

THE UNITED REPUBLIC OF TANZANIA
NATIONAL EXAMINATIONS COUNCIL
CERTIFICATE OF SECONDARY EDUCATION EXAMINATION

062

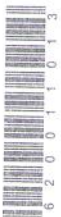
BOOK KEEPING
(For Both School and Private Candidates)

Time: 3 Hours

Friday, 08th November 2013 p.m.

Instructions

1. This paper consists of sections A, B and C.
2. Answer **all** questions.
3. Calculators and Cellular phones are **not** allowed in the examination room.
4. Write your **Examination Number** on every page of your answer booklet(s).



SECTION A (20 Marks)

Answer **all** questions in this section.

1. For each of the items (i) - (x), choose the correct answer from among the given alternatives and write its letter beside the item number.
- (i) Which of the following should be charged in the Profit and Loss Account?
A Royalty. B Work in progress. C Direct materials.
D Office rent. E Carriage on raw materials.
- (ii) Manufacturing account is used to calculate
A production costs paid in the year
B total cost of goods produced
C production costs of goods completed
D gross profit on goods sold
E prime cost of goods manufactured.
- (iii) When there is no partnership agreement then profits and losses must be shared
A in same proportion as capitals
B equally to all partners
C equally after adjusting for interest on capital
D equally after adjusting for interest on drawings
E equal proportion minus interest on drawings.
- (iv) What is meant by gross profit?
A Excess of sales over cost of goods sold.
B Sales after deducting purchases.
C Sales plus closing minus purchases.
D Excess of cost of goods sold over sales.
E Excess of income over expenditure.
- (v) Customers' personal accounts are found in
A the private ledger B general ledger C purchases ledger
D nominal ledger E sales ledger.
- (vi) Which of the following should be entered in the Journal?
A Payment for cash purchases. B Fixtures bought on credit.
C Credit sale of goods. D Sales of surplus machinery.
E Credit purchase of goods.
- (vii) If drawing account is **not** maintained, interest on drawing must be
A credited to drawing account B debited to drawing account
C debited to capital account D credited to current account
E debited to current account.

- (b) From the following particulars extracted from the books of a trader under the single entry system, you are required to find out figures for credit sales, credit purchases by showing the total debtors account, total creditors account as well as bills receivable account.

Balance on 1 st January, 2011:	
Total debtors	Sh. 527,000
Bills receivable	40,000
Total creditors	264,000
Transactions during the year:	
Cash paid to creditors	702,500
Discount allowed by suppliers	26,500
Cash receive from customers	1,354,000
Discount allowed to customers	42,000
Returns from customers	16,250
Returns to suppliers	13,300
Bills receivable dishonoured	11,000
Bad debts previously written off, now recovered	10,000
Cash sales during the year	158,000
Cash purchases during the year	123,000
Bad debts written off	35,400
Cash received against bills receivable	142,000
Balance on 31 st December, 2011:	
Total debtors	556,000
Total creditors	284,000
Bills receivable	10,000

SECTION A (20 Marks)

Answer **all** questions in this section.

1. For each of the items (i) - (x), choose the correct answer from among the given alternatives and write its letter beside the item number.
- (i) Which of the following should be charged in the Profit and Loss Account?
A Royalty. B Work in progress. C Direct materials.
D Office rent. E Carriage on raw materials.
- (ii) Manufacturing account is used to calculate
A production costs paid in the year
B total cost of goods produced
C production costs of goods completed
D gross profit on goods sold
E prime cost of goods manufactured.
- (iii) When there is no partnership agreement then profits and losses must be shared
A in same proportion as capitals
B equally to all partners
C equally after adjusting for interest on capital
D equally after adjusting for interest on drawings
E equal proportion minus interest on drawings.
- (iv) What is meant by gross profit?
A Excess of sales over cost of goods sold.
B Sales after deducting purchases.
C Sales plus closing minus purchases.
D Excess of cost of goods sold over sales.
E Excess of income over expenditure.
- (v) Customers' personal accounts are found in
A the private ledger B general ledger C purchases ledger
D nominal ledger E sales ledger.
- (vi) Which of the following should be entered in the Journal?
A Payment for cash purchases. B Fixtures bought on credit.
C Credit sale of goods. D Sales of surplus machinery.
E Credit purchase of goods.
- (vii) If drawing account is **not** maintained, interest on drawing must be
A credited to drawing account B debited to drawing account
C debited to capital account D credited to current account
E debited to current account.

