

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

062

BOOK KEEPING
(For Both School and Private Candidates)

Time: 3 Hours

Tuesday, 12th November 2019 p.m.

Instructions

1. This paper consists of sections A, B and C with a total of **nine (9)** questions.
2. Answer **all** questions in sections A and B and **two (2)** questions from section C.
3. Non programmable calculators may be used.
4. Cellular phones and any unauthorised materials are **not** allowed in the examination room.
5. Write your **Examination Number** on every page of your answer booklet(s).



1

Answer all questions in this section.

Answer **all** questions in this section.

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(vii) What should be the accounting entry for expenses incurred by a consignor in his books of accounts?

- A Credited to consignment account and debited to goods sent on consignment account
- B Debited to cash book and credited to consignment account
- C Debited to consignment account and credited to cash/bank account
- D Credited to goods sent on consignment account and debited to cash/bank account
- E Debited to cash/bank account and credited to consignee account

(viii) Under which of the following circumstances can an auditor issue a qualified audit opinion?

- A When the auditor conclude that all aspects of the financial statements are fine with exception of the matter to which the qualification relate.
- B When the auditor is unable to form an opinion as to whether the financial statement give a true and fair view.
- C When the effects of disagreement is so material and pervasive that a qualification is not adequate to disclose the misleading nature of the financial statements.
- D When the auditor is satisfied in all materials respects that the financial statements show a true and fair view of the affairs of the entity.
- E When the auditor doesn't express her opinion on the financial statement it may be because the auditor's independence was intervened.

(ix) Given balance as per cash book TZS 6,500, uncredited cheque TZS 1,500, bank charges not yet entered in the cash book TZS 500 and credit transfer received by bank but not yet entered in the cash book TZS 1,000. What will the balance as per bank statement?

- | | |
|-------------|-------------|
| A TZS 7,500 | B TZS 4,500 |
| C TZS 8,500 | D TZS 5,500 |
| E TZS 6,500 | |

(x) When preparing a trial balance, what would result if sales made to Ramima TZS 57,000 is wrongly debited to Ramima's account as TZS. 75,000?

- A Debit column of trial balance will exceed credit column by TZS 75,000
- B Credit column of trial balance will fall by TZS 75,000
- C Debit column of trial balance will exceed credit column by TZS 18,000
- D Credit column of trial balance will exceed debit column by TZS 18,000
- E Debit column of trial balance will exceed credit column by TZS. 57,000

(xi) What is the amount of stock reserve on a closing stock of TZS 6000 in department B if goods are transferred from department A to department B at a price which includes a profit of 25% on cost?

- | | | | |
|---|-----------|---|-----------|
| A | TZS 1,200 | B | TZS 2,200 |
| C | TZS 1,500 | D | TZS 2,500 |
| E | TZS 2,000 | | |

(xii) Government accounting is important for countries like Tanzania because it

- A spends more money in the system.
- B has the largest volume of monetary transactions.
- C provides more revenues and expenses.
- D prepares a budget duly passed by the parliament.
- E uses more money for schools.

(xiii) The supplier's personal accounts are kept in the

- | | | | |
|---|-------------------|---|-----------------|
| A | sales ledger. | B | private ledger. |
| C | general ledger. | D | nominal ledger. |
| E | purchases ledger. | | |

(xiv) A credit balance in the income and expenditure account indicates the excess of

- | | | | |
|---|---------------------------|---|----------------------------------|
| A | income over expenditure. | B | cash receipts over credit sales. |
| C | expenditure over income. | D | gross profit over expenses. |
| E | expenses over net profit. | | |

(xv) Which of the following depreciation methods uses the reduced value to compute the depreciation of a non-current asset?

