

**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, 8th October 2010 p.m.

Instructions

1. This paper consists of sections A, B and C.
2. Answer **all** the 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. (i) Which of the following is not a factor that may cause capital to change?
 - A Additional investment
 - B Profits
 - C Drawings
 - D Purchases
 - E Losses.

- (ii) The sum of fixed assets and working capital of a business is called
 - A capital owned
 - B capital employed
 - C circulating capital
 - D working capital
 - E borrowed capital.

- (iii) The trial balance totals should agree because
 - A it is extracted at the year end
 - B for every debit there must be a corresponding credit
 - C it is a list of balances
 - D errors in balancing the ledger accounts are found out
 - E it is an account.

- (iv) When John writes a cheque and sends it to James then James is
 - A drawer
 - B drawee
 - C payer
 - D payee
 - E receiver.

- (v) A credit balance of 500,000/= in the cash column of the cash book means
 - A we have spent more than we have received
 - B we have spent less than we have received
 - C the bookkeeper has stolen 500,000/=
 - D we have 500,000/= cash in hand
 - E the bookkeeper has made a mistake.

- (vi) At the end of the financial year, bad debts account is closed by a transfer to the
 - A profit and loss account
 - B balance sheet
 - C trading account
 - D account of expected bad debts
 - E allowance for doubtful debts account.

- (vii) Credit notes issued by a firm will be entered in its
- A purchases returns account
 - B sales returns account
 - C sales account
 - D sales returns journal
 - E purchases returns journal.
- (viii) Discounts allowed are
- A deducted by the business when it pays cash
 - B deducted by the business when it receives cash
 - C given by the business when it sells goods on credit
 - D received by the business when it buys in bulk
 - E given to those who buy larger quantities from the business.
- (ix) Which among the following is not a source document?
- A Remittance advice notes
 - B Payment vouchers
 - C Cash sales slip
 - D Sales journal
 - E Debit notes.
- (x) A cheque issued but not yet passed through the banking system is called:
- A postdated cheque
 - B dishonoured cheque
 - C stale cheque
 - D unrepresented cheque
 - E uncredited cheque.

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

List A	List B
(i) A list of debit and credit balances and extracted from the ledger.	A Incomplete records
(ii) The main book of account in which all accounts are recorded.	B Bank charges
(iii) Charges made by the bank to cover expenses of handling the account.	C Depreciation
(iv) Goods sent to an agent for sale.	D Journal proper
(v) The process of taking raw materials provided by nature and turning them into more sophisticated and useful products.	E An invoice
(vi) The accounting term for declining value of fixed assets due to wear and tear in the process of production over a given time.	F Working capital
(vii) A document issued by a seller when goods are purchased on credit.	G Exchequer Account
(viii) An accounting system where records of only part of the transactions are available.	H Manufacturing
(ix) An account kept by the central Bank (BoT) where all the government revenues and records are kept.	I Ledger
(x) The amount of capital available for running a business.	J Consignment
	K Trial Balance
	L Circulating capital
	M Account sale
	N Balance sheet
	O Bank expenses
	P Treasury account
	Q Constructing
	R Proforma invoice
	S Half yearly records
	T Depletion

SECTION B (20 Marks)

Answer **all** questions from this section.

3. Write short notes on the following terms:
- (a) Nugatory expenditure
 - (b) Virement
 - (c) Collector of revenue
 - (d) Civil contingency fund
 - (e) Paymaster general (PMG)
4. On 1st of January, 2000 Masantula started up a new business. During the year ended 31st December, 2000 the following debtors were found to be bad and were written off on the dates indicated below;

		Shs.
10.03.2000	Shelukindo	88,000
30.05.2000	Shemaombe	51,200
31.08.2000	Shekidele	9,600

On 31st December, 2000, the schedule of debtors amounted to shs. 5,480,000 and after an examination it was decided to make a provision for doubtful debts of shs. 176,000.

