

COMMERCE

Answer All Questions

1. a) State the differences between persuasive advertising and informative advertising
b) Explain the importance of advertising to the;
 - i) Manufacturer
 - ii) Consumer
2. a) Define communication media
b) Briefly explain the contributions of communication to the business.
3. a) What is a market
b) Outline any five (5) necessary conditions for the existence of a market
4. a) Mention any two commodities that can be transported by pipeline.
b) Briefly explain advantages and disadvantages of using pipeline transport
5. Explain six (6) factors that influence the choice of communication media
6. Write the short notes of the following
 - a) Branding
 - b) Grading
 - c) Merchandising
 - d) Standardizing
 - e) Packing and packaging
7. Study the schedule below

| | | | | | |
|----------------------|------|-----|-----|-----|------|
| Demand in kg | 200 | 400 | 600 | 800 | 1000 |
| Price in TZS. Per kg | 100 | 80 | 60 | 40 | 20 |
| Supply in kg | 1000 | 800 | 600 | 400 | 200 |

- a) From the above information calculate the price elasticity of demand when price changes from TZS 40 per kg to TZS 20 per kg.
 - b) State where the price elasticity of demand is elastic, inelastic or unitary. Give reasons for your answer.
8. Explain **five (5)** factors for price determination in the market
 9. Differentiate between change in demand and change in quantity demanded
Explain **six (6)** factors affecting change in demand

BOOK-KEEPING

1. Choose the correct letter on the following multiple choice
 - i. Bank overdraft is best described as:
 - a) Having more receipts than payment
 - b) A firm wasting its money
 - c) A firm bought too many goods
 - d) The amount of money by which a bank account is withdrawn
 - e) A bank balance being a debit
 - ii. A credit balance of TZS 200 on the cash columns of the cash book would mean
 - a) We have spent TZS 200 more than we have received
 - b) We have TZS 200 cash in hand
 - c) The bookkeeper has made a mistake
 - d) Someone has stolen TZS 200 cash
 - iii. A cash discount is best described as a reduction in the sum to be paid
 - a) If payment is made within a previously agreed period
 - b) If payment is made by cash, not cheque
 - c) If payment is made either by cash or cheque
 - d) If purchases are made for cash, not on credit
 - iv. Discount received are:
 - a) Deducted when we receive cash
 - b) Given by us when we sell goods on Credit
 - c) Deducted by us when we pay our accounts
 - d) Allowed when Received Cash
 - e) Added by us when we pay our account
 - v. The discount column of the cash Book records
 - a) Discount for Trade Customer
 - b) Discount for prompt payment
 - c) Discount for bulk buying
 - d) VAT on discount
 - vi. Three Column Cash Book records
 - a) Cash transactions and cheque transactions
 - b) Cash transactions, Cheque transactions Cash Discounts
 - c) Cash transactions and Credit transactions
 - d) Credit transaction and Cash Discounts
 - vii. The total of discount allowed in the cash book is posted to the
 - a) Credit of the discount Allowed account
 - b) Credit of the discount Received account
 - c) Debit of the Discount Allowed account
 - d) Debit of the Discount Received account
 - viii. Cash float of TZS.52,000 is desired. If TZS.37,000 is re-imbursed at a period, how much was the balance at the end of the period.
 - a) TZS.37,000
 - b) TZS.52,000
 - c) TZS.12,000
 - d) TZS.15,000
 - e) TZS.49000

- ix. Given a desired cash float of TZS.20,000 and that TZS.14,600 has been spent, how much will be reimbursed?
- a) TZS.20,000
 - b) TZS.5,400
 - c) TZS.25,400
 - d) TZS.14,600
 - e) TZS.16,400
- x. When a petty cash book is kept there will be:
- a) More entries made in the general ledger
 - b) Fewer entries made in the general ledger
 - c) The same number of entries in the general ledger
 - d) No entries made at all in the general ledger for items paid by petty cash
- xi. When the monthly bank statement is sent out which one of the following would not appear?
- a) Interest charged by the bank
 - b) A dishonoured debts
 - c) A direct debts
 - d) Bank charges
 - e) Unpresented Cheque
- xii. A request to a bank to make payments at regular intervals is known as:
- a) Standing order
 - b) Credit transfer
 - c) Bill of exchange
 - d) Paying-in slip
- xiii. The document which shows the firm's or the customer's amount as it stands at the bank:
- a) Customer's Cash book
 - b) Bank balance
 - c) Bank Reconciliation Statement
 - d) Bank
- xiv. A Bank statement brings into agreement
- a) The cash book and Net profit
 - b) The statement received from creditor with personal account
 - c) The Bank statement balance with the cash book balance
 - d) The cash columns of the cash book with the petty cash book
- xv. A cheque paid by you but not yet passed through the banking system is:
- a) A standing order
 - b) A dishonored cheque
 - c) A credit transfer
 - d) An unpresented cheque

