

**THE UNITED REPUBLIC OF TANZANIA**  
**NATIONAL EXAMINATIONS COUNCIL OF TANZANIA**  
**FORM TWO NATIONAL ASSESSMENT**

**062**

**BOOK KEEPING**

**Time: 2:30 Hours**

**ANSWERS**

**Year: 2024**

**Instructions**

1. This paper consists of Section **A**, **B** and **C** with a total of **ten (10)** questions
2. Answer **all** questions.
3. Section **A** and **C** carry **fifteen (15)** marks each and section **B** carries **seventy (70)** marks
4. Cellular phones and unauthorized materials are not allowed in the assessment room
5. Write your **Assessment Number** at the top right-hand corner of every page.

**FOR ASSESSOR'S USE ONLY**

<b>QUESTION NUMBER</b>	<b>SCORE</b>	<b>ASSESSOR'S INITIALS</b>
<b>1</b>		
<b>2</b>		
<b>3</b>		
<b>4</b>		
<b>5</b>		
<b>6</b>		
<b>7</b>		
<b>8</b>		
<b>9</b>		
<b>10</b>		
<b>TOTAL</b>		
<b>CHECKER'S INITIALS</b>		

## SECTION A (15 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 in the box provided.

(i) Which of the following best describes the term posting?

A Making the entry in the journal.

B Making the first entry of a double entry.

C Making the second entry of a double entry.

D Making the entry in the cash book.

Posting refers to transferring entries from the journal to the ledger accounts, which is the second step in double-entry bookkeeping after journalizing.

Answer: C

(ii) Which action should be taken by the business firm when goods are returned to the supplier?

A To issue a credit note

B To issue a debit note

C To issue a purchases invoice

D To issue a receipt

When goods are returned to the supplier, the business issues a debit note to request a reduction in the invoice amount. The supplier would issue a credit note to acknowledge the return, but the action by the buyer is to issue a debit note.

Answer: B

(iii) Mwansasu started business on 1st January 2021 with TZS 10,000,000 in cash. What is the double entry for recording this transaction?

A Dr Cash account; Cr Capital account.

B Dr Capital account; Cr Cash account.

C Dr Mwansasu account; Cr Cash account.

D Dr Cash account; Cr Mwansasu account.

The owner's contribution increases cash (asset) and capital (equity). The double entry is to debit Cash (increase asset) and credit Capital (increase equity).

Answer: A

(iv) Which one of the following errors can cause the disagreement of the trial balance?

A Errors of complete reversal of entry

B Compensation errors

C Wrong posting

D Errors of original entry

Errors of complete reversal of entry (e.g., debiting instead of crediting) cause an imbalance in the trial balance because the debit and credit totals will differ. Compensation errors balance out, wrong posting may not affect totals if amounts are correct, and errors of original entry affect both sides equally.

Answer: A

(v) Mr. Ngesa's sales for the year was TZS 9,000,000, returns inwards TZS 1,000,000 and carriage outwards 500,000. How much was the net sales for the year?

A TZS 10,000,000

B TZS 8,000,000

C TZS 8,500,000

D TZS 9,500,000

Net Sales = Sales - Returns Inwards

Carriage outwards is an expense, not deducted from sales.

Net Sales = 9,000,000 - 1,000,000 = 8,000,000

Answer: B

(vi) Mr. Baraka issued a sales invoice to Newman for TZS 800,000 offering 10% trade discount and 5% cash discount. How much would be paid by Newman?

A TZS 760,000

B TZS 800,000

C TZS 720,000

D TZS 684,000

First, apply the trade discount (given regardless of payment timing):

$$\text{Trade Discount} = 10\% \text{ of } 800,000 = 80,000$$

$$\text{Amount after trade discount} = 800,000 - 80,000 = 720,000$$

Then, apply the cash discount (if paid early):

$$\text{Cash Discount} = 5\% \text{ of } 720,000 = 36,000$$

$$\text{Amount to be paid} = 720,000 - 36,000 = 684,000$$

Answer: D

(vii) Mrs. Yamisha, a sole proprietor paid TZS 20,000 for a bus fare on 30th September, 2021. Which column of the petty cashbook should be used to record this expenditure?

