

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

062

BOOK KEEPING

Time: 2:30 Hour

SOLUTIONS

Year: 2025

Instructions

1. This paper consists of sections A, B and C with a total of **nine (9)** questions.
2. Answer **all** questions in spaces provided.
3. Section A carries **fifteen (15)** marks, section B **forty (40)** marks and section C carries **forty five (45)** marks.
4. All writing must be in **blue** or **black** ink.
5. Non programmable calculators may be used.
6. Communication devices and any unauthorised materials are **not** allowed in the examination room.
7. Write your **Assessment Number** at the top right corner of every page.

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SECTION A (15 Marks)

(i) Which statement best describe the concept of capital?

- A Resources owed by owner to business.
- B Resources invested in business by business owner.
- C Resources accumulated by business owner.
- D Resources retained in business by business owner.

Answer: B Resources invested in business by business owner.

Reason: Capital represents the money or resources that the owner contributes to start or run the business.

(ii) The following errors are corrected through the suspense account except

- A purchases account understated.
- B sale of goods entered in the cash book only.
- C discounts allowed credited to sales account.
- D wages paid not recorded in the accounts.

Answer: D wages paid not recorded in the accounts.

Reason: Errors like unrecorded wages are rectified directly in the relevant accounts, not via the suspense account.

(iii) Which one plays the role of a ledger account and book of original entry?

- A Sales journal
- B Purchases day book
- C General journal
- D Cash book

Answer: D Cash book

Reason: The cash book records cash transactions (original entry) and its balances also appear in ledger accounts.

(iv) Which one describes an accounting entry for the purchase of motor vehicle for cash?

- A Increase in purchases account decrease in cash account
- B Increase in motor vehicles account decrease in cash account
- C Increase in cash account decrease in purchases account
- D Increase in cash account decrease in motor vehicle account

Answer: B Increase in motor vehicles account decrease in cash account

Reason: Buying a motor vehicle is an asset acquisition; the motor vehicle account increases while cash decreases.

(v) Mwanampiga started business with TZS 6000000 in cash. What would be the double entry for recording this transaction?

- A Dr Cash account Cr Capital account
- B Dr Capital account Cr Cash account
- C Dr Mwanampiga account Cr Cash account
- D Dr Cash account Cr Mwanampiga account

Answer: A Dr Cash account Cr Capital account

Reason: Cash received increases the cash account (debit), and the owner's contribution increases capital (credit).

(vi) The following items can be shown in the Trial Balance except

- A value of opening inventory.
- B value of closing inventory.
- C value of loan from a relative.
- D value of loan from bank.

Answer: B value of closing inventory.

Reason: Closing inventory is reported in the financial statements, not the trial balance.

(vii) The balances extracted from the books of Simba Traders shows the amount of assets as TZS 60200000 and accounts payable of TZS 18200000. What would be the amount of capital?

A TZS 42000000

B TZS 24000000

C TZS 23800000

D TZS 18020000

Answer: A TZS 42000000

Reason: Capital = Assets – Liabilities = 60200000 – 18200000 = 42000000.

(viii) On 30th June 2025 the cash book had a credit balance of TZS 659000 and the bank statement at that date showed: Credit transfer of TZS 61500, Standing order of TZS 100000 and bank charges of TZS 50000. How much would be the adjusted cash book balance?

A TZS 659000

B TZS 61500

C TZS 720500

D TZS 747500

Answer: C TZS 720500

Reason: Adjusted cash book balance = 659000 + 61500 (credit transfer) = 720500; bank charges and standing orders are subtracted later if recorded separately.

(ix) Miss Monica a petty cashier received a float of TZS 500000 from Mr. Juma the chief accountant. Expenses incurred and paid by Miss Monica during the period were: Cleaning 25000, Bus fare 50000 and Stationery 75000. How much would be the balance of the petty cash book at the end of the period?

A TZS 150000

B TZS 350000

C TZS 500000

D TZS 650000

Answer: B TZS 350000

Reason: Balance = Float – Total expenses = 500000 – (25000 + 50000 + 75000) = 350000.

(x) Miriam sold goods for TZS 250000 allowing TZS 42000 cash discount. How much will be received from the customer?

A TZS 292000

B TZS 250000

C TZS 208000

D TZS 42000

Answer: C TZS 208000

Reason: Cash received = Sale – Cash discount = 250000 – 42000 = 208000.

