

**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, 12th October 2012 p.m.

Instructions

1. This paper consists of sections A, B and C.
2. Answer **all** questions.
3. Calculators are **not** allowed in the examination room.
4. Cellular phones are **not** allowed in the examination room.
5. 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) A statement showing assets, liabilities and capital of a business undertakings in a particular trading period is called a
A trial balance B ledger C balance sheet
D sales day book E cash book.
- (ii) Which of the following is the main book of account?
A The cash book B The Journal
C The petty cash book D The Ledger
E The Journal Proper.
- (iii) The correct method of calculating cost of goods sold is
A closing stock + purchases - opening stock
B opening stock + closing stock - purchases
C closing stock + purchases + opening stock
D opening stock - purchases + closing stock
E opening stock + purchases - closing stock.
- (iv) Which of the following statement describes non-current assets?
A Items bought to be used in the business.
B Items which will not wear out quickly.
C Expensive items bought for the business.
D Items having a long life and bought for resale.
E Items having a long life and not bought for resale.
- (v) Which of the following is NOT an asset?
A Buildings
B Loan from K Hamis
C Accounts receivable
D Cash balance
E Inventories.
- (vi) The credit entry for net profit is done in the
A trading account B drawings account
C profit and loss account D capital account
E income and expenditure account.

- (vii) The total of the purchases journal is entered in the
- A debit side of purchases day book
 - B credit side of the purchases account
 - C debit side of the purchases account
 - D debit side of the sales account
 - E credit side of the sales.
- (viii) Which of the following expression is correct?
- A $\text{Assets} - \text{capital} = \text{liabilities}$
 - B $\text{Liabilities} - \text{capital} = \text{assets}$
 - C $\text{Liabilities} = \text{assets} = \text{capital}$
 - D $\text{Assets} + \text{liabilities} = \text{capital}$
 - E $\text{Capital} + \text{assets} = \text{liabilities}$
- (ix) The cost of putting goods into a saleable condition should be charged to
- A trading account
 - B sales account
 - C profit and loss account
 - D receipt and payment account
 - E income and expenditure account
- (x) Which of the following describes the meaning of purchases?
- A Goods bought for cash
 - B Goods bought on credit
 - C Goods bought for resale
 - D Goods bought and paid for
 - E Goods bought and stored.

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) A document sent by the seller to the buyer after goods have been dispatched.	A Freight note
(ii) A document written by the seller giving information that the goods ordered have been sent.	B Packing note
(iii) A document provided by the carrier in which the sender fills in details of the goods to be dispatched.	C Shipping note
(iv) A document that gives the details of goods being sent and their quantities.	D Shipping advice note
(v) A document sent by the seller to the buyer to correct an overcharge on the original invoice.	E Dispatch note
(vi) A document sent by the seller to the buyer to correct an undercharge on the original invoice.	F Inquiry
(vii) A document which shows quantities of goods dispatched and their port of destination.	G Acknowledgement note
(viii) A document indicating the transport charges for the shipping of goods.	H Advice note
(ix) A document sent by a seller to a buyer to confirm that the order has been received and is being processed.	I Debit note
(x) A document sent by the seller to the buyer accompanying the goods being consigned.	J Pro-forma invoice
	K Credit note
	L Delivery note
	M Consignment note
	N Return note
	O Invoice

SECTION B (20 Marks)

Answer **all** questions in this section.

3. (a) Define the following terms:
- (i) Credit transactions
 - (ii) Supplementary Appropriation
 - (iii) Balance sheet
 - (iv) Subsidiary books
 - (v) Trial balance.
- (b) List the procedures for balancing off an account.
4. (a) Electricity and advertising paid in the year amounted to sh. 300,000. The following information was also provided.
- | | | |
|---------|---------------------|----------------------------|
| 2010 | Accrued electricity | Prepaid advertising Jan. 1 |
| | Sh. 25,000 | Sh. 19,000 |
| Dec. 31 | Sh. 40,000 | Sh. 24,000 |
- You are required to compute the amount to be charged to Profit and Loss account without opening accounts.
- (b) Mr. Janguo wants to start a business, but before commencement he needs to learn book keeping. Outline five objectives for him to study the subject.

SECTION C (60 Marks)

Answer **all** questions in this section.

