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 **ANSWERS** **Year: 2004**

Instructions

1. This paper consists of NINE questions.
2. Answer all questions

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 the answer booklet.

(i) Given the cost of goods sold as shs. 800,000 and a margin of 20%, what is the percentage of the mark-up?
A 40
B 20
C 25
D 60
E 75
Correct answer: C
Reason: Mark-up = (Margin / (1 - Margin)) × 100 = (0.2 / 0.8) × 100 = 25%

(ii) The manufacturing account seeks to arrive at
A production costs paid in the year
B cost of goods produced
C cost of goods sold
D gross profit of goods sold
E net profit of goods produced
Correct answer: B

(iii) Where there is no partnership agreement, profit and losses must be shared
A in the same proportion as capital
B equally
C in the same proportions as current accounts
D after adjusting capital balances
E as required by the Game v. Wait rule
Correct answer: B

(iv) A provision for bad debts is created when
A debtors become bankrupt
B business ceases to be in business
C in need of creating bad debts
D fear of writing off bad debts
E debts become obsolete
Correct answer: A

(v) Which of the following is a nominal account?
A Bank
B Furniture and fittings
C Motor vehicle a/c
D Office expenses
E Bank overdraft

Correct answer: D

(vi) Which document is raised when goods are received from a debtor?
A Debit note
B Credit note
C Sales Received Note
D Sales invoice
E Purchase invoice
Correct answer: A

(vii) Which of the following should be charged to profit and loss a/c?
A Work in process
B Direct materials costs
C Carriage outward
D Office rent
E Indirect labour
Correct answer: C

(viii) If opening capital was shs. 16,000, closing capital was shs. 11,350 and drawings were shs. 3,300
The loss for the year was
A 1,850
B 8,450
C 4,650
D 11,350
E 3,300
Correct answer: B
Reason: Loss = Opening capital + Drawings - Closing capital
= 16,000 + 3,300 - 11,350 = 7,950

(ix) Capital expenditure is
A the extra capital paid in by the proprietor
B the extra purchase of goods for sale
C the cost of running the business on a day-to-day basis
D money spent on buying fixed assets or adding value
E money spent on selling fixed assets
Correct answer: D

(x) Which of the following belong to the same class?
A Building, Machinery, Stock, Cash
B Andrew, CRDB, Wages, Bank
C ESAMI, Debtors, Creditors, Capital
D Cash, Insurance, Furniture, Loan
E Stock, Creditors and cash

Correct answer: A

Matching List:

(i) Refers to things bought for resale = L (Stock)
(ii) Credited in Trading Account at the end of the accounting period = C (Real Account)
(iii) Paid for services which have not yet been received = R (Prepayments)
(iv) Is where expenses, revenue and capital are recorded = N (Nominal Account)
(v) Government bank account operated by paymaster = E (Exchequer Account)
(vi) Assumption business continues long time = M (Going Concern Concept)
(vii) Cash or goods brought into business by owner = F (Capital)
(viii) Created after net profit = K (General Reserve)
(ix) Involves the transfer of money or worth = B (Business Transaction)
(x) All income/changes in period = J (Accrual Concept)

3. On 1st January 2001 the following balances, among others stood in the books of Henry Mtungi:
Insurance (Debit) shs. 184,200
Lighting and Cooling (Debit) shs. 166,200

During the year ended 31st December 2001 the information related to these two accounts was as follows:
(a) Stocks of oil for lighting on 31st December 2001 was shs. 55,200
(b) An electricity bill of shs. 49,800 for December 2001 was unpaid as on 31st December 2001
(c) An insurance rebate of shs. 33,000 was received on 30th June 2001
(d) Fire Insurance shs. 576,000 covering the year ended 30th April 2002 was paid
(e) Oil bills of shs. 756,000 were paid
(f) Electricity bills of shs. 524,400 were paid
(g) General Insurance shs. 378,000 covering the year ended 31st August 2002 was paid

Required: Adjust the two accounts as at 31st December 2001

Lighting and Cooling Account
Opening balance... 166,200
Add: Oil Bills Paid... 756,000
Add: Electricity Bills Paid.................................... 524,400
Add: Accrued Electricity (Dec)............................ 49,800
Less: Closing Stock of Oil.................................... (55,200)
Total Expense Charged...................................... 1,441,200

Insurance Account
Opening balance.. 184,200
Add: Fire Insurance.. 576,000
Add: General Insurance...................................... 378,000
Less: Insurance rebate.. (33,000)

Less: Prepaid (Fire Insurance 4/12 of 576,000).... (192,000)
Less: Prepaid (General Ins. 8/12 of 378,000)........ (252,000)
Total Insurance Expense.................................... 661,200

Majaliwa's Departmental Store Trading Account for the year ended 31st December 2003

Note: Transport inwards (145,000) is apportioned based on purchases:

Total Purchases = 300,000 (Electrical) + 900,000 (Furniture) + 250,000 (Leisure) = 1,450,000
Transport Inwards Ratio:
Electrical = 300,000 ÷ 1,450,000 × 145,000 = 30,000
Furniture = 900,000 ÷ 1,450,000 × 145,000 = 90,000
Leisure = 250,000 ÷ 1,450,000 × 145,000 = 25,000

Trading Account

Electrical Department
Opening Stock.. 35,000
Add: Purchases.. 300,000
Less: Purchase Returns.................................... (18,500)
Add: Transport Inwards.................................... 30,000
Goods Available for Sale................................ 346,500
Less: Closing Stock... (20,000)
Cost of Goods Sold... 326,500
Sales.. 655,000
Less: Sales Returns... (50,000)
Net Sales.. 605,000
Gross Profit.. 278,500

Furniture Department
Opening Stock.. 140,000
Add: Purchases.. 900,000
Less: Purchase Returns.................................... (35,000)
Add: Transport Inwards.................................... 90,000
Goods Available for Sale................................ 1,095,000
Less: Closing Stock... (120,000)
Cost of Goods Sold... 975,000
Sales.. 1,860,000
Less: Sales Returns... (22,000)
Net Sales.. 1,838,000
Gross Profit.. 863,000

Leisure Goods Department

Opening Stock... 30,000
Add: Purchases... 250,000
Add: Transport Inwards.................................... 25,000
Goods Available for Sale................................ 305,000
Less: Closing Stock... (18,000)
Cost of Goods Sold... 287,000
Sales.. 950,000
Net Sales (no returns)..................................... 950,000
Gross Profit.. 663,000

Total Gross Profit = 278,500 + 863,000 + 663,000 = 1,804,500