A Postage expenses

B Cleaning expenses

C Stationery expenses

D Travelling expenses

Bus fare is a travelling expense, so it should be recorded in the Travelling expenses column of the petty cashbook.

Answer: D

(viii) Mr. Kate, a sole proprietor maintains his office petty cash book on the imprest system. Asha, a petty cashier received a float of TZS 10,000,000. During the month, she paid bus fare TZS 350,000, postage TZS 250,000 and fuel TZS 100,000. How much would be reimbursed to Asha at the end of the month to maintain the float at its original amount?

A TZS 1,000,000

B TZS 700,000

C TZS 300,000

D TZS 1,700,000

$$\text{Total expenditure} = 350,000 + 250,000 + 100,000 = 700,000$$

In the imprest system, the amount spent is reimbursed to restore the float to the original amount (10,000,000).

$$\text{Reimbursement} = 700,000$$

Answer: B

(ix) The debit column of the Trial Balance of Kamugisha is greater than the credit column. Which combination of errors might have caused this difference in the trial balance totals?

A Commission and omission

B Omission and compensating

C Incomplete entry and casting

D Compensating and transposition

Incomplete entry (e.g., only one side of a transaction recorded) and casting errors (e.g., incorrect totaling) can cause the trial balance to disagree, as they affect one side more than the other. Commission, omission, and compensating errors typically don't cause imbalance.

Answer: C

(x) The cash book showed a debit balance of TZS 1,200,000. Credit transfer of TZS 500,000 and standing order of TZS 300,000 are reflected on the bank statement. What would be the adjusted cash book balance?

A TZS 2,000,000

B TZS 400,000

C TZS 1,000,000

D TZS 1,400,000

Adjust the cash book for items on the bank statement:

Credit transfer (money received, not in cash book): Add 500,000

Standing order (payment made, not in cash book): Subtract 300,000

Adjusted balance = 1,200,000 + 500,000 - 300,000 = 1,400,000

Answer: D

2. Match the descriptions of the terms used in government accounting in Column A with their corresponding names in Column B by writing the letter of the correct response below the item number in the table provided.

Column A

Column B

(i) A pool of funds whereby all government collectors of revenue deposits and from which all government expenditures are drawn.

A Sinking fund

(ii) A fund established to provide money which will eventually assist either in whole or in part to repay, borrowed money (public debt).

B Virement

(iii) A fund set aside from the consolidated fund to meet a special purpose for example a civil contingency fund.

C Special fund

(iv) A fund established to cater for urgent payments, for urgent services, which could not have been foreseen and provided for.

D Consolidated fund

(v) An expenditure authority granted by accounting officer covering authority for specific expenditure.

E Government fund

F Warrant of fund

G Civil contingency fund

(i) A pool of funds for all government revenue and expenditure → D (Consolidated fund)

(ii) A fund to repay public debt → A (Sinking fund)

(iii) A fund for a special purpose (e.g., civil contingency) → C (Special fund)

(iv) A fund for urgent, unforeseen payments → G (Civil contingency fund)

(v) Expenditure authority for specific spending → F (Warrant of fund)

SECTION B (40 Marks)

Answer all questions in this section.

3. Differentiate credit note from debit note. Give five points.

Purpose: A credit note is issued by a seller to a buyer to reduce the invoice amount (e.g., for returns). A debit note is issued by a buyer to a seller to request a reduction (e.g., for defective goods).

Issuer: Credit note is issued by the seller. Debit note is issued by the buyer.

Effect on Accounts: Credit note reduces the buyer's payable (credit in buyer's books). Debit note reduces the seller's receivable (debit in seller's books).

Reason: Credit note is issued for returns, overcharges, or allowances. Debit note is issued for returns to supplier or undercharges.

Recording: Credit note is recorded in the sales returns book (seller). Debit note is recorded in the purchases returns book (buyer).

4. Complete the following Bank Statement of Mr. Bashange for the month of January 2022 by writing the amount represented by each of the items (i) - (x) beside the item number in the table provided.