5. In January 1999: Peter and Patel entered into a joint venture for the purchase and sale of goods sharing profit and losses equally. The settlements between the partners were made in cash.
- The following transactions took place:
- 01st May 1999: Peter bought goods for sh. 30,000/= and paid sh. 560/= for sundry expenses in connection with the purchase.
- 05th May 1999: Peter received sh. 10,000/= in cash from Patel as a compensation.
- 10th May 1999: Patel sold goods costing sh. 20,000/= or sh. 29,000/=, incurring sh. 200/= as selling expenses.
- 15th May 1999: Storage expenses were paid by the partners, Patel sh. 1,500/= and Peter sh. 500/=.
- 20th May 1999: Peter sold goods costing sh. 5,000/= for sh. 10,000/= incurring selling expenses of sh. 100/=.
- 25th May 1999: Sh. 1,000/= advertising expenses were paid by the partners. Peter paid sh. 700/= and Patel paid sh. 300/=
- 30th May 1999: The unsold goods were taken by Peter at cost.
- Required:
- (a) Write up the personal accounts of the partners as they would be in the books of each partner.
- (b) Draw up the memorandum joint venture account.

6. The Necessary Noise Sports Club had the following assets and liabilities on 31st December of the years 2006 and 2007.

	2006	2007
	Sh.	Sh.
Accumulated fund	50,000	48,000
Outstanding salaries	700	nil
Refreshment Bill owing by club	nil	400
Sports ground	25,000	x
Furniture	1,300	x
Sports kit (a fixed asset) at valuation	12,000	10,000
Uniforms (a fixed asset)	6,500	x
Subscription due from members	500	300

The following summary of the club's receipts and payments was prepared by its treasurer for 2007:

CASH SUMMARY

Date	Details	Amount	Date	Details	Amount
2007	Balance b/f	5,400	2007 Dec.	Salaries	6,200
Dec.	Subscriptions	23,000	31 st	Travelling	7,800
31 st	Donations	2,100		Stationary and postage	
	Gate collection	6,500		Electricity and	600
	Sale of old sports' kit	<u>1,000</u>		telephone	
				Refreshment	500
				Purchase of new sport	5,200
				kit	
				Purchase of new	4,000
				uniforms	
				Repairs to sports kit	3,800
				Maintenance of sports	700
				ground	
				Balance c/f	3,400
					<u>5,800</u>
		<u>38,000</u>			<u>38,000</u>

Additional information:

- Sports ground was acquired several years ago on a 100 year lease for sh. 50,000.
- The old sports kit sold during the year had a book value of sh. 1,500.
- Write down furniture by sh. 300 and uniforms by sh. 3,500.

Required:

- Prepare Club's Income and Expenditure Account for 2007 (all workings should be shown clearly)
- Prepare a Balance Sheet as at 31st December 2007.

7. (a) When extracting the trial balance of M. Magwanda & Co Ltd. as at 31st December, 2000, it was observed that the total debits exceeded the total credits by sh. 476,000.00

Investigations revealed the following errors:

- (i) Sales had been overcast by shs. 30,000.00.
- (ii) Returns outwards account had not been credited with an amount of shs. 122,640.00.
- (iii) A payment by a debtor of shs. 300,000.00 by a direct bank transfer had not been entered in the debtors account.
- (iv) Cash purchases of shs. 4,640.00 had been recorded in the cash book only.
- (v) Shs. 44,000.00 received from a debtor had been debited to his account.

Required:

- (a)
 - (a) Show the necessary journal entries to correct the errors.
 - (b) Show the suspense account after taking into account the errors in (a) above.
 - (c) Suppose the company made a net loss of shs. 500,000.00 due to errors in (a) above, what would be the correct net profit or loss after the correction of the errors?
- (b) A company depreciates its plant at the rate of 25 percent per annum, straight line method, for each month of ownership. From the following details draw up the plant account and provision for depreciation account for each of the years 2004, 2005, 2006 and 2007 and plant disposal account.

Transactions made during the year were as follows:-

- 2004 Bought plant costing sh. 260,000 on 1 January.
Bought plant costing sh. 210,000 on 1 October.
- 2006 Bought plant costing sh. 280,000 on 1 September.
- 2007 Sold plant which had been bought for sh. 260,000 on 1st January, 2004 for the sum of sh. 81,000 on 31st August, 2007.