SECTION B (20 Marks)

Answer **all** questions in this section.

3. (a) Give seven distinctions between Provision and Reserve.
 (b) List three purposes of a cash book.
4. (a) King Majuto is employed by a firm on salary commission basis. His monthly salary is sh. 150,000. He is entitled for commission as follows:
 On first sales of sh. 1,000,000 – 2%
 On the next sales of sh. 2,000,000 – 5%
 On the balance of sales – 10%
 King Majuto sold goods worth sh. 6,000,000 for the month of April 2011.
 Calculate King Majuto's total income for the month of April 2011.
- (b) The following information was extracted from the final accounts of Majani Mapana's business on 31st July, 2012.

Transactions during the year:	Sh.
Sales	300,000
Purchases	130,000
Stock (1/8/2011)	36,000
Fixed assets	200,000
Current assets	90,000
Current liabilities	74,000
Total expenses	20,000
Stock (31/7/2012)	25,000

Calculate the following financial ratios:

- (i) Margin
 - (ii) Mark-up
 - (iii) Return on capital
 - (iv) Working capital ratio
 - (v) Rate of stock turnover.
- (c) Indicate the accounts to be debited or credited from the following transactions.

Transaction	Account to be debited	Account to be credited
(i) Paid wages by cheque.		
(ii) Paid electricity in cash.		
(iii) Purchased office chair on credit.		
(iv) Sold goods for cash.		
(v) Withdrew cash from bank for office use.		

SECTION C (60 Marks)

Answer **all** questions in this section.

5. J. Kazimoto is the proprietor of a shop selling paintings and ornaments. For the purposes of his financial statements, he wishes the business to be divided into two departments:

Department A Paintings
Department B Ornaments

The following balances have been extracted from his nominal ledger at 31st August, 2010.

	Dr	Cr
	Sh.	Sh.
Sales Department A		750,000
Sales Department B		500,000
Inventory Department A, 1 st September, 2009	12,500	
Inventory Department B, 1 st September, 2009	10,000	
Purchases Department A	510,000	
Purchases Department B	380,200	
Wages of sales assistants Department A	72,000	
Wages of sales assistants Department B	68,000	
Picture framing costs	3,000	
General office salaries	132,000	
Fire insurance - buildings	3,600	
Lighting and heating	6,200	
Repair to premises	1,750	
Internal telephone	300	
Cleaning	1,800	
Accountancy charges	14,900	
General office expenses	5,100	
Rent and rates	5,700	
Administration expenses	15,000	
Air conditioning	6,000	

Inventory at 31st August, 2010 was valued at:

Department A sh. 14,100
Department B sh. 9,120

The proportion of the total floor area occupied by each department was:

Department A two-fifths
Department B three-fifths

You are required to prepare J. Kazimoto's departmental income statement for the year ending 31st August, 2010, apportioning the costs, where necessary, to show the net profit or loss of each department.

The apportionment should be made by using the methods as shown: Area – Fire insurance, lighting and heating, repairs, telephone, cleaning, air conditioning; Turnover – General office salaries, Accountancy, general office expenses, rent and rates, administration expenses.

6. Heri Majaliwa is a sole trader who keeps records of his cash and bank transactions. His transactions for the month of March were as follows:

March 1	Cash in hand sh. 10,000, cash at bank sh. 567,200.
4	Heri received a cheque for sh. 124,600 from W. Wanguvu which was paid directly into the bank. This represented sales.
6	Paid wages in cash sh. 3,900.
8	Sold goods for cash sh. 15,200.
10	Received cheque from G. Dasuna for sh. 31,500, in full settlement of a debt of sh. 34,400; this was paid directly into the bank.
11	Paid sundry expenses in cash sh. 7,300.
14	Purchased goods by cheque for sh. 80,000.
18	Paid J. Samaki a cheque of sh. 18,500 in full settlement of a debt of sh. 20,100.
23	Withdrew sh. 4,500 from the bank for office purposes.
24	Paid wages in cash sh. 3,900.
26	Sold goods for cash sh. 9,400.
28	Paid salaries by cheque sh. 23,000.
31	Retained cash amounting to sh. 15,000 and paid the remainder into the bank.

