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, 08th November 2013 p.m.**

Instructions

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

2. Answer **all** questions.

3. Calculators and cellular phones are **not** allowed in the examination room.

4. 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) Which of the following should be charged in the Profit and Loss Account?

A Royalty. B Work in progress. C Direct materials.
D Office rent. E Carriage on raw materials.

(ii) Manufacturing account is used to calculate

A production costs paid in the year B total cost of goods produced
C production costs of goods completed D gross profit cost of goods sold
E prime cost of goods manufactured.

(iii) When there is no partnership agreement then profits and losses must be shared

A in the same proportion as capitals
B equally to all partners
C equally after adjusting for interest on capital
D equally after adjusting for interest on drawings
E equal proportion minus interest on drawings.

(iv) What is meant by gross profit?

A Excess of sales over cost of goods sold.
B Sales after deducting purchases.
C Sales plus closing minus purchases.
D Excess of cost of goods sold over sales.
E Excess of income over expenditure.

(v) Customers' personal accounts are found in

A the private ledger B general ledger C purchase ledger
D nominal ledger E sales ledger.

(vi) Which of the following should be entered in the Journal?

A Payment for cash purchases. B Fixtures bought on credit.
C Credit sale of goods. D Sales of surplus machinery.
E Credit purchase of goods.

(vii) If drawing account is **not** maintained, interest on drawing must be

A credit to drawing account B debited to drawing account
C debited to capital account D credited to current account
E debited to current account.

(viii) An allowance for doubtful debts is created

A when debtors become bankrupt
B when there is a need to do so
C when debtors cease to be in business
D to provide possible bad debts
E to write-off bad debts during the period.

(ix) Depreciation can be described as the

A amount spent to buy a non-current asset
B salvage value of a non-current asset
C cost of the non-current asset consumed during its period
D amount of money spent replacing non-current asset
E cost of old assets plus new assets purchased.

(x) If it is required to maintain fluctuating capitals then the partners' share of profits must be

A debited to partners' capital account
B credited to partners' capital account
C debited to partners' current account
D credited to partners' current account
E credited to partners' appropriation account.

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) Chronological record undertaken by a business which relate to a specific item.	A Amount
(ii) The main book of accounts.	B Particulars
(iii) A column which shows the reference number of the item entered in the account.	C Trial balance
(iv) Obligations which have to be paid within a year from the date on the balance sheet.	D Double entry
(v) Data is recorded and processed until it becomes part of the financial statements.	E Balancing ledger
(vi) Recording item twice in the books of account.	F Accounting cycle
(vii) A column which gives brief explanation of the entry made in the account.	G Transaction
(viii) Making the second entry of a double entry.	H Current liabilities
(ix) Movement of money's worth from one person to another.	I Posting
(x) Making both side of the account to be equal.	J Balance sheet
	K Folio
	L Assets
	M A ledger
	N Liabilities
	O Account

SECTION B (20 Marks)

Answer **all** questions in this section.

3. (a) Give seven distinctions between Provision and Reserve.
   (b) List three purposes of a cash book.

4. (a) King Majuto is employed by a firm on salary commission basis. His monthly salary is sh. 150,000. He is entitled for commission as follows:
   On first sales of sh. 1,000,000 - 2%
   On the next sales of sh. 2,000,000 - 5%
   On the balance of sales - 10%
   King Majuto sold goods worth sh. 6,000,000 for the month of April 2011. Calculate King Majuto's total income for the month of April 2011.

   (b) The following information was extracted from the final accounts of Majani Mapana's business on 31st July, 2012.

Transactions during the year:	Sh.
Sales	300,000
Purchases	130,000
Stock (1/8/2011)	36,000
Fixed assets	200,000
Current assets	90,000
Current liabilities	74,000
Total expenses	20,000
Stock (31/7/2012)	25,000

Calculate the following financial ratios:
(i) Margin
(ii) Mark-up
(iii) Return on capital
(iv) Working capital ratio
(v) Rate of stock turnover.

(c) Indicate the accounts to be debited or credited from the following transactions.

Transaction	Account to be debited	Account to be credited
(i) Paid wages by cheque		
(ii) Paid electricity in cash.		
(iii) Purchased office chair on credit.		
(iv) Sold goods for cash.		
(v) Withdrew cash from bank for office use.		

SECTION C (60 Marks)

Answer **all** questions in this section.

