Student's Assessment Number.....

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

062

BOOK KEEPING

Time: 2:30 Hours **Year: 2023**

Instructions

1. This paper consists of sections A, B and C with a total of **nine (9)** questions.
2. Answer **all** questions in the 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. Cellular phones and any unauthorised materials are **not** allowed in the assessment room.
7. Write your **Assessment Number** at the top right hand corner of every page.

FOR ASSESSOR'S USE ONLY		
QUESTION NUMBER	**SCORE**	**ASSESSOR'S INITIALS**
1		
2		
3		
4		
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6		
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8		
9		
TOTAL		
CHECKER'S INITIALS		

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Student's Assessment Number.....

SECTION A (15 Marks)

Answer **all** questions in this section.

1. For each of the items (i) – (x), choose the correct answer from the given alternatives and write its letter in the box provided.

(i) The assumption that the business is to continue for a foreseeable future is based on
A the going concern concept.
B the historical cost concept.
C the duality concept.
D the business entity concept. ☐

(ii) Which of the following set of accounts represent impersonal accounts?
A Shihata Ltd and real
B Masumbuko and nominal
C Real and nominal
D Cash and creditors ☐

(iii) Mr. Munga bought goods on credit from Jese. How should this transaction be recorded?
A Dr Purchases, Cr Jese
B Dr Jese, Cr Purchases
C Dr Munga, Cr Jese
D Dr Cash, Cr Purchases ☐

(iv) What is the name of the opening balance of an account in the beginning of a financial year?
A Balance carried down
B Balance brought down
C Credit balance
D Debit balance ☐

(v) The following information was extracted from the financial statements of Dada Traders: Furniture TZS 10,000,000; Machine TZS 52,000,000; Bank TZS 15,000,000; Liabilities TZS 16,000,000. How much would be the amount of capital?
A TZS 77,000,000
B TZS 61,000,000
C TZS 16,000,000
D TZS 67,000,000 ☐

(vi) Katuma sold goods on cash basis for TZS 5,000,000 allowing a cash discount of 5%. How much will be recorded in the three column cash book as discount?
A TZS 4,750,000
B TZS 250,000
C TZS 500,000
D TZS 5,250,000 ☐

(vii) Mr. Juma, a sole trader maintains a petty cash book under the imprest system. During the month of July 2021, he paid TZS 100,000 for staff retreat tour. Which column of the petty cashbook should be used to record this expenditure?
A Travelling expenses
B Office expenses
C Postage expenses
D Ledger accounts ☐

(viii) What is the major purpose of preparing a Trial Balance?

A Checking the correctness of posting the accounting records.
B To test the completeness of recording the transactions.
C Checking the level of omission of transactions in the accounting records.
D To test the accuracy of double entry recording.

(ix) Allen withdrew TZS 500,000 cash from bank for personal use. The double entry for this transaction should be:

A Debit cash account, credit bank account.
B Debit cash account, credit bank account.
C Debit drawing account, credit bank account.
D Debit drawing account, credit cash account.

(x) Which account would be affected if the sales day book is understated by TZS 500,000?

A Suspense account
B Debtors account
C Sales account
D Supplier's account

2. For each of the items (i) - (v), match the descriptions of sources of government revenue 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) Charges imposed on individuals who do not obey the law of the country.	A Revenue from public property
(ii) Collections charged for services rendered by the government.	B Licences and fees
(iii) Income from business organizations that are wholly, owned by the government or where the government has a large shareholding percentage.	C Taxes
(iv) Amount borrowed from individuals, businesses or institutions within and outside the country.	D Fines and penalties
(v) Income received for renting the property of the government.	E Interest received from investments
	F Dividends from parastatals
	G Loans

Answers

Column A	(i)	(ii)	(iii)	(iv)	(v)
Column B					

Student's Assessment Number.....

SECTION B (40 Marks)

Answer **all** questions in this section.

3. Mr. Mashaka is a retailer dealing with buying and selling clothes. He recently bought clothes on credit from Kapala Traders. Immediately upon the receipt of the clothes, he returned some of the goods and issued a debit note to Kapala Traders. Why Mr. Mashaka returned some of the goods? Give five reasons.

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(ii) .....

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(iii) .....

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(iv) .....

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(v) .....

4. Ms. Jamila received a bank statement from her bank and find that a cheque received from Mr. Kinubi TZS 4,500,000 and deposited into the bank has been dishonored. Analyse five reasons for Mr. Kinubi's cheque to be dishonored.

(i) .....

(ii) .....

(iii) .....

(iv) .....

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(v) .....

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5. For each of the items (i) – (v) in the table, correct the errors by using the principle of double entry by writing in the appropriate column the name of the account to be debited with the amount and the name of the account to be credited with the amount.