You are required to enter above transactions within T - accounts and bring down the balances.

7. (a) From the following transactions prepare the suspense account and pass journal entries to rectify the following errors assuming the existence of suspense account.
- A cash sale of old furniture sh. 150,000 had been passed through the sales account.
 - Payment of rent sh. 34,000 was debited to the personal account of the landlord.
 - Goods bought from Makala amounting to sh. 275,000 were posted to the credit of his account as sh. 257,000.
 - Sales day book was overcast by sh. 100,000.
 - While carrying forward total of one page of the purchases book to the next page, the amount of sh. 647,500 was written as sh. 617,500.
 - Purchases returns to G. Donge worth sh. 155,000 were not recorded in purchases returns book, but the account of G. Donge was duly debited for the amount.
 - Drawings of goods by proprietor costing sh. 15,000 were not recorded in the books of account.

The suspense account had a debit balance of sh. 16,000 prior to the above adjustments.

- (viii) An allowance for doubtful debts is created
 A when debtors become bankrupt
 B when there is a need to do so
 C when debtors cease to be in business
 D to provide possible bad debts
 E to write-off bad debts during the period.
- (ix) Depreciation can be described as the
 A amount spent to buy a non-current asset
 B salvage value of a non-current asset
 C cost of the non-current asset consumed during its period
 D amount of money spent replacing non-current asset
 E cost of old assets plus new assets purchased.
- (x) If it is required to maintain fluctuating capitals then the partners' share of profits must be
 A debited to partners' capital account
 B credited to partners' capital account
 C debited to partners' current account
 D credited to partners' current account
 E credited to partners' appropriation account.

2. Match the items in **Column A** with the responses in **Column B** by writing the letter of the correct response beside the item number.

Column A	Column B
(i) Chronological record undertaken by a business which relate to a specific item.	A Amount
(ii) The main book of accounts.	B Particulars
(iii) A column which shows the reference number of the item entered in the account.	C Trial balance
(iv) Obligations which have to be paid within a year from the date on the balance sheet.	D Double entry
(v) Data is recorded and processed until it becomes part of the financial statements.	E Balancing ledger
(vi) Recording item twice in the books of account.	F Accounting cycle
(vii) A column which gives brief explanation of the entry made in the account.	G Transaction
(viii) Making the second entry of a double entry.	H Current liabilities
(ix) Movement of money or money's worth from one person to another.	I Posting
(x) Making both side of the account to be equal.	J Balance sheet
	K Folio
	L Assets
	M A ledger
	N Liabilities
	O Account

THE UNITED REPUBLIC OF TANZANIA
NATIONAL EXAMINATIONS COUNCIL
CERTIFICATE OF SECONDARY EDUCATION EXAMINATION

062

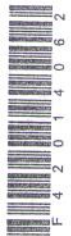
BOOK KEEPING
(For Both School and Private Candidates)

Time: 3 Hours

Friday, 07th November 2014 p.m.

Instructions

1. This paper consists of sections A, B and C.
2. Answer **all** questions.
3. Calculators and cellular phones are **not** allowed in the examination room.
4. Write your **Examination Number** on every page of your answer booklet(s).



SECTION A (20 Marks)

Answer **all** questions in this section.

1. For each of the items (i) - (x), choose the correct answer from among the given alternatives and write its letter beside the item number in your answer booklet.
- (i) Which of the following will happen if sh. 7,500 was added to rent instead of being added to fixed assets?
 - A Gross profit would not be affected
 - B Gross profit would be affected
 - C Gross and net profits would be affected
 - D Net profits would not be affected
 - E Neither gross profit nor net profit would be affected.

