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

062 **BOOK KEEPING**

(For Both School and Private Candidates)

Time: 3 Hours ***Friday, 7th October 2011 p.m.***

Instructions

1. This paper consists of sections A, B and C.

2. Answer **all** the questions.

3. 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)

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 beside the item number.

(i) If opening capital is 412,500/=, closing capital is 283,750/= and drawings is 82,500/=, then:

A loss for the year is 46,250/=
B profit for the year is 46,250/=
C loss for the year is 211,250/=
D profit for the year is 211,250/=
E profit for the year is 128,750/=.

(ii) A receipt and payment account is used to

A calculate the gross profit
B calculate the net profit
C show the opening and closing cash balances
D show the surplus of income over expenditure
E show accrued and pre-paid expenses.

(iii) The correct method of calculating cost of goods sold is

A closing stock + purchases - opening stock
B opening stock + closing stock - purchases
C closing stock + purchases + opening stock
D opening stock - purchases + closing stock
E opening stock + purchases - closing stock.

(iv) If we take goods for personal use we should debit

A drawings account, credit purchases account
B purchases account, credit drawings account
C drawings account, credit stock account
D sales account, credit stock account
E supplier, credit owners.

(v) A cheque paid by the business owner that is in possession of payee but not yet deposited with the bank is called

A standing order
B dishonoured cheque
C unpaid cheque
D unpresented cheque
E drawer's cheque.

(vi) Given a cash float of 200,000/=, if 146,000/= is spent in the period, how much will be reimbursed at the end of that period?

A 200,000/=
B 52,000/=
C 54,000/=
D 346,000/=
E 146,000/=.

(vii) If trial balance totals do not agree, the difference must be entered in

A the profit and loss account
B a suspense account
C nominal account
D the capital account
E the cash account.

(viii) Given the cost of goods sold is 320,000/= and margin of 20%, then the sales figure is

A 413,280/= B 256,000/= C 430,500/=
D 400,000/= E 328,000/=.

(ix) Discount received is

A deducted when we receive cash
B given by us when we sell goods on credit
C deducted by us when we pay our account
D not recorded at all
E given by us to customers.

(x) When Mussa makes out a cheque for 50,000/= and sends it to Joseph, then Mussa is known as

A the payee B the banker C the drawee
D the creditor E the drawer.

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

Column A	**Column B**
(i) Consists of the entire revenue and expenditure for a particular financial year of the government.	A Warrant of funds
(ii) Entries recorded in the vote book which indicates indents, requisitions and local purchase orders.	B Development budget
(iii) Expenditure of capital nature.	C Commitments
(iv) Income of government from loans and grants that is paid into the consolidated fund.	D Token vote
(v) The amount of money added to the expenditure item to obtain the approval of the Parliament.	E Vote book
(vi) Expenditure which do not add value to the Government.	F Recurrent revenue
(vii) The day to day running expenses of government.	G Development expenditure
(viii) Income of the government from taxes licenses and duties.	H Consolidated funds
(ix) A letter issued by the accounting officer covering authority for specific expenditure.	I Authorized officer
(x) A record used for proper control of expenditure against the provision of funds.	J Approved estimates
	K Recurrent expenditure
	L Nugatory expenditure
	M Development revenue
	N Virement
	O Payment voucher

SECTION B (20 Marks)

Answer **all** questions from this section.

3. (a) A book keeper prepared a Trial Balance on 31/03/2003 which showed a difference of sh. 140 (Excess credit). The difference was placed to suspense account. The following errors were subsequently located:

- A sale of goods to Bizimungu for sh. 600 had been posted to the wrong side of his account.
- A credit purchase of goods for sh. 1,640 from Ramson had been posted to the personal account as sh. 640.
- A cash sale of old furniture for sh. 1,500 had been passed through the sales account.
- The discount received account had been under cast by sh. 60.
- Payment of rent sh. 3,400 was debited to the personal account of the landlord.

Pass journal entries to rectify the errors and prepare the suspense account.

(b) (i) What is meant by bank reconciliation statement?

(ii) From the following particulars, draw up a bank reconciliation statement: -

31st December 2005	Cash book balance at bank	sh. 12390
31st December 2005	Bank statement balance at bank	sh. 11520

- Cheques issued and entered in teh cash book but not presented for payment sh. 2520
- Cheques received and paid into bank but not yet credited by bank sh. 3240
- Bank charges sh. 150

4. Briefly explain the following terms;
   (a) Creditors
   (b) Business entity concept
   (c) Trading account
   (d) Depreciation
   (e) Accrual concept.

SECTION C (60 Marks)

Answer **all** questions in this section.

5. Following is the Receipts and Payments Account of Chilindima Social Club for the year ended December 31st 2007:

Receipts		Amount	Payments		Amount
Balance b/f:			Salaries:		
Cash	2,000		Secretaries	6,000	
Bank	12,000	14,000	Staff	5,000	11,000
Subscription			Canteen expenses		12,000
For 2006	500		Miscellaneous expenses		2,500
For 2007	5,500		Construction of building		15,000
For 2008	400	6,400	Balance c/f:		
Interest from bank		1,000	Cash	1,300	
Sale proceeds of old newspaper		400	Bank	4,000	5,300
Sale of old furniture		2,000			
Canteen collection		12,000			
Donation for Building Fund		10,000			
		45,800			45,800

Which the additional information given below, prepare the Income and Expenditure Account, Subscription Account for the year ended 31st December 2007 and the Balance sheet as at that date.

		December 31st 2006	December 31st 2007
		Sh.	Sh.
(a)	Subscription receivable	1,000	600
(b)	Subscription received in advance	200	400
(c)	Outstanding salary for staff	1,000	2,000
(d)	Canteen expenses prepaid	1,000	1,500
(e)	Furniture at book value	14,000	?
(f)	Buildings	15,000	?
(g)	Fixed deposit with bank	10,000	10,000
(h)	Book value of furniture sold during 2007 was sh. 3,500.		
(i)	Charge depreciation on furniture at 10 percent per annum on the closing balance.		

6. (a) A machine was bought for sh. 900,000. It was expected to be useful for 3 years. You are required to calculate depreciation expenses for three years of its use. Use the sum of years' digits method for your calculations. Prepare provision for depreciation and machine accounts for the three years.

(b) Show how the following transactions will be recorded in the capital accounts of the partners Tenga and Natengile when their capitals are fluctuating:

	Tenga Sh	Natengile Sh
Capital on 1.1.2002	400,000	300,000
Drawings during 2002	50,000	30,000
Interest on capitals	5%	5%
Interest on drawings	1,250	750
Share of profit for 2002	60,000	50,000
Partner's salary	36,000	-
Commission	5,000	3,000

7. Mother Teressa Charitable Association does not maintain her books in the double entry system. From the following information, prepare Trading, Profit or Loss Account and Balance Sheet as at March 31st 2003.

	31.3.2002 Sh	31.3.2003 Sh
Stock	19,800	113,200
Creditors	31,000	14,500
Debtors	118,000	125,000
Premises	90,000	90,000
Furniture	11,000	11,500
Air conditioner	15,000	15,000

Creditors as at 31.3.2002 include Sh 15,000 for purchase of Air conditioner.

Cash transactions:	
Cash as at April 1, 2002	15,000
Collections from customers	160,800
Payment to creditors	144,000
Rent, rates and taxes	112,000
Sundry expenses	18,000
Sundry income	16,500
Drawings by Mother Teressa	30,000
Loan from Mrs. Fernanders	23,000
Capital introduced	12,000
Cash sales	11,500
Cash purchases	15,000
Payments to creditors for Air conditioner	15,000
Bad debts written off	1,200