5. J. Kazimoto is the proprietor of a shop selling paintings and ornaments. For the purposes of this financial statements, he wishes the business to be divided into two departments:

Department A Paintings
Department B Ornaments

The following balances have been extracted from his nominal ledger at 31st August, 2010.

	Dr	Cr
	Sh.	Sh.
Sales Department A		750,000
Sales Department B		500,000
Inventory Department A, 1st September, 2009	12,500	
Inventory Department B, 1st September, 2009	10,000	
Purchases Department A	510,000	
Purchases Department B	380,200	
Wages of sales assistants Department A	72,000	
Wages of sales assistants Department B	68,0000	
Picture framing costs	3,000	
General office salaries	132,000	
Fire insurance - buildings	3,600	
Lighting and heating	6,200	
Repair to premises	1,750	
Internal telephone	300	
Cleaning	1,800	
Accountancy charges	14,900	
General office expenses	5,100	
Rent and rates	5,700	
Administration expenses	15,000	
Air conditioning	6,000	

Inventory at 31st August, 2010 was valued at:

Department A sh. 14,100
Department B sh. 9,120

The proportion of the total floor area occupied by each department was:

Department A two-fifths
Department B three-fifths

You are required to prepare J. Kazimoto's departmental income statement for the year ending 31st August 2010, apportioning the costs, where necessary, to show the net profit or loss of each department.

The appointment should be made by using the methods as shown: Area - Fire insurance, lighting and heating, repairs, telephone, cleaning air conditioning; Turnover - General office salaries, Accountancy, general office expenses, rent and rates, administration expenses.

6. Heri Majaliwa is a sole trader who keeps records of his cash and bank transactions. His transactions for the month of March were as follows:

March	1	Cash in hand sh. 10,000 cash at bank sh. 567,200
	4	Heri received a cheque for sh. 124,600 from W. Wanguvu which was paid directly into the bank. This represented sales.
	6	Paid wages in cash sh. 3,900.
	8	Sold goods for cash sh. 15,200.
	10	Received cheque from G. Dasuna for sh. 31,500, in full settlement of a debt of sh. 34,400; this was paid directly into the bank.
	11	Paid sundry expenses in cash sh. 7,300.
	14	Purchased goods by cheque for sh. 80,000.
	18	Paid J. Samaki a cheque of sh. 18,500 in full settlement of a debt of sh. 20,100.
	23	Withdrew sh. 4,500 from the bank for office purposes.
	24	Paid wages in cash sh. 3,900.
	26	Sold goods for cash sh. 9,400.
	28	Paid salaries by cheque sh. 23,000.
	31	Retained cash amounting to sh. 15,000 and paid the remainder into the bank.

You are required to enter above transactions within T - accounts and bring down the balances.

7. (a) From the following transactions prepare the suspense account and pass journal entries to rectify the following errors assuming the existence of suspense account.

(i) A cash sale of old furniture sh. 150,000 had been passed through the sales account.

(ii) Payment of rent sh. 34,000 was debited to the personal account of the landlord.

(iii) Goods ought from Makala amounting to sh. 275,000 were posted to the credit of his account as sh. 257,000.

(iv) Sales day book was overcast by sh. 100,000.

(v) While carrying forward total of one page of the purchases book to the next page, the amount of sh. 647,500 was written as sh. 617,500.

(vi) Purchases returns to G. Donge worth sh. 155,000 were not recorded in purchases returns book, but the account of G. Donge was duly debited for the amount.

(vii) Drawings of goods by proprietor costing sh. 15,000 were not recorded in the books of account.

The suspense account had a debit balance of sh. 16,000 prior to the above adjustments.

(b) From the following particulars extracted from the books of a trader under the single entry system, you are required to find out figures for credit sales, credit purchases by showing the total debtors account, total creditors account as well as bills receivable account.

Balance on 1st January, 2011:	Sh.
Total debtors	527,000
Bills receivable	40,000
Total creditors	264,000
Transactions during the year:	
Cash paid to creditors	702,500
Discount allowed by suppliers	26,500
Cash receive from customers	1,354,000
Discount allowed to customers	42,000
Returns from customers	16,250
Returns to suppliers	13,300
Bills receivable dishonoured	11,000
Bad debts previously written off, now recovered	10,000
Cash sales during the year	158,000
Cash purchases during the year	123,000
Bad debts written off	35,400
Cash received against bills receivable	142,000
Balance on 31st December, 2011:	
Total debtors	556,000
Total creditors	284,000
Bills receivable	10,000