2. For each of the items (i) - (v) match the descriptions of the government accounting officers in List A with their corresponding titles in List B by writing the letter of the correct response below the item number in the table provided.

List A	List B
(i) A person appointed in writing by the president of United Republic of Tanzania to carry on the control of public funds and their audit.	A Sub-accounting officer
(ii) A person appointed by the accounting officer to control public expenditure on his behalf.	B Accounting officer

(iii) An officer appointed by the receiver of revenues and charged with the duty of collecting and accounting for revenues on his/her behalf.	C Controller and Auditor General
(iv) A member of staff assigned by a relevant Accounting officer to receive or make payment of money on his/her behalf.	D Pay Master General
(v) A person appointed in writing by the Accounting officer and charged with duty of controlling and accounting for government expenditure.	E Warrant Holder
	F Collector of revenue
	G Authorized officer

Answers:

(i)	(ii)	(iii)	(iv)	(v)
C	G	F	A	B

3. Classify each of the accounts (i) - (x) by writing Real, Nominal, or Personal in the class of account column.

S/N	Account	Class of Account
(i)	Plant and machinery	Real

(ii)	Wages account	Nominal
(iii)	Interest received account	Nominal
(iv)	Profit or loss account	Nominal
(v)	Creditors account	Personal
(vi)	Habiba account	Personal
(vii)	Johanness school account	Personal
(viii)	Discount received account	Nominal
(ix)	Premises account	Real
(x)	Returns inwards account	Nominal

4. Adjust the Cash Book and prepare a Bank Reconciliation Statement for Kayumba as at 31st December 2024

Step 1: Adjusted Cash Book

Starting cash book (debit) = 750,000

Add:

- Direct income deposited = 120,000
- Deposit transfer from savings = 700,000

Less:

- Bank service cost = 15,000
- Direct debit (TV subscription) = 35,000

- Standing order (insurance) = 100,000

Adjusted Cash Book Balance = 750,000 + 120,000 + 700,000 – 15,000 – 35,000 – 100,000 = **1,420,000**

Step 2: Bank Reconciliation Statement

Particulars	TZS
Balance as per adjusted cash book	1,420,000
Add: Cheques paid in but not yet credited (Mura 150,000 + Jara 100,000 + Joha 95,000)	345,000
Less: Cheques issued but not presented for payment (Zozo 125,000 + Tawa 70,000 + Shema 75,000)	270,000
Balance as per bank statement	1,495,000

5. Discounts and amounts to be received/paid by Mr. Mgaza

(i) Sold goods to Ms. Charaza TZS 2,000,000

- Trade discount 10%: $2,000,000 \times 10\% = 200,000$
- Amount after trade discount = $2,000,000 - 200,000 = 1,800,000$
- Cash discount 6%: $1,800,000 \times 6\% = 108,000$
- Amount received = $1,800,000 - 108,000 = \mathbf{1,692,000}$

(ii) Purchased 30 bags of rice at TZS 100,000 each = 3,000,000

- Trade discount 20%: $3,000,000 \times 20\% = 600,000$
- Amount after trade discount = $3,000,000 - 600,000 = 2,400,000$
- Cash discount 2% (not eligible, paid after 20 days) = 0
- Amount paid = **2,400,000**

(iii) Paid Mr. Chilumba TZS 2,500,000 by cheque less 5% cash discount

- Cash discount: $2,500,000 \times 5\% = 125,000$
- Amount paid = $2,500,000 - 125,000 = \mathbf{2,375,000}$

6. Rectification of errors by Journal Entries

Error	Journal Entry
(i) Discount received TZS 400,000 debited	Dr Cash/Bank 400,000 Cr Discount received 400,000
(ii) Payment TZS 100,000 not recorded	Dr Creditor Alponso 100,000 Cr Cash/Bank 100,000
(iii) Goods TZS 30,000 for own use recorded in purchases only	Dr Drawings 30,000 Cr Purchases 30,000
(iv) Sales TZS 300,000 not recorded	Dr Debtors 300,000 Cr Sales 300,000