Bank Statement for the Month of January 2022

Date	Details	Withdrawals	Deposits	Balance
January 1	Balance			1000000
3	Loan repayment	150000		(i)
4	Advance salary		(ii)	1050000
5	Jamii contribution	(iii)		950000
8	Interest received		100000	(iv)
10	Electricity-Luku	50000		1000000
12	Cash deposit		(v)	1300000
15	Rent	50000		(vi)
17	Employee bonus		(vii)	1400000
20	PAYE tax	(viii)		1250000
22	Credit transfer: Jam		400000	(ix)
23	Standing order	100000	1550000	
28	Direct deposit		200000	1775000
31	Bank charges	5000		(x)

(i) After loan repayment of 150,000:

$$\text{Balance} = 1,000,000 - 150,000 = 850,000$$

Answer: (i) 850,000

(ii) Balance increases to 1,050,000 after advance salary deposit:

$$\text{Deposit} = 1,050,000 - 850,000 = 200,000$$

Answer: (ii) 200,000

(iii) Jamii contribution reduces balance to 950,000:

$$\text{Withdrawal} = 1,050,000 - 950,000 = 100,000$$

Answer: (iii) 100,000

(iv) Interest received of 100,000 increases balance:

$$\text{Balance} = 950,000 + 100,000 = 1,050,000$$

Answer: (iv) 1,050,000

(v) Cash deposit increases balance to 2,000,000:

$$\text{Previous balance after Electricity-Luku } (1,050,000 - 50,000) = 1,000,000$$

$$\text{Deposit} = 2,000,000 - 1,000,000 = 1,000,000$$

Answer: (v) 1,000,000

(vi) Rent of 50,000 reduces balance:

$$\text{Balance} = 2,000,000 - 50,000 = 1,950,000$$

Answer: (vi) 1,950,000

(vii) Employee bonus deposit increases balance to 1,400,000:

$$\text{Deposit} = 1,400,000 - 1,950,000 = -550,000 \text{ (error in question, balance implies withdrawal instead)}$$

Assume bonus is a withdrawal:

$$\text{Withdrawal} = 1,950,000 - 1,400,000 = 550,000$$

Answer: (vii) 550,000 (as withdrawal, question may have typo)

(viii) PAYE tax reduces balance to 1,250,000:

$$\text{Withdrawal} = 1,400,000 - 1,250,000 = 150,000$$



Answer: (viii) 150,000

(ix) Credit transfer of 400,000 increases balance:

$$\text{Balance} = 1,250,000 + 400,000 = 1,650,000$$

Answer: (ix) 1,650,000

(x) Direct deposit of 200,000 increases balance:

$$\text{Balance} = 1,550,000 + 200,000 = 1,750,000$$

Answer: (x) 1,750,000

5. Analyze the transactions made by Mr. Mnzava by showing the accounts involved and indicate whether the account will be affected by an increase or decrease in its balance. Transaction (i) has been done as an example.

Transaction

Account Affected

Increase/Decrease

Account Affected

Increase/Decrease

(i) Paid rent by cheque

Rent account

Increase

Bank account

Decrease

(ii) Proprietor brought furniture into the business:

Furniture (asset) increases.

Capital (equity) increases.

Answer: Furniture account (Increase); Capital account (Increase)

(iii) Loan repaid by cheque:

Loan (liability) decreases.

Bank (asset) decreases.

Answer: Loan account (Decrease); Bank account (Decrease)

(iv) Sold goods on credit to Kamata:

Debtors/Kamata (asset) increases.

Sales (revenue) increases.

Answer: Kamata account (Increase); Sales account (Increase)

(v) Paid electricity bills by cash:

Electricity expense (expense) increases.

Cash (asset) decreases.

Answer: Electricity account (Increase); Cash account (Decrease)

(vi) Fukayose paid his account by cheque:

Bank (asset) increases.

Debtors/Fukayose (asset) decreases.

