads exceed budgeted overheads

C actual overheads exceed absorbed overheads

D budgeted overheads exceed absorbed overheads (2 marks)

9 Which of the following are characteristics of service costing?

i. high levels of indirect costs as a proportion of total costs

ii. use of composite cost units

iii. use of equivalent units

A i. only

B i. and ii. only

C ii. and iii. Only

D all of them (2 marks)

10 A computer systems firm has the following budget and actual data:

Budgeted fixed overhead cost	K100,000
Budget production (units)	20,000
Actual fixed overhead cost	K110,000
Actual production (units)	19,500

The fixed overhead volume variance is

A K500 adverse

B K2,500, adverse

C K10,000, adverse

D K17,500, adverse (2 marks)

(Total 20 marks)

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SECTION B – ANSWER ANY THREE (3) QUESTIONS

QUESTION 3

(a) The following expected information is provided concerning a particular raw material:

Average usage	1 000 kilograms per day
Minimum usage	800 kilograms per day
Maximum usage	1 350 kilograms per day
Order quantity	9 000 kilograms per day

The stock information is reviewed at the end of each day and an order is placed the following day. If the normal re-order level has been reached. Delivery is reliably expected at the beginning of the fourth day following order.

You are required to explain and calculate the following:

(i) Re-order level **(5 marks)**

(ii) Minimum level **(5 marks)**

(iii) Maximum level **(5 marks)**

(b) Define the term Economic Order Quantity(EOQ) **(2marks)**

(c) Given the following information; where the forecasted demand is 1 000 units, per month, the ordering cost is K350 per order, the units cost K8 each and it is estimated that the carrying costs are 15% per annum, calculate the EOQ. **(3 marks)**

(Total 20 marks)

QUESTION 4

(a) A firm produced and sold 20 000 units of a computer part in a period. The costs and revenue were as follows:

Sales K100,000

Production costs:

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Variable costs	K35,000
Fixed costs	K15,000
Administrative and selling overheads (fixed)	K25,000

You are required to prepare operating statements based on:

(i) Absorption costing (5 marks)

(ii) Marginal costing (5 marks)

(b) A company makes a single product with a sales price of K10 and a marginal cost of K6. The fixed costs are K60,000 per year. You are required to calculate:

(i) Number of units to break – even (2 marks)

(ii) Sales at break –even point (2 marks)

(iii) C/S ratio (2 marks)

(iv) Number of units that will be needed to be sold to achieve a profit of K20,000 per year. (2 marks)

(v) The level of sales to achieve a profit of K20,000 per year. (2 marks)

(Total 20 marks)

QUESTION 5

(a) Explain the following cost and management accounting concepts:

(i) Cost unit (2 marks)

(ii) Cost center (2 marks)

(iii) Cost allocation (2 marks)

(iv) Overhead absorption (2 marks)

(v) Activity based costing (2 marks)

(b) A code is a system of symbols designed to be used to a classified set of items, to give a brief accurate reference facilitating entry, collation and analysis.

You are required to explain any five (5) features of a good coding system (5 marks)

(c) A costing method is a method of costing, which is designed to suit the way goods are Processed or manufactured or the way that services are provided.

You are required to explain any two (2)methods of production. (5 marks)

(Total 20 marks)

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QUESTION 6

PURCHASES DAY BOOK

Bwembya	K240,000
Bweupe	K360,000
Chilala	K120,000
Mulando	K100,000
Manda	K 96,000
	K916,000

PURCHASES RETURNS DAY BOOK

Bwembya	K24,000
Bweupe	K12,000
Chilala	K20,000
Mulando	K 6,000
Manda	K 3,000
	K65,000

CASH ACCOUNT

Balance K1,000,000		Bwembya	K 96,000
		Bweupe	K200,000
		Chilala	K 50,000
		Balance	654
	K1,000,000		K100,000

Balance 654

BANK ACCOUNT

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Balance K2,400,000	Bwembya	K	24
	Bweupe	K	44,000
	Mulando	K	56,000
	Manda	K	75,000
	Chilala	K	10,000
	Balance		K2,191,000
K2,400,000			K2,400.000

Balance 2,191,000

Required: Open and balance all relevant accounts. Extract Trial Balance as at 31st December, 2017.

(Total 20 marks)

QUESTION 7

(a) Differentiate between a bad debt and an Allowance for a bad debt (5 marks)

(b) State four (4) reasons why a debt may be written off (4 marks)

(c) Explain the term Depreciation and the causes of depreciation (8 marks)

(d) State three (3) main financial statements prepared by a business (3 marks)

(Total 20 marks)

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