 - (ii) In the trading account, the sales returns should be
 - A added to cost of goods sold
 - B deducted from purchases
 - C deducted from sales
 - D added to sales
 - E added to purchases.

 - (iii) When income statements are prepared, the bad debts account is closed by a transfer to the
 - A balance sheet
 - B profit and loss account
 - C trading account
 - D creditors account
 - E debtors account.

 - (iv) If current account is maintained then the partners' share of profit must be
 - A debited to partners' capital accounts
 - B credited to partners' capital accounts
 - C credited to profit and loss appropriation account
 - D debited to partners' current accounts
 - E credited to partners' current accounts.

 - (v) The value of closing inventories is found by
 - A adding opening stock to purchases
 - B deducting purchases from opening stock
 - C looking in the stock account
 - D doing a stock taking
 - E adding closing stock to sales account.

- (vi) Which of these statements is incorrect?
- A Profit is another word for capital.
 - B Loss decreases capital.
 - C Profit increases capital.
 - D Drawings decreases capital.
 - E Profit is added to the capital.
- (vii) A bank reconciliation statement is a statement
- A sent by the bank when the account is overdrawn
 - B drawn to verify cash book balance with the bank statement balance
 - C drawn up by the bank to verify the cash book
 - D sent by the bank to the customers when errors are made
 - E sent by the bank customers to the friends.
- (viii) What is meant by the term revenue expenditure?
- A The extra capital paid by the proprietor.
 - B Money spent on non-current assets or adding value to them.
 - C The cost of running the business on day to day basis.
 - D Money spent on selling non-current assets.
 - E Cost of painting fixed asset.
- (ix) The recommended method of departmental account is to
- A allocate expenses in proportion sales
 - B charge against each department its controllable costs
 - C allocate expenses in proportion to purchases
 - D charge against each department its uncontrollable costs
 - E allocate expenses in equal proportion.
- (x) If the two totals of a trial balance do not agree, the difference must be entered in
- A a real account
 - B the trading account
 - C a nominal account
 - D the capital account
 - E a suspense account.

2. Match the items in **Column A** with the responses in **Column B** by writing the letter of the correct response beside the item number in your answer booklet.

Column A	Column B
(i) A ledger for customers' personal accounts.	A Journal proper
(ii) A ledger for suppliers' personal accounts.	B Nominal ledger
(iii) The main book of accounts.	C Private ledger
(iv) Book of original entry used to record prompt receipts and payments.	D Bought journal
(v) A ledger account for capital and drawing accounts.	E Creditor' control ledger
(vi) A book of accounts used to record rare transactions.	F Cash book
(vii) Books of original entry used to record credit sales.	G Debtors' control ledger
(viii) Books of original entry used to record credit purchases.	H Return outward journal
(ix) Books used for making small payments.	I A ledger
(x) A ledger for impersonal accounts.	J Petty cash book
	K Return inward journal
	L Sales ledger
	M Purchases invoice
	N Sales journal
	O Purchases ledger

SECTION B (20 Marks)

Answer **all** questions in this section.

3. (a) Give five distinctions between *receipts and payments* and *income and expenditure accounts*.
 (b) Highlight five importance of the balance sheet.
4. (a) A landlord charges his tenant an annual rent per annum. He accrues for rent owing at the end of each year and also adjusts for rent received in advance.

Entries made by the landlord:

On 1st January, 2002, tenant owed sh. 180,000 for the year 2001.

In December 2001, tenant paid sh. 400,000 for the year 2002.

During the year 2002 landlord received cash for rent sh. 1,600,000.

At close of 31st December, 2002, accrued rent was sh. 110,000 tenants had not paid and unearned rent revenue was sh. 30,000.

Ascertain the amount to be transferred to profit and loss account for the year ended 31st December, 2002 without using rent received account.

- (b) Outline four essentials of a bill of exchange.
 (c) State five limitations of single entry system.

SECTION C (60 Marks)

Answer **all** questions in this section.