Answer: Bank account (Increase); Fukayose account (Decrease)

Table

Transaction

Account Affected

Increase/Decrease

Account Affected

Increase/Decrease

(ii)

Furniture account

Increase

Capital account

Increase

(iii)

Loan account

Decrease

Bank account

Decrease

(iv)

Kamata account

Increase

Sales account

Increase

(v)

Electricity account

Increase

Cash account

Decrease

(vi)

Bank account

Increase

Fukayose account

Decrease

6. For each of the items (i) - (v), show how the error would be corrected by writing the name of the account to be debited with its amount and the name of the account to be credited with the amount in the Column of Account with Amount.

Error Description

Account with Amount (Dr)

Account with Amount (Cr)

(i) A sale of TZS 500,000 to Anna was recorded as TZS 50,000:

Understated by  $500,000 - 50,000 = 450,000$ .

Increase Debtors (Anna) and Sales.

Answer: Anna account 450,000 (Dr); Sales account 450,000 (Cr)

(ii) A payment of TZS 100,000 to a creditor was recorded as a payment to a debtor:

The payment should reduce Creditors, not Debtors. Reverse the debtor entry and correct to creditor.

Answer: Debtors account 100,000 (Cr); Creditors account 100,000 (Dr)

(iii) Rent expenses of TZS 150,000 was recorded in the repairs account:

Move the amount from Repairs to Rent.

Answer: Rent account 150,000 (Dr); Repairs account 150,000 (Cr)

(iv) Purchases of TZS 200,000 was recorded in the sales account:

Purchases should be debited, not Sales. Reverse Sales and correct to Purchases.

Answer: Purchases account 200,000 (Dr); Sales account 200,000 (Cr)

(v) Drawings of TZS 300,000 was recorded in the wages account:

Move the amount from Wages to Drawings.

Answer: Drawings account 300,000 (Dr); Wages account 300,000 (Cr)

Table

Error Description

Account with Amount (Dr)

Account with Amount (Cr)

(i)

Anna account 450,000

Sales account 450,000

(ii)

Creditors account 100,000

Debtors account 100,000

(iii)

Rent account 150,000

Repairs account 150,000

(iv)

Purchases account 200,000

Sales account 200,000

(v)

Drawings account 300,000

Wages account 300,000

### SECTION C (45 Marks)

Answer all questions in this section.

7. The following information has been extracted from the accounting records of Mr & Mrs Mwakila for the year ended 31st December 2021:

Using the information provided, prepare Mr & Mrs Mwakila's Income Statement for the year ending 31st December 2021 and the Statement of Financial Position as at 31st December 2021.

Income Statement for the Year Ended 31st December 2021

Net Sales = Sales - Returns Inwards

= 347,350,000 - 6,000,000 = 341,350,000

Cost of Goods Sold (COGS):

Net Purchases = Purchases - Returns Outwards + Carriage Inwards

= 221,400,000 - 4,900,000 + 9,600,000 = 226,100,000

COGS = Opening Inventory + Net Purchases - Closing Inventory

= 31,450,000 + 226,100,000 - 36,800,000 = 220,750,000

Gross Profit = Net Sales - COGS

$$= 341,350,000 - 220,750,000 = 120,600,000$$

Expenses:

Salaries: 70,000,000

Rent: 1,850,000

Wages: 4,400,000

Insurance: 4,250,000

Carriage Outwards: 1,900,000

Advertising: 6,050,000

Discount Allowed: 1,550,000

$$\begin{aligned}\text{Total Expenses} &= 70,000,000 + 1,850,000 + 4,400,000 + 4,250,000 + 1,900,000 + 6,050,000 + 1,550,000 \\ &= 90,000,000\end{aligned}$$

Net Profit before Discount Received = Gross Profit - Total Expenses

$$= 120,600,000 - 90,000,000 = 30,600,000$$

Add: Discount Received = 2,750,000

$$\text{Net Profit} = 30,600,000 + 2,750,000 = 33,350,000$$

Mr & Mrs Mwakila Income Statement for the Year Ended 31st December 2021

Details

TZS

TZS

Sales

347,350,000

Less: Returns Inwards

6,000,000

Net Sales

341,350,000

Less: Cost of Goods Sold

Opening Inventory  
31,450,000  
Purchases  
221,400,000  
Less: Returns Outwards  
4,900,000  
Net Purchases  
216,500,000  
Add: Carriage Inwards  
9,600,000  
226,100,000  
Less: Closing Inventory  
36,800,000  
Cost of Goods Sold  
220,750,000  
Gross Profit  
120,600,000  
Add: Discount Received  
2,750,000  
123,350,000  
Less: Expenses  
Salaries  
70,000,000  
Rent  
1,850,000  
Wages

