THE UNITED REPUBLIC OF TANZANIA
NATIONAL EXAMINATIONS COUNCIL
CERTIFICATE OF SECONDARY EDUCATION EXAMINATION

BOOK KEEPING
(For Both School and Private Candidates)

062

Time: 3 Hours

Tuesday, October 18, 2005 p.m.

Instructions

1. This paper consists of sections A, B and C.
2. Answer **all** questions.
3. Electronic calculators are **not** allowed in the examination room.
4. Cellular phones are **not** allowed in the examination room.
5. Write your **Examination Number** on every page of your answer booklet(s).

SECTION A (20 marks)

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.

(i) The transfer of values from one person to another is

A transfer
B distribution
C transportation
D recording
E transaction.

(ii) The account of properties the company owns is known as_____ account.

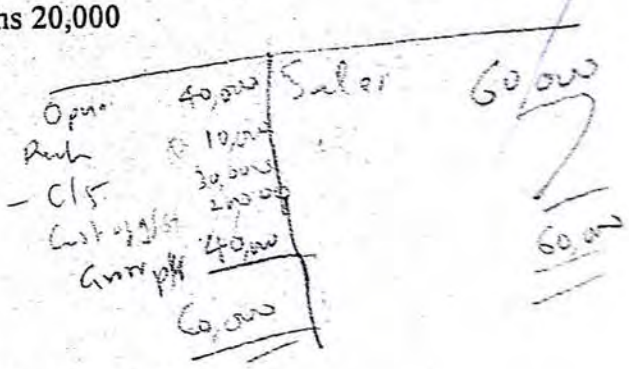
A personal
B nominal
C impersonal
D real
E asset.

(iii) Given that:

Opening stock ---------- shs 40,000
Sales ---------- shs 60,000
Closing stock ---------- shs 30,000
Cost of goods sold ---------- shs 20,000

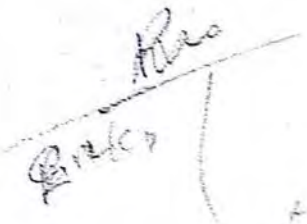
The amount of purchases is equal to

A shs 50,000
B shs 40,000
C shs 10,000
D shs 60,000
E shs 20,000



(iv) A person selling goods on behalf of the principal is called

A partner
B auditor
C consignor
D consignee
E wholesaler



(v) The cost of goods sold is ascertained as

A closing stock + net purchases – opening stock
B opening stock + purchases returns – closing stock
C opening stock + purchases – returns outwards
D closing stock + purchase – opening stock
E opening stock + net purchase – closing stock

(vi) The entries for purchase of a calculating machinery for cash 11,750 will be

A debit machinery account, credit cash book
B debit purchases account, credit machinery account
C debit purchases account, credit cash book
D credit purchases account, debit machinery account
E debit cash account, credit machinery account.

(vii) A balance of an account can be defined as the

A balance carried down
B difference between two sides of an account
C total amount of debit side and credit side
D balance brought down
E balancing figure of an account.

(viii) Ambit of vote can be defined as

A an annual accounting period
B the Government bank account operated by the paymaster general and kept by the Bank of Tanzania
C the maximum amount of money which the accounting officer can spent on his vote
D the direct charge on the income of a tax payer
E the minimum amount of money spent by an accounting officer.

(ix) The entries of purchase of goods on credit from R. Kipenyo for shs 4,500, will be as follows:

A debit purchases account, credit R. Kipenyo account
B credit purchases account, debit cash book
C debit purchases account, credit cash book
D credit purchases account, debit R. Kipenyo account
E credit cash account, debit purchases account.

(x) The cash payment of shs 3,000 entries to W. Nyangobi will appear as follows:

A Debit cash account, credit W. Nyangobi account
B Debit W. Nyangobi account, credit cash account
C Credit cash account, debit sales account
D Debit W. Nyangobi account, credit bank account
E Credit cash account, debit W. Nyangobi account.

2. Match the phrases in **List A** with the responses in **List B** by writing the letter of the correct response beside the item number.