5. M/S Majuto is a sole trader. He extracted the following list of balances from the books of his business on 31st March, 2011:

	Dr	Cr
	Sh.	Sh.
Purchases and sales	453,800	806,500
Sales and purchases returns	5,100	9,300
Discounts	11,200	3,900
Stock at 1 st April, 2010	124,600	
Motor van, at cost	125,000	
Office equipment	96,000	
Provision for depreciation of motor van 1.4.2010		38,000
Provision for depreciation of Office equipment 1.4.2010		21,500
Salaries and wages	176,200	
Motor van running expenses	39,100	
Sundry expenses	11,400	
Rent and rates	32,000	
Bad debts	3,750	
Provision for doubtful debts 1 st April, 2010		3,200
Debtors and creditors	128,700	91,000
Bank	80,400	
Cash	600	
Drawings	70,000	
Capital		384,450
	<u>1,357,850</u>	<u>1,357,850</u>

This additional information is available at 31st March, 2011:

- (i) Stock was valued at sh. 201,000.
 (ii) Salaries and wages accrued sh. 4,900.
 (iii) Rent and rates prepaid sh. 7,900.
 (iv) An additional sh. 2,700 is to be written off as bad debts, and the provision for doubtful debts is to be adjusted to 2% of debtors after writing off bad debts.
 (v) Goods taken by Majuto for his private use during the year amounted at cost to sh. 3,700. No record of this has yet been made in the books.
 (vi) Depreciation is to be written off as follows: motor van sh. 20,000, office equipment at 15% using the straight line method.

Prepare a trading and profit and loss account for the year ended 31st March, 2011 as well as a balance sheet as at that date.

6. (a) A trader known as Bushiri does not keep proper books of accounts. However, he provides the following particulars:

	31-12-2010	31-12-2011
	Sh.	Sh.
Cash at bank	45,000	30,000
Cash in hand	3,000	40,000
Stock in trade	400,000	450,000
Debtors	120,000	200,000
Creditors	300,000	200,000
Equipment	50,000	50,000
Furniture	40,000	40,000

Additional information:

- During the year 2011, Bushiri introduced sh. 60,000 as additional capital and withdrew sh. 40,000 as drawings.
- Write off depreciation on furniture at 10% and on equipment at 5%.

Prepare statements of affairs at the end of years 2010 and 2011 as well as statement of profit or loss for the year ended 31st December, 2011.

- (b) Summary of receipts and payments of Majimatitu Medical Aid Society for the year ended 31st December, 2011 are as follows:

Opening cash balance in hand sh. 80,000, subscriptions sh. 500,000. Donation sh. 150,000. Interest on investments @ 9% per annum sh. 90,000. Payments for medicine supply sh. 300,000. Honorarium to Doctors sh. 100,000. Salaries sh. 280,000. Sundry expenses sh. 10,000. Equipment purchase sh. 150,000. Charity show expenses sh. 15,000. Charity shows collections sh. 125,000.

Additional information:

	1-1-2011	31-12-2011
	Sh.	Sh.
Subscription due	15,000	22,000
Subscription received in advance	12,000	7,000
Stock of medicine	100,000	150,000
Amount due for medicine supply	90,000	130,000
Value of equipment	210,000	300,000
Value of building	500,000	480,000

Prepare receipts and payments account as well as subscription account for the year ended 31st December, 2011.

7. A businessman with his financial year end on 31st December bought two vans on 1st January, 2001, No 1 for sh. 800,000 and No 2 for sh. 500,000. It also buys another van, No 3, on July 2003 for sh. 900,000 and another, No 4, on 1st October, 2003 for sh. 720,000. The first two vans are sold, No 1 for sh. 229,000 on 30th September, 2004, and No 2 for scrap for sh. 5,000 on 30th June, 2005.

Depreciation is on the straight line basis, 20 per cent per annum, ignoring scrap value in this particular case when calculating depreciation per annum.

Show van account, accumulated provision for depreciation account as well as van disposal account for the years ended 31st December, 2001, 2002, 2003, 2004 and 2005.