- | | | | |
|---|----------------------------|---|---------------------------------|
| A | Straight line method | B | Sum of the year's digits method |
| C | Diminishing balance method | D | Machine hour's rate method |
| E | Unit of output method | | |

2. For each of the items (i) - (v), match the descriptions of the different types of capital in **Column A** with their corresponding names in **Column B** by writing the letter of the correct response beside the item number in the answer booklet provided.

| Column A | | Column B | |
|----------|--|----------|------------------------|
| (i) | Excess of current assets over current liabilities of a business. | A | Asset capital |
| (ii) | Non-current assets plus current assets. | B | Gross working capital |
| (iii) | Total assets of the business less current liabilities. | C | Current capital |
| (iv) | Total current assets. | D | Capital owned |
| (v) | The amount of money invested in business by the owner. | E | Gross capital employed |
| | | F | Net working capital |
| | | G | Net capital employed |

SECTION B (40 Marks)

Answer **all** questions in this section.

- Briefly explain the following accounting concepts:
 - Business entity
 - Money measurement
 - Accruals
 - Going concern
 - Dual aspect
- A partnership may be formed through an oral or a written legal agreement among the partners. Suppose there is no written partnership agreement, explain briefly five provisions of the Partnership Act that would govern the operations of the partnership.
- The following is the Cash Book of Mr Nguzo as at 31st August 2016.

| DR | | | | Cash Book | | | | CR | |
|-----------|---------|---------|--------|-----------|-------------|---------|--------|----|--|
| Date | Details | Cash | bank | Date | Details | Cash | Bank | | |
| 1/8/2016 | Capital | 94,000 | | 2/8/2016 | Bank | 90,000 | | | |
| 2/8/2016 | Cash | | 90,000 | 5/8/2016 | Wages | | 8,000 | | |
| 29/8/2016 | Sales | 22,180 | | 7/8/2016 | Purchases | 2,362 | | | |
| | | | | 17/8/2016 | Motor van | | 69,000 | | |
| | | | | 28/8/2016 | Firelighter | | 2,800 | | |
| | | | | 30/8/2016 | Rent | 3,818 | | | |
| | | | | | Balance c/d | 20,000 | 10,200 | | |
| | | 116,180 | 90,000 | | | 116,180 | 90,000 | | |
| 1/9/2016 | | 20,000 | 10,200 | | | | | | |

Use the principle of double entry to post the entries from the cash book to their respective ledger accounts and balance off the accounts at 31st August 2016.

6. Rasheeda is a treasurer of the Down Town Sports Club; she has not kept proper book keeping records but has kept notes in a diary form of the Club's transactions for the year ended 31st December 2018. She is able to give you the following list of assets and liabilities of the Club at 31st December 2018:

| Details | 31 st December 2018 |
|-------------------|--------------------------------|
| Motor van | 250,000 |
| Fixtures | 80,000 |
| Stock | 190,000 |
| Debtors | 310,000 |
| Bank | 375,000 |
| Cash | 15,000 |
| Creditors | 90,000 |
| Owing: Salaries | 9,500 |
| Loan from bank | 100,000 |
| Prepaid insurance | 6,000 |
| Buildings | 125,000 |
| Equipment | 50,000 |
| Prepaid income | 4,000 |

Additional information:

The Club's accumulated fund at 1st January 2018 amounted to TZS 954,100.

Drawings during the year amounted to TZS 260,000.

Using the information provided prepare:

- the Club's statement of affairs and determine the Club's accumulated fund at 31st December 2018.
- the statement showing the computation of surplus or deficit of income over expenditure of the Club for the year 2018.

SECTION C (40 Marks)

Answer **two (2)** questions from this section.

7. On 1st September 2018 Viera Nick, an entrepreneur and cafe manager had the following financial position relating to her business activities:

| | TZS |
|----------------------|---------|
| Balance at Bank | 200,000 |
| Inventory | 150,000 |
| Cash in hand | 120,000 |
| Accounts receivable: | |
| Mkombozi | 500,000 |
| Ujamaa | 180,000 |
| Uzalendo | 50,000 |
| Accounts payable: | |
| Navona | 900,000 |
| Bhoke | 25,000 |

During September 2018, the following events occurred:

- (i) Mkombozi settled his account after taking a cash discount of 20%.
- (ii) Ujamaa is declared bankrupt and no payments are expected in respect of the debt.
- (iii) Uzalendo paid his debt in full.
- (iv) All accounts payable were paid and Navona allowed Viera Nick a cash discount of 10%.
- (v) The following transactions were paid in cash: salaries and wages TZS 50,000, general expenses TZS 15,000 and rent and rates TZS 22,000.