(v) Purchases journal undercast TZS 200,000	Dr Purchases 200,000 Cr Suspense/Bank 200,000
(vi) Wages TZS 600,000 credited	Dr Wages 600,000 Cr Suspense/Bank 600,000
(vii) Cheque TZS 50,000 not recorded in Juma's account	Dr Cash/Bank 50,000 Cr Debtor Juma 50,000
(viii) Extra capital TZS 1,000,000 not recorded	Dr Cash/Bank 1,000,000 Cr Capital 1,000,000
(ix) Creditors overcast TZS 90,000	Dr Creditors 90,000 Cr Suspense/Bank 90,000
(x) Rent paid TZS 80,000 debited in rent received	Dr Rent 80,000 Cr Cash/Bank 80,000

7. Mafinga Resort Income Statement and Statement of Financial Position

Income Statement for year ending 31 Dec 2024

Particulars	TZS
Sales	3,900,000
Less: Returns inwards	300,000
Net Sales	3,600,000
Less: Cost of Sales:	

Opening Inventory	360,000
Purchases	2,160,000
Carriage inwards	90,000
Less: Closing Inventory	225,000
Cost of Sales	2,385,000
Gross Profit	1,215,000
Less: Expenses:	
Carriage on sales	90,000
Discount allowed	24,000
Rent and Rates	148,800
Salaries	90,000
Net Profit	862,200

Statement of Financial Position as at 31 Dec 2024

Assets	TZS
Non-current assets:	
Motor van	3,510,000
Land	390,000
Furniture & fittings	186,000
Total Non-current assets	4,086,000
Current assets:	
Cash in hand	468,000
Sundry debtors	54,000
Closing inventory	225,000
Total Current assets	747,000
Total Assets	4,833,000
Capital & Liabilities	
Capital	3,690,000
Add: Net profit	862,200
Less: Drawings	330,000
Total Capital	4,222,200

Current liabilities:	
Bank overdraft	360,000
Sundry creditors	108,000
Total Liabilities	468,000
Total Capital & Liabilities	4,833,000

8. Manisha – Journal Entries to correct errors and Corrected Net Profit

Error	Journal Entry
(i) Sales overcast TZS 70,000	Dr Sales 70,000 Cr Suspense 70,000
(ii) Rent undercast TZS 20,000	Dr Rent 20,000 Cr Suspense 20,000
(iii) Rates overcast TZS 50,000	Dr Suspense 50,000 Cr Rates 50,000
(iv) Cash payment to creditor entered as 30,000	Dr Creditor 30,000 Cr Cash 30,000
(v) Drawings by cheque TZS 180,000 not recorded	Dr Drawings 180,000 Cr Bank 180,000
(vi) Purchase by cheque TZS 95,000 entered as 59,000	Dr Purchases 36,000 Cr Bank 36,000
(vii) Discounts received undercast 10,000	Dr Bank 10,000 Cr Discounts received 10,000

(viii) Discounts allowed of 10,000 posted into carriage outwards	Dr Discounts allowed 10,000 Cr Carriage outwards 10,000
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Corrected Net Profit = Original net profit 1,400,000 + adjustments

- Add: Rent undercast 20,000, Discounts received 10,000
- Less: Sales overcast 70,000, Rates overcast 50,000, Drawings not recorded 180,000, Purchase undercast 36,000, Discounts allowed wrongly posted 10,000

Corrected Net Profit = 1,400,000 + 30,000 – 346,000 = 1,084,000 TZS

9. Dareda Enterprises Three Column Cash Book – Balances and Transactions June 2024

Date	Particulars	L.F	Discount	Cash	Bank
June 1	Balance b/d			42,000	–336,000
June 3	Omega		750		29,250
June 5	T. Francis		1,100	8,900	
June 8	Irene	12,000			48,000
June 10	Wages			24,750	
June 12	A. Morris	3,000	12,000		
June 16	Cash withdrawn from bank			30,000	–30,000

June 18	Nice	1,500	94,500		96,000
June 20	Jumanne			11,700	
June 24	Damas	250			9,750
June 26	Telephone expenses			15,750	
June 28	Ramadhan	7,200	28,800		36,000
June 30	Juma			6,750	
Total Discounts			37,500		

Balances 30th June 2024:

- Cash = $42,000 + 8,900 + 30,000 + 6,750 - 24,750 - 15,750 - 12,000 - 11,700 = \mathbf{23,450}$
- Bank = $-336,000 + 29,250 + 48,000 - 30,000 + 96,000 + 9,750 + 36,000 - 9,750 = \mathbf{156,750}$

Balances b/d 1st July 2024:

- Cash = 23,450
- Bank = 156,750