4,400,000

Insurance

4,250,000

Carriage Outwards

1,900,000

Advertising

6,050,000

Discount Allowed

1,550,000

Total Expenses

90,000,000

Net Profit

33,350,000

Statement of Financial Position as at 31st December 2021

Assets:

Non-Current Assets:

Furniture: 10,000,000

Motor Vehicles: 25,000,000

Total Non-Current Assets = 35,000,000

Current Assets:

Inventory (Closing): 36,800,000

Debtors: 30,000,000

Cash at Bank: 13,900,000

Cash in Hand: 6,000,000

Total Current Assets = 36,800,000 + 30,000,000 + 13,900,000 + 6,000,000 = 86,700,000

Total Assets = 35,000,000 + 86,700,000 = 121,700,000



Liabilities and Capital:

Capital: 75,000,000

Add: Net Profit: 33,350,000

Less: Drawings: 12,050,000

Adjusted Capital =  $75,000,000 + 33,350,000 - 12,050,000 = 96,300,000$

Current Liabilities:

Creditors: 20,000,000

Total Liabilities = 20,000,000

Total Capital and Liabilities =  $96,300,000 + 20,000,000 = 116,300,000$

(Note: There's a discrepancy of 5,400,000 between Total Assets (121,700,000) and Total Capital and Liabilities (116,300,000), possibly due to a missing liability or error in the question data. For exam purposes, we present as calculated.)

Mr & Mrs Mwakila Statement of Financial Position as at 31st December 2021

Details

TZS

TZS

Assets

Non-Current Assets

Furniture

10,000,000

Motor Vehicles

25,000,000

35,000,000

Current Assets

Inventory (Closing)

36,800,000

Debtors

30,000,000

Cash at Bank

13,900,000

Cash in Hand

6,000,000

86,700,000

Total Assets

121,700,000

Capital and Liabilities

Capital

75,000,000

Add: Net Profit

33,350,000

108,350,000

Less: Drawings

12,050,000

96,300,000

Current Liabilities

Creditors

20,000,000

Total Capital and Liabilities

116,300,000

8. Ujamaa Business Venture maintains their Petty Cash Book with analysis columns for postage, stationery, office expenses, travelling expenses and ledger accounts. The float is reimbursed on the first day of the month. The Venture had the following transactions for the Month of September, 2022:

Record the transactions for September, 2022 in Ujamaa Business Venture's Petty Cash Book, balance of the book on 30th September 2022 and reimburse the amount spent in September on 1st October, 2022.

Petty Cash Book

Date

Details

Amount (TZS)

Postage

Stationery

Office Expenses

Travelling

Ledger Accounts

Sep 1

Cash Float

200,000

Sep 3

Bus Fare

20,000

20,000

Sep 5

Stamps

15,000

15,000

Sep 10

Stationery

22,000  
22,000  
Sep 15  
Office Messenger  
23,000  
23,000  
Sep 17  
Athanasys  
34,000  
34,000  
Sep 18  
Telegrams  
12,000  
12,000  
Sep 22  
Train Fares  
18,000  
18,000  
Sep 25  
Carbon Papers  
10,000  
10,000  
Sep 28  
Office Expenses  
15,000  
15,000

Sep 30

Office Tea

6,000

6,000

Totals

27,000

32,000

44,000

38,000

34,000

Total Expenditure = 27,000 + 32,000 + 44,000 + 38,000 + 34,000 = 175,000

Balance on 30th September = 200,000 - 175,000 = 25,000

Reimbursement on 1st October = 175,000 (to restore float to 200,000)

Date

Details

Amount (TZS)

Postage

Stationery

Office Expenses

Travelling

Ledger Accounts

Sep 30

Balance c/d

25,000

Oct 1

Balance b/d

25,000

Oct 1

Cash Reimbursement

175,000

9. Jimmy Jeremy extracted a Trial Balance from his accounting records on 30th September 2022. Unfortunately, the trial balance failed to balance and the difference was placed to a suspense account pending further investigation later on the following errors were discovered.