Open the bank Account, Cash Account, Discounts Allowed Account, Discounts Received Account, Bad Debts Account, the customers' Accounts in the sales ledger and the suppliers' Accounts in the purchases ledger, record the given information and balance off the accounts at 30th September, 2018.

8. Enter the following transactions in the Three Column Cash Book of Mrs Pamba, balance it off at the end of April 2017 and show the discounts accounts in the general ledger:

April 1 Mrs Pamba had the following balances in her cash book; cash in hand TZS 62,000 and at bank TZS 714,200.

2 The following debtors paid their accounts by cheque, in each case deducting 5% cash discount: G. George TZS 26,000, P. Peter TZS 32,000, T. Tabu TZS 42,000 (All amounts are pre discounts).

4 Mrs Pamba paid rates by cheque TZS 43,000.

6 Mrs Pamba received a loan from F. Fabian TZS 500,000 by cheque.

8 Mrs Pamba paid the following accounts by cheque and in each case deducting 3% cash discount: R. Robert TZS 72,000, G. Green TZS 96,000, L. Lamona TZS 160,000 (All amounts are pre discounts)

10 Mrs Pamba paid general expenses in cash TZS 8,100.

12 J. Juma a debtor paid his account of TZS 9,000 by cheque TZS 8,800, after deducting TZS 200 cash discount.

15 Mrs Pamba paid salaries in cash TZS 58,000.

21 Mrs Pamba withdrew cash from bank TZS 40,000 for business use.

24 Mrs Pamba withdrew cash for personal use TZS 20,000.

25 Mrs Pamba bought motor van paying by cheque TZS 72,000.

30 Mrs Pamba received commission by cheque TZS 12,000.

9. The following is a trial balance of Mr Mashamba for the year ended 31st December 2018:

Mr Mashamba's Trial Balance as at 31st December 2018

| | DR | CR |
|--|------------|------------|
| Inventory of raw materials 1/1/2018 | 420,000 | |
| Inventory of finished goods 1/1/2018 | 778,000 | |
| Inventory of work in progress 1/1/2018 | 270,000 | |
| Wages (Direct TZS.3,600,000, factory indirect TZS 2,900,000) | 6,500,000 | |
| Royalties | 140,000 | |
| Carriage inwards on raw materials | 70,000 | |
| Purchase of raw materials | 7,400,000 | |
| Machinery and Plant (cost 5,600,000) | 4,600,000 | |
| Office Fixtures (Cost TZS 400,000) | 240,000 | |
| Other factory expenses | 620,000 | |
| Lighting and heating | 150,000 | |
| Factory power and fuel | 274,000 | |
| Salaries | 880,000 | |
| Sales expenses | 600,000 | |
| Commission on sales | 230,000 | |
| Rent | 240,000 | |
| Insurance | 84,000 | |
| General administration expenses | 268,000 | |
| Office Rates | 46,000 | |
| Discount allowed | 96,000 | |
| Carriage outwards | 118,000 | |
| Sales | | 20,000,000 |
| Account receivable & Account payable | 2,846,000 | 1,280,000 |
| Cash at Bank | 336,000 | |
| Cash in hand | 30,000 | |
| Drawings | 1,200,000 | |
| Capital as at 1/1/2018 | | 7,156,000 |
| | 28,436,000 | 28,436,000 |

Notes at 31/12/2018:

- Inventory of raw materials TZS 480,000, inventory of finished goods TZS 800,000 and inventory of work in progress TZS 300,000.
- Lighting, rent and insurance are to be apportioned as follows: Factory 5/6, administration 1/6.
- Depreciation on machinery and plant and office fixtures is 10% per annum on cost.
- Net Profit was TZS. 1,796,000.

Use the given information to prepare the Statement of Manufacturing Cost for the year ending 31st December 2018 and the Statement of Financial Position as at 31st December 2018.