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, 07th November 2014 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 in your answer booklet.

(i) Which of the following will happen if sh. 7,500 was added to rent instead of being added to fixed assets?

A Gross profit would not be affected
B Gross profit would be affected
C Gross and net profits would be affected
D Net profits would not be affected
E Neither gross profit nor net profit would be affected.

(ii) In the trading account, the sales returns should be

A added to cost of goods sold
B deducted from purchases
C deducted from sales
D added to sales
E added to purchases.

(iii) When income statements are prepared, the bad debts account is closed by a transfer to the

A balance sheet
B profit and loss account
C trading account
D creditors account
E debtors account.

(iv) If current account is maintained then the partners' share of profit must be

A debited to partners' capital accounts
B credited to partners' capital accounts
C credited to profit and loss appropriation account
D debited to partners' current accounts
E credited to partners' current accounts.

(v) The value of closing inventories is found by

A adding opening stock to purchases
B deducting purchases from opening stock
C looking in the stock account
D doing a stock taking
E adding closing stock to sales account.

(vi) Which of these statements is incorrect?

A Profit is another word for capital.
B Loss decreases capital.
C Profit increases capital.
D Drawings decreases capital.
E Profit is added to the capital.

(vii) A bank reconciliation statement is a statement

A Sent by the bank when the account is overdrawn
B drawn to verify cash book balance with the bank statement balance
C drawn up by the bank to verify the cash book
D sent by the bank to the customers when errors are made
E sent by the bank customers to the friends.

(viii) What is meant by the term revenue expenditure?

A The extra capital paid by the proprietor.
B Money spent on non-current assets or adding value to them.
C The cost of running the business on day to day basis.
D Money spent on selling non-current assets.
E Cost of painting fixed asste.

(ix) The recommended method of departmental account is to

A allocate expenses in proportion sales
B charge against each department its controllable costs
C allocate expenses in proportion to purchases
D charge against each department its uncontrollable costs
E allocate expenses in equal proportion.

(x) If the two totals of a trial balance do not agree, the difference must be entered in

A a real account
B the trading account
C a nominal account
D the capital account
E a suspense 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 in your answer booklet.

Column A	Column B
(i) A ledger for customers' personal accounts.	A Journal proper
(ii) A ledger for suppliers' personal accounts.	B Nominal ledger
(iii) The main book of accounts.	C Private ledger
(iv) Book of original entry used to record prompt receipts and payments.	D Bought journal
	E Creditor' control ledger
(v) A ledger account for capital and drawing accounts.	F Cash book
(vi) A book of accounts used to record rare transactions.	G Debtors' control ledger
(vii) Books of original entry used to record credit sales.	H Return outward journal
(viii) Books of original entry used to record credit purchases.	I A ledger
(ix) Books used for making small payments.	J Petty cash book
(x) A ledger for impersonal accounts.	K Return inward journal
	L Sales ledger
	M Purchases invoice
	N Sales journal
	O Purchases ledger

SECTION B (20 Marks)

Answer **all** questions in this section.

3. (a) Give five distinctions between *receipts and payments* and *income and expenditure accounts*.
   (b) Highlight five importance of the balance sheet.

4. (a) A landlord charges his tenant an annual rent per annum. He accrues for rent owing at the end of each year and also adjusts for rent received in advance.

   Entries made by the landlord:
   On 1st January, 2002, tenant owed sh. 180,000 for the year 2001.
   In December 2001, tenant paid sh. 400,000 for the year 2002.
   During the year 2002 landlord received cash for rent sh. 1,600,000.
   At close of 31st December, 2002, accrued rent was sh. 110,000 tenants had not paid and unearned rent revenue was sh. 30,000.

Ascertain the amount to be transferred to profit and loss account for the year ended 31st December, 2002 without using rent received account.

(b) Outline four essentials of a bill of exchange

(c) State five limitations of single entry system.

SECTION C (60 Marks)

Answer **all** questions in this section.