Error descriptions	Account to be debited	Account to be credited
(i) A cash sale of TZS 5,000,000 has neither been debited nor credited in the accounting records.		
(ii) Cash withdrawn from bank TZS 500,000 for office use has been debited to bank account and credited to cash account.		
(iii) The Sales and Purchases day books have been overcast by TZS 2,000,000.		
(iv) Cheque received from Jamila TZS 3,000,000 has been credited to Halima Account.		
(v) Motor repairs TZS 400,000 has been debited to Motor car Account.		

6. The balance of the bank column of Mr. Jomo's cash book differed from the bank statement balance for the month of December, 2021. The cross-checking to reveal the reasons for the difference has been done and the following facts were found:

Balance as per cash book TZS 15,000,000.
Balance as per bank statement TZS 17,500,000.
Unpresented cheques:

Tudo	800,000
Jado	200,000
Toto	1,500,000
Yebo	1,100,000

Rado	400,000	
Uncredited cheques:		
Tete	100,000	
Lele	250,000	
Dede	150,000	
Kato	1,000,000	
Gege	350,000	
Jeje	300,000	
Bank charges	350,000	
Standing order		500,000
Credit transfer		900,000
Dividend		600,000

Use the information provided to prepare a Bank Reconciliation Statement starting with the balance as per bank statement.

SECTION C (45 Marks)

Answer **all** questions in this section.

7. The given Trial Balance was extracted from the accounting records of Mr. Okello for the year ending 31st December 2021.

Mr. Okelllo's Trial Balance as at 31st December 2021

Details	Dr (TZS)	Cr (TZS)
Inventory 1.1.2021	240,000	
Purchases	1,280,000	
Sales		1,600,000
Returns inward	160,000	
Returns outward		120,000
Salaries	140,000	
Postage	116,000	
Discount allowed	120,000	
Discount received		80,000
Drawings	360,000	
Carriage inward	80,000	
Carriage outward	160,000	
Motor van	800,000	
Buildings	1,200,000	
Bank overdraft		240,000
Cash	320,000	
Debtors	600,000	
Creditors		1,200,000
Capital		2,336,000
Total	**5,576,000**	**5,576,000**

Additional information:
Inventory at 31st December 2021 was TZS 640,000.

By using the given Trial Balance and the additional information provided, prepare an Income statement for the year ending 31st December 2021 and the Statement of Financial Position as at 31st December, 2021.

8. Baraka started business on 1st August 2021 to 31st August. During this month, he had the following transactions:

August 1	Started business with TZS 800,000 in cash and TZS 6,000,000 in the bank.
2	Paid rent TZS 300,000 in cash.
3	Paid Pop Corn Suppliers Ltd. TZS 800,000 by cheque.
4	Purchased business equipment and paid by cheque TZS 4,500,000.
6	Received TZS 1,000,000 by cheque from J.J. Brothers.
7	Cash sales amounted to TZS 750,000.
10	Paid Joshua in cash TZS 900,000.
15	Cash sales paid directly into the bank TZS 5,000,000.
20	Borrowed from Akiba Commercial Bank a loan of TZS 3,000,000 which was deposited direct into the bank.
21	Withdrew from the bank TZS 1,000,000 for business use.
22	Paid rates by cheque TZS 750,000.
23	Cash sales amounted to TZS 900,000.
24	Paid sundry expenses in cash TZS 120,000.
25	Paid wages by cheque TZS 4,000,000.
25	Banked Cash TZS 200,000.
26	Cashed a cheque TZS 150,000.
27	Bought goods by cheque TZS 100,000.
28	Paid rent by cheque TZS 150,000.
29	Cash sales TZS 400,000.
29	Bought gas in cash TZS 100,000.
30	Withdrew cash for himself TZS 75,000.
31	Sent a cheque to James 100,000.

Record the transactions for August 2021 in Baraka's Two Column Cash Book, balance off the Cash and Bank columns on 31st August 2021 and bring down the balances on 1st September, 2021.

9. The Trial Balance of Marenge failed to balance; the credits exceeded the debits by TZS 90,000. The Trial Balance contained the following ledger balances:

Details	**TZS**
Discount received	250,000
Returns inwards	200,000
Debtors	1,800,000
Discount allowed	20,000
Returns outwards	100,000
Buildings	5,000,000
Office expenses	25,000
Purchases	6,300,000
Stationeries	45,000
Sales	9,880,000
Creditors	1,450,000
Motor expenses	160,000
Electricity	150,000
Capital	4,000,000
Stock on 1.1.2021	210,000
Salaries and wages	1,100,000
Advertising	200,000
Stock 31.12.2021	380,000
Rent	400,000
Commission received	120,000
Drawings	100,000

A further review of the books was made and the following errors were revealed:

(i) Goods returned to creditors amounting to TZS 150,000 had been debited to creditors and credited to discount allowed account.

(ii) A payment of TZS 45,000 to a creditor had been debited to salaries and wages as TZS 54,000.

(iii) Cash payment of TZS 110,000 for electricity had been debited as TZS 11,000.

Prepare Journal Entries to rectify the errors, Suspense Account and construct a Corrected Trial Balance for Marenge as at 31st December 2021.