**THE UNITED REPUBLIC OF TANZANIA**
**MINISTRY OF EDUCATION AND VOCATIONAL TRAINING**
**FORM TWO SECONDARY EDUCATION EXAMINATION, 2008**

**0062** **BOOK KEEPING**

**TIME: 2 HOURS**

## INSTRUCTIONS

1. This paper consists of sections A, B and C.
2. Attempt **ALL** questions.
3. Read carefully the instructions given under each section.
4. **ALL** answers should be written in the answer sheet(s) provided.
5. Write your examination number on every page of the answer sheet(s).
6. **ALL** writing must be in blue or black ink.
7. Cellphones and calculators are **NOT** allowed in the examination room.

## SECTION A (20 MARKS)

1. For each of the following items write the letter of the correct answer.

   (i) If the assets of a business amount to Tshs. 85,000/= and owner's capital is Tshs. 60,000/=. How much is the liabilities of the business?
   A. Tshs. 25,000/=
   B. Tshs. 40,000/=
   C. Tshs. 45,000/=
   D. Tshs. 80,000/=

   (ii) Katubi bought goods valued Tshs. 60,000/= on credit from Mwambasha. Therefore Mwambasha is a:
   A. customer
   B. creditor
   C. debtor
   D. purchaser.

   (iii) Given a desired cash float of Tshs. 10,000/=, if Tshs. 7,200/= is spent, how much will be reimbursed:
   A. Tshs. 2,800/=
   B. Tshs. 7,200/=
   C. Tshs. 7,300/=
   D. Tshs. 10,000/=

   (iv) Which of the following is correct?
   A. Capital can only come from profit
   B. Profit does not change capital
   C. Profit increases capital
   D. Profit reduces capital.

   (v) An officer who controls Public Money is known as:
   A. Authorized officer
   B. Accounting Officer
   C. Paymaster General
   D. Receiver of Revenue.

   (vi) In the Trading Account the Returns Inwards should be:
   A. added to the cost of goods sold
   B. added to sales
   C. deducted from purchases
   D. deducted from sales.

(vii) The arithmetical accuracy of the double entry system of business transactions is checked from the:

A. Balance Sheet
B. Final Accounts
C. Income Statements
D. Trial Balance.

(viii) The sale of goods on credit to Maganga should be recorded in:

| | DEBIT | CREDIT |
|---|---|---|
| A. | Cash Account | Sales Account |
| B. | Maganga's Account | Cash Account |
| C. | Maganga's Account | Sales Account |
| D. | Sales Account | Maganga's Account |

(ix) Capital and drawings accounts are classified as:

A. Nominal Accounts
B. Personal Accounts
C. Properties Accounts
D. Real Accounts.

(x) Which of the following is not correct?

| | ASSETS (Tshs) | LIABILITIES (Tshs) | CAPITAL (Tshs) |
|---|---|---|---|
| A. | 6,540 | 1,120 | 5,420 |
| B. | 7,850 | 1,250 | 6,600 |
| C. | 8,200 | 2,800 | 5,400 |
| D. | 9,550 | 1,150 | 8,200 |

2. Choose the correct term from **Group B** which matches with the explanation in **Group A** and write it against the number of the corresponding explanation.

| Group A | Group B |
|---|---|
| (i) Transport cost for the goods to the customer. | A. Assets |
| (ii) Profit shown as a percentage of sales. | B. Business |
| (iii) Assets which can change day to day. | C. Capital Expenditure |
| (iv) Gross profit plus income is less than expenses. | D. Carriage on Sales |
| (v) Resources owned by a business. | E. Current Assets |
| (vi) Legal activities undertaken by a firm or an individual for the purpose of making profit. | F. Current liabilities |
| (vii) The excess of current assets over current liabilities. | G. Expenses |
| (viii) An instruction given by the customer to the bank to make regular payments on behalf. | H. Grants and Aids |
| (ix) The amount spent on acquiring fixed assets, such as machines, land and buildings. | I. Margin |
| (x) Costs of operating business. | J. Mark up |
| | K. Net Loss |
| | L. Net Profit |
| | M. Standing order |
| | N. Working Capital |

## SECTION B (20 MARKS)

3. Mention five sources of Government Funds.

4. Complete the following table and show which accounts are to be Debited and which are to be Credited.

| | **Transactions** | **Accounts to be Debited** | **Accounts to be Credited** |
|---|---|---|---|
| | **Example:** Bought office furniture for cash. | Furniture A/C | Cash A/C |
| (i) | A debtor, "Mwangaza" pays us by cheque. | | |
| (ii) | Bought goods for cash. | | |
| (iii) | Withdrew cash from Bank for office use. | | |
| (iv) | Sold goods for cash. | | |
| (v) | Goods returned by us to Massawe. | | |

## SECTION C (60 MARKS)

5. On 31st December 2007, the Cash Book balance of Kamwene was Tshs. 25,370/= whereas the Bank Statement showed a credit balance of Tshs. 25,670/=. In comparing these two balances, the following were discovered:-

   (a) Cheques not presented for payment — Tshs. 12,340/=
   (b) Cheques paid into bank but not credited by the bank — Tshs. 12,160/=
   (c) Items shown in the Bank Statement but not yet entered in the Cash Book:
      (i) Bank Charges — Tshs. 240/=
      (ii) Standing order — Tshs. 460/=
      (iii) Dividends collected by bank — Tshs. 820/=

   **Required:**
   (a) Adjust the Cash Book to show the correct Cash Book balance.

   (b) Prepare a Bank Reconciliation Statement starting with the adjusted Cash Book balance.

6. Rule a suitable Petty Cash Book of Mwananchi in January, 2007 with the following analysis payment columns: Postage, Travelling, Expenses, Sundry Expenses and Ledger.

   Jan. 1: Petty Cashier received imprest from main Cashier Tshs. 40,000/=

   Jan. 2: Paid for stamps Tshs. 4,000/=, sugar Tshs. 8,000/=,

   Jan. 3: Paid for Daladala fare Tshs. 4,500/=;

   Jan. 4: Received cash Tshs. 7,500/= from an employee payment voucher No.8.

   Jan. 5: Paid Juma Tshs. 10,000/=, Stati

7. From the following balances as extracted from the books of Kamwala, prepare Trading, Profit and Loss account for the year ending 31st December, 2007. Show clearly **Gross Profit or Loss** and the **Net Profit or Loss** for the year.

| | | |
|---|---|---|
| Sales ..... | Tshs. | 186,000/= |
| Purchases ..... | Tshs. | 115,5600/= |
| Opening stock (1.1.2007) ..... | Tshs. | 37,760/= |
| Carriage on sales ..... | Tshs. | 3,260/= |
| Carriage on purchases ..... | Tshs. | 2,340/= |
| Returns Inwards ..... | Tshs. | 4,400/= |
| Returns Outwards ..... | Tshs. | 3,550/= |
| Salaries and Wages ..... | Tshs. | 24,470/= |
| Motor expenses ..... | Tshs. | 6,640/= |
| Sundry Expenses ..... | Tshs. | 12,020/= |
| Closing Stock (31/12/2007) ..... | Tshs. | 49,980/= |