Prepare the:

- (a) Bad debts account.
- (b) Provision for bad debts account.
- (c) Balance sheet extracts showing how debtors are displayed as on 31st December, 2000.

SECTION C (60 Marks)

Answer **all** questions in this section.

5. On 5th March 2004, A. Mwakyusa of Mbeya consigned 1,000 units of goods to C. Omari of Zanzibar, the cost price of which was sh. 800,000. A. Mwakyusa paid the following expenses:

Carriage	sh. 200,000
Marine insurance	sh. 80,000
Freight	sh. 90,000

On 30th June, 2004 C. Omari sent an account sales to A. Mwakyusa, showing that 600 units were sold for sh. 1,200,000 and he incurred the following expenses:

Carriage	sh. 150,000
Import duty	sh. 45,000
Storage	sh. 50,000
Commission	sh. 80,000
Sales expense	sh. 5,000

Required:

Record the above transactions in the books of the consignor, showing the calculations of the unsold stock.

6. Mvumi Consumers Cooperative shop has three departments (Butter and eggs, Poultry and beef, and Bottled goods). The members desired to know the performance of each department for the financial year ending 31st December, 1983.

From the following list of balances you are required to prepare a Departmental Trading and Profit and Loss account in columnar form.

		Shs.
Rent and rates		2,100
Delivery expenses		1,200
Commission		1,920
Purchases		
Butter and eggs	26,400	
Poultry and beef	21,800	
Bottled goods	17,400	65,600
Discount received	984	
Salaries and wages	15,750	
Advertising	600	
Sales		
Butter and eggs	40,000	
Poultry and beef	32,000	
Bottled goods	24,000	96,000
Depreciation	1,470	
Opening stock		
Butter and eggs	7,300	
Poultry and beef	5,620	
Bottled goods	4,560	17,480
Administration and general expenses		3,945
Closing stock		
Butter and eggs	6,200	
Poultry and beef	4,327	
Bottled goods	4,873	15,400

NOTE: With the exception of the following, expenses are to be apportioned equally amongst the departments.

- (a) Delivery expenses, proportionate to sales.
- (b) Commission, 2% of sales.
- (c) Salaries and wages, and Insurance, in the proportional of 6:5:4 respectively.
- (d) Discount received, 1.5% of purchases.
- (e) Other expenses like depreciation, rent and rates, advertising, as well as administration and general expenses should be allocated equally in all departments.

7. The following is a Trial Balance extracted from the books of a sole proprietor, S.M. Nondo, as at 31st December 1999.

S. M. NONDO
Balance sheet as at 31st December 1999

NAME OF ACCOUNT	DR. Shs.	CR. Shs.
Stock 1 st January 1999	50,000	
Freehold Premises	240,000	
Bills Receivable	30,000	
Purchases	280,000	
Salaries and Wages	35,000	
Sales		520,000
Fixtures and Fittings	25,000	
Discount Allowed	7,500	
Discount Received		4,500
Plant and Machinery	140,000	
Rates	5,600	
Advertising	10,400	
Insurance	3,800	
General Expenses	7,200	
Provision for Bad Debts		1,800
Sundry Debtors	60,000	
Bills Payable		15,000
Sundry Creditors		43,000
Cash in Hand	2,400	
Bank Overdraft		18,600
Drawings	6,000	
Capital Account		300,000
	<u>902,900</u>	<u>902,900</u>

The following additional information is provided:

- (a) Make a Provision for depreciation of plant and machinery at 10% p.a. and fixtures and fittings at 15% p.a.
- (b) Increase the provision for bad debts to an amount equal to 4% of sundry debtors.
- (c) Prepaid insurance amounts to 500/=.
- (d) Rates accrued 400/=.
- (e) Closing stock was 60,000/=.
- (f) During the year Mr. S.M. Nondo took goods worth 2,000/= for his personal use.

Required:

Prepare trading and profit and loss account for the year ending 31st December, 1999 and a balance sheet as at that date.