	LIST A		**LIST B**
(i)	A principal book of account	A	A credit entry
(ii)	A book of original entry	B	Sales ledger
(iii)	Purchase of buildings on credit	C	Arrears
(iv)	Is made when capital increases	D	Purchases journal
(v)	Are assets	E	Late deposits
(vi)	Petrol costs for motor van	F	Capital expenditure
(vii)	The excess of sales over cost of goods sold	G	Depreciation expense
(viii)	Current assets less current liabilities	H	Balances sets off
(ix)	Is a book of primary entry	I	Memorandum joint venture
(x)	Are debts which have proved to be uncollectibles	J	Internal auditors
		K	Discounts allowed
		L	Gross profit
		M	Payee
		N	Sales day book
		O	Unpresented cheque
		P	Working capital
		Q	Revenue expenditure
		R	Double entry system
		S	Bad debts
		T	Cash book

SECTION B (20 marks)

3. The DSM Rotary Club has provided you with the following information:

As at 31st December	2000 (shs.)	2001 (shs.)
Subscriptions in arrears	6,400	8,800
Subscriptions in advance	1,200	3,400
Subscriptions during the year	___	20,200
Insurance expense owing (in arrears)	3,700	2,700
Insurance expense prepaid (in advance)	4,400	5,200
Insurance paid during the year	___	16,800

Required:

Prepare a subscription account and an insurance account clearly showing amounts to be transferred to Income and Expenditure accounts (2001).

4. (a) What is auditing? State **three (3)** objectives of auditing.

(b) What is depreciation? State **three (3)** methods used to calculate depreciation.

SECTION C (60 marks)

5. Anna and Bashir are in partnership sharing profits and losses equally. The following is their trial balance as at 30th June 2001:

	DR	CR
Capital : Anna		280,000
Bashir		236,000
Current accounts : Anna		10,448
Bashir		2,384
Drawings : Anna	51,200	
Bashir	45,200	
Loan from NBC		320,000
Provision for bad debts		3,200
Bad debts	4,024	
Salaries and wages	151,336	
General expenses	19,328	
Interest on loan : NBC	32,000	
Discounts allowed	920	
Carriage outwards	10,304	
Purchases	683,328	
Sales		989,200
Stocks at 30th June 2000	335,832	
Bank	5,416	
Creditors		89,200
Debtors	129,944	
Provision for depreciation: fixtures		26,400
Fixtures at cost	88,000	
Buildings (cost shs. 600,000)	400,000	
	1,956,832	1,956,832

Required

Prepare a trading, profit and loss account for the year ended 30th June 2001 and a balance sheet as at that date, after taking into account the following issues:

(i) Stock at 30th June 2001 is shs 450,720

(ii) Expenses to be accrued : General expenses shs 768, Wages shs 1,600.

(iii) Depreciate fixtures, 10 % on reducing balance basis, buildings shs 8,000.

(iv) Increase provision for bad debts by shs 2,560.

(v) Partnership salary : Anna shs 6,400; Bashir, Nil.

(vi) Interest on drawings: Anna shs 1,440, Bashir shs 960

(vii) Interest on capital account balances at 10 % per annum.

6. You have extracted a trial balance and drawn up accounts for the year ended 31st December 2001. There was a shortage of shs 17,520 on the credit side of the trial balance, a suspense account being opened for that amount.

During the year 2002 the following errors made in 2001 were uncovered:

(i) A sale of goods to Bakari shs 41,400 was correctly entered in the sales book but entered in the personal account as shs 57,600.

(ii) A private purchase of shs 6,900, using business funds, had been included in the business purchases.

(iii) Shs 3,300 received from sales of old office furniture had been entered in the sales account.

(iv) Purchases day book had been overcast by shs 3,600.

(v) Bank charges shs 2,280 entered in the cash book have not been posted to the bank charges account.

Required:

(a) Show the requisite journal entries to correct the errors. Ignore narrations.

(b) Write up the suspense account showing the correction of errors.

(c) The net profit was originally calculated as shs 682,200; show your calculations of the correct figure.

7. The following Trial Balance was extracted from the books of KIBAMBA Enterprise on June 30th, 2002.

TRIAL BALANCE AS ON 30.6.2002

	DR SHS	CR SHS
Drawings/capital	800	5,000
Machinery	2,600	
Debtors/creditors	1,500	3,100
Cash and bank	4,200	
Carriage on purchases	600	
Carriage on sales	400	
Discounts	500	900
Returns	700	500
Insurance	1,600	
Medical expenses	1,800	
Taxes	1,300	
Rent	2,100	
Stock 30.5.2001 : Dept H	900	
Dept J	600	
Furniture	1,400	
Purchases/sales : Dept H	7,800	11,200
Dept J	9,200	14,600
Mortgage loan		2,700
	38,000	38,000

Notes:

(a) Stocks 30.6.2002 : Dept H 1,100
Dept J 900

(b) During the year goods costing shs 1,200 were transferred from Dept J to Dept H.

(c) Medical expenses are outstanding by shs 200.

(d) Expenses and incomes should be apportioned to departments on the following bases:

(i) Rent – according to floor space.

(ii) Medical expenses – number of employees.

(iii) The rest – equally.

	Dept H	Dept J
Area	9 M^2	12 M^2
Employees	2	3

Required

Prepare departmental trading profit and loss accounts for the year ended 30th June 2002 and a balance sheet as at that date.