5. M/S Majuto is a sole trader. He extracted the following list of balances from the books of his business on 31st March, 2011:

	Dr	Cr
	Sh.	Sh.
Purchases and Sales	453,800	806,500
Sales and purchases returns	5,100	9,300
Discounts	11,200	3,900
Stock at 1st April, 2010	124,600	
Motor van, at cost	125,000	
Office equipment	96,000	
Provision for depreciation of motor van 1.4.2010		38,000
Provision for depreciation of Office equipment 1.4.2010		21,500
Salaries and wages	176,200	
Motor van running expenses	39,100	
Sundry expenses	11,400	
Rent and rates	32,000	
Bad debts	3,750	
Provision for doubtful debts 1st April, 2010		3,200
Debtors and creditors	128,700	91,000
Bank	80,400	
Cash	600	
Drawings	70,000	
Capital		384,450
	13,587,850	1,357,850

This additional information is available at 31st March, 2011:

(i) Stock was valued at sh. 201,000.

(ii) Salaries and wages accrued sh. 4,900.

(iii) Rent and rates prepaid sh. 7,900.

(iv) An additional sh. 2,700 is to be written off as bad debts, and the provision for doubtful debts is to be adjusted to 2% of debtors after writing off bad debts.

(v) Goods taken by Majuto for his private use during the year amounted at cost to sh. 3,700. No record of this has yet been made in the books.

(vi) Depreciation is to be written off as follows: motor van sh. 20,000, office equipment at 15% using the straight line method.

Prepare a trading and profit and loss account for the year ended 31st March, 2011 as well as a balance sheet as at that date.

6. (a) A trader known as Bushiri does not keep proper books of accounts. However, he provides the following particulars:

	31-12-2010	31-12-2011
	Sh.	Sh.
Cash at bank	45,000	30,000
Cash in hand	3,000	40,000
Stock in trade	400,000	450,000
Debtors	120,000	200,000
Creditors	300,000	200,000
Equipment	50,000	50,000
Furniture	40,000	40,000

Additional information:

- During the year 2011, Bushiri introduced sh. 60,000 as additional capital and withdrew sh. 40,000 as drawings.
- Write off depreciation on furniture at 10% and on equipment at 5%.

Prepare statements of affairs at the end of years 2010 and 2011 as well as statement of profit or loss for the year ended 31st December, 2011.

(b) Summary of receipts and payments of Majimatitu Medical Aid Society for the year ended 31st December, 2011 are as follows:
Opening cash balance in hand sh. 80,000, subscriptions sh. 500,000. Donation sh. 150,000. Interest on investments @ 9% per annum sh. 90,000. Payments for medicine supply sh. 300,000. Honorarium to Doctors sh. 100,000. Salaries sh. 280,000. Sundry expenses sh. 10,000. Equipment purchase sh. 150,000. Charity show expenses sh. 15,000. Charity shows collections sh. 125,000.

Additional information:

	1-1-2011	31-12-2011
	Sh.	Sh.
Subscription due	15,000	22,000
Subscription received in advance	12,000	7,000
Stock of medicine	100,000	150,000
Amount due for medicine supply	90,000	130,000
Value of equipment	210,000	300,000
Value of building	500,000	480,000

Prepare receipts and payments account as well as subscription account for the year ended 31st December, 2011.

7. A businessman with his financial year end on 31st. December bought two vans on 1st January, 2001, No 1 for sh. 800,000 and No 2 for sh. 500,000. It also buys another van, No 3, on July 2003 for sh. 900,000 and another, No 4, on 1st October, 2003 for sh. 720,000. The first two vans are sold, No 2 for sh. 229,000 on 30th September, 2004, and No 2 for scrap for sh. 5,000 on 30th June, 2005.

   Depreciation is on the straight line basis, 20 per cent per annum, ignoring scrap value in this particular case when calculating depreciation per annum.

   Show van account, accumulated provision for depreciation account as well as van disposal account for the years ended 31st December, 2001, 2002, 2003, 2004 and 2005.