SHORT NOTES

2. Briefly explain the following terms
 - i. Account
 - ii. GOVERNMENT ACCOUNTING
 - iii. Accounting
 - iv. Consolidated fund
 - v. Exchequer Account
 - vi. Accountant
 - vii. Accounting period
 - viii. Government accounting period
 - ix. Aging
 - x. Collector of revenue
 - xi. Accounting officer
 - xii. Amortize
 - xiii. Bond
 - xiv. Escrow
 - xv. Fiduciary Funds
 - xvi. FISCAL YEAR or Government year
 - xvii. WARRANT OF FUND
 - xviii. WARRANT HOLDER
 - xix. Child

3. Enter the following transaction in SABINA'S purchases Day Book and post to the ledger.

1997:-January 1 Bought from taqwa
 5 bags of rice @ TZS 250
 20 bags of beans @ TZS 125
 10 cartons of salt @ TZS 25

January 10 Bought from ambasha
 20 boxes of cooking fat @ TZS 100
 5 cartons Malaika soap @ TZS 1500
 15 pairs of sandals @ TZS 750

January 15 Purchased from wamo
 3 bales Khanga @ TZS 500
 5 dozen shirts at TZS 400 each

January 24 Purchased from kiss
 100 dozen of baby of baby milk at TZS 43,000
 20 dozen of mangoes juice for TZS 5,600

4. Record the following transactions in kiss Cash book and complete double entry thereafter, extract a trial balance.

April 2011:- 1 commenced business with cash.....TZS 1,340,000
 2: bought machine for cashTZS 480,000
 5: bought goods on credit from cholo.....TZS 660,000
 8:cash salesTZS 420,000
 10:- paid for stationary cashTZS 180,000
 13:- paid for heating expenses.....TZS 150,000

- 16 paid Maguru in cash350,000
- 21:- sold goods on credits to Muro..... 540,000
- 25:- paid wages in cash TZS230,000
- 27:-sold more goods on credit to madam aisha TZS... 450,000
- 29:- paid insurance in cash.....TZS 100,000
- 30:- received cash from Najmudin..... TZS 540,000

5. The following is the trial balance of Aisha Omar at 31 March 2010.

| Name of accounts | Debit | Credit |
|-----------------------|--------|--------|
| | TZS | TZS |
| Capital | | 42,110 |
| Drawings | 13,600 | |
| Loan from Mr Muzamil | | 10,000 |
| Bank | 5,800 | |
| Cash | 460 | |
| Sales | | 88,400 |
| Purchases | 46,300 | |
| Sales returns | 5,700 | |
| Purchases returns | | 3,100 |
| Stock at 1 Apr 2009 | 8,500 | |
| Carriage inwards | 2,400 | |
| Carriage outwards | 1,600 | |
| Trade debtors | 15,300 | |
| Trade creditors | | 7,200 |
| Motor vehicles | 23,100 | |
| Fixtures and fittings | 12,400 | |
| Wages and salaries | 6,800 | |
| Rent | 4,100 | |
| Light and heat | 3,200 | |
| Telephone and postage | 1,700 | |
| Discounts | 830 | 980 |
| | 151790 | 151790 |

Additional information

- i. The stock at 31 March 2010 was valued at TZS 9,800.
 - ii. Wages and salaries outstanding TZS 2,000, Rent paid in advance TZS 100
- You are required to prepare income statement and statement of financial position at the end of year

6. From the following details write up a three column cash book , balance it at the end of the month , then show the relevant discount accounts as it would appear in the general ledger.