- (i) Credit sale of TZS 15,000 to Lillian has not been entered in the accounts.
- (ii) Payment by cheque for TZS 12,500 to H. Price Ltd, a creditor, has been entered on the debit side of both accounts.
- (iii) The cost of a new delivery van, TZS 1,000,000, has been entered to vehicle expenses account.
- (iv) Postages of TZS 5,500, paid by cheque, have been entered on the wrong sides of both accounts.
- (v) The totals of the purchases day book and the purchases returns day book have been undercast by TZS 10,000.
- (vi) A payment for TZS 89,000 from Linda E, a debtor, has been entered in the accounts as TZS 98,000.
- (vii) A cheque payment of TZS 127,500 for office expenses has been entered in the cash book but no entry has been made in the office expenses account.
- (viii) A payment for photocopying of TZS 130,500 by cheque has been correctly entered in the cash book, but is shown as TZS 117,000 in the photocopying account.
- (ix) The sales returns day book has been overcast by TZS 15,000.
- (x) Commission received of TZS 37,500 has been entered twice in the account.

Prepare Journal Entries to correct the errors.

- (i) Credit sale not recorded:

Dr Debtors (Lillian) 15,000

Cr Sales 15,000

- (ii) Payment to creditor recorded on debit side of both accounts (should be Dr Creditors, Cr Bank):

Reverse incorrect entry (Cr Creditors, Dr Bank 12,500) and post correct entry:

Dr Creditors 12,500

Cr Bank 12,500

(Net effect: Dr Creditors 25,000 to reverse and correct)

Dr Creditors 25,000

Cr Bank 25,000

(iii) Delivery van cost recorded as expense:

Dr Motor Vehicles 1,000,000

Cr Vehicle Expenses 1,000,000

(iv) Postages entered on wrong sides (should be Dr Postages, Cr Bank):

Reverse incorrect entry (Cr Postages, Dr Bank 5,500) and post correct entry:

Net effect: Dr Postages 11,000, Cr Bank 11,000

Dr Postages 11,000

Cr Bank 11,000

(v) Purchases and purchases returns undercast by 10,000:

Purchases undercast: Dr Purchases 10,000, Cr Suspense 10,000

Purchases Returns undercast: Dr Suspense 10,000, Cr Purchases Returns 10,000

Answer:

Dr Purchases 10,000

Cr Suspense 10,000

Dr Suspense 10,000

Cr Purchases Returns 10,000

(vi) Payment from debtor recorded as 98,000 instead of 89,000:

Overstated by  $98,000 - 89,000 = 9,000$

Dr Bank 9,000

Cr Debtors (Linda E) 9,000

(vii) Office expenses not recorded:

Dr Office Expenses 127,500

Cr Suspense 127,500

(viii) Photocopying recorded as 117,000 instead of 130,500:

Understated by  $130,500 - 117,000 = 13,500$

Dr Photocopying 13,500

Cr Suspense 13,500

(ix) Sales returns overcast by 15,000:

Dr Sales Returns 15,000

Cr Suspense 15,000

(x) Commission received entered twice:

Overstated by 37,500

Dr Commission Received 37,500

Cr Suspense 37,500

Journal Entries

Details

Dr (TZS)

Cr (TZS)

(i) Debtors (Lillian)

15,000

Sales

15,000

(ii) Creditors

25,000

Bank

25,000

(iii) Motor Vehicles



1,000,000  
Vehicle Expenses  
1,000,000  
(iv) Postages  
11,000  
Bank  
11,000  
(v) Purchases  
10,000  
Suspense  
10,000  
Suspense  
10,000  
Purchases Returns  
10,000  
(vi) Bank  
9,000  
Debtors (Linda E)  
9,000  
(vii) Office Expenses  
127,500  
Suspense  
127,500  
(viii) Photocopying  
13,500  
Suspense

13,500

(ix) Sales Returns

15,000

Suspense

15,000

(x) Commission Received

37,500

Suspense

37,500