- March 1:- balance brought forward
cash in hand TZS 21,110 and cash at bank TZS 39840
- March 2:-paid up each of the following account by cheque in each case deducted 5% discount:- tatu TZS 800, baby TZS 2600, dady TZS 4400
- March 4:- doto pays us cheque for TZS 980
- March 9:-the following persons pay us their accounts by cheque in each case they deducted a discount of up to march 6. Cash sales paid direct

into bank TZS 490.

March 7:- paid insurance by cash TZS 650 to 2.5% :-
 Ramso 1600, Juma TZS 6400, rabiya TZS 5200.

March 12:-paid motor expenses by TZS 1000

March 18:- cash sales TZS 980

March 21:-paid salaries by cheque TZS 1200

March 23:-paid rent by cash TZS 600

March 28:- received a cheque for TZS 5000 being a loan from rahma

March 31:- paid for stationery by cash TZS 270

7. Draw up a suitable Petty Cash Book of Kasho Traders in January 2007 with the following analysis columns: Postage and stationary; Travelling; Sundry expenses; and Ledger.

January 1: Petty Cashier received imprest from Main cashier TZS.40, 000
 January 2: Paid for stamps TZS.4, 000 and sugar TZS.8, 000
 January 3: Paid for Daladala fare TZS.4, 500
 January 4: Received Cash TZSs.7, 500 from an employee, payment voucher No. 8
 January 5: Paid Mr. Juma TZS.10,000 and stationary TZS.8,000

8. Given the following information of Miatisa Itapendeza

| DR | | | | CASH BOOK | | CR | |
|----------|------------|-----|---------------|-----------|--------------|-----|---------------|
| Date | Details | FL | Amount | Date | Details | FL | Amount |
| 5/12/94 | I. John | | 6160 | 1/12/94 | Balance | b/d | 14180 |
| 24/12/94 | L. Karume | | 2400 | 9/12/94 | P. Okware | | 2800 |
| 29/12/94 | K. Kitunda | | 2480 | 27/12/ | J. Tumbo | | 1260 |
| 31/12/94 | G. Karanja | | 2120 | 29/12/ | United trust | | 1540 |
| 31/12/94 | Balance | c/d | 7600 | 31/12/ | Bank charge | | 980 |
| | | | 10,380 | | | | 10,380 |

BANK STATEMENT

| Date | Particulars | DR | CR | Balance |
|----------|-------------------------------|-------|-------|----------|
| 1/12/94 | Balance b/d | | | 7,090 DR |
| 5/12/94 | Cheque | | 3,080 | 4,010 DR |
| 14/12/94 | P. Okware | 1,400 | | 5,410 DR |
| 24/12/94 | Cheque | | 1,200 | 4,210 DR |
| 29/12/94 | K. Kitunda – credit transfer | | 1,240 | 2,970 DR |
| 29/12/94 | United trust – Standing order | 770 | | 3,740 DR |
| 31/12/94 | Bank charges | 490 | | 4,230 DR |

From the above information prepare:

- Unadjusted cash book
- Adjusted cash book
- Bank reconciliation statement starting with balance as per adjusted cash book.

9. Zinira ltd bought the following machines as shown in the table below;

| Name of machine | Date of purchases | Cost of machine | Scrap value | Years of use |
|-----------------|-------------------|-----------------|-------------|--------------|
|-----------------|-------------------|-----------------|-------------|--------------|

| | | | | |
|---|-----------|--------|-------|---|
| A | 1/10/1998 | 16,000 | 1,600 | 5 |
| B | 1/7/1999 | 10,000 | 1000 | 4 |
| C | 1/10/1999 | 12,000 | 1,200 | 4 |
| D | 1/4/2000 | 4,000 | 400 | 3 |

Depreciation method used is sum of year digits yearly and financial year ends on 31st December.

Required : find the value of depreciation For each of the year 1998, 1999 and 2000

10. The following information relates to the rates and insurance account in the books of Henry Lugendo on the dates shown below:

| | <u>1.1.2002</u> | <u>31.12.2002</u> |
|---|-----------------|-------------------|
| Rates owing | 3,400/= | 4,440/= |
| Insurance prepaid | 7,740/= | 4,700/= |
| Rates and insurance paid during the year amounted to shs.14,300/= | | |

Required:

Prepare the rates and insurance account, showing the amount to be transferred to income statement for the year ended 31.12.2002.