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, 06th November 2015 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) A cash discount is described as a reduction in the sum to be paid if the payment is made

A for cash only B by cash, not cheque C either by cash or cheque
D for cash, not for credit E within a previously agreed period.

(ii) What is meant by the term salvage value?

A Cash paid when asset is disposed. B Estimated disposal value.
C Selling price of the assets. D Cost price of the assets.
E Cash received when lift of the assets end.

(iii) Suppliers' personal accounts are found in the

A nominal ledger B general ledger C sales ledger
D returns ledger E purchase ledger.

(iv) The total of the Returns Outwards Journal is transferred to the

A credit side of the returns outwards account
B debit side of the returns outwards account
C credit side of the returns outwards book
D debit side of the purchases returns book
E debit side of the sales returns book.

(v) If an accumulated provision for depreciation account is in the use, the entries for the year's depreciation would be

A debit asset account, credit profit and loss account
B credit provision for depreciation account, debit profit and loss account
C credit asset account, debit provision for depreciation account
D credit profit and loss account, debit provision for depreciation account
E debit profit and loss account, credit asset account.

(vi) In the trading account, the wages expenses should be

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

(vii) A receipts and payments account does not show

A cheques paid out during the year B the accumulated fund
C receipts from sales of assets D bank balances
E assets bought during the year.

(viii) Which of these errors would be disclosed by the trial balance?

A A purchase of sh. 2500 was omitted entirely from the books.
B Selling expenses were debited to Sales account.
C Credit sales of sh. 3000 entered in both accounts as sh. 300.
D Cheque sh. 9500 from Kagoma entered in Kagoma's account as sh. 5900.
E Sh. 5500 paid for motor expenses debited to motor vehicle account.

(ix) Given last year's capital was sh. 745,000, closing capital is sh. 462,000 and drawings of sh. 134,000, then

A profit for the year was sh. 149,000
B loss for the year was sh. 228,000
C loss for the year was 417,000
D loss for the year was sh. 149,000
E profit for the year was sh. 417,000.

(x) The sales day book does not contain

A Credit sales made without deduction of trade discount
B Cash purchases made to overseas customers
C Cash sales made to customers
D Credit sales which eventually turn out to be bad debts
E Credit sales made to local customers.

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) The profits of the company expressed as a percentage of the owners investment.	A Working capital ratio
(ii) The gross and net earnings expressed as a percentage of sales.	B Acid test ratio
(iii) Current assets compared to current liabilities.	C Inventory ratio
(iv) Very liquid assets compared to immediate liabilities.	D Earnings per share ratio
(v) The number of days of sales held in stock.	E Payables ratio
(vi) The number of days of purchases represented by creditors.	F Dividend cover ratio
(vii) The number of days of sales represented by debtors.	G Inventory turnover ratio
(viii) The ratio of fixed interest capital to equity capital.	H Gross profit ratio
(ix) Compares the amount of profit earned per ordinary share with the amount of surplus paid.	I Equity ratio
(x) The ratio of prior charge capital to ordinary share capital and reserve.	J Receivables ratio
	K Gearing ratio
	L Return on capital employed ratio
	M Profit margin ratio
	N Debt ratio
	O Capital gearing ratio

SECTION B (20 Marks)

Answer **all** questions in this section.

3. (a) Identify the accounts in which entries should be made to record each of the following transactions:

Transactions	Dr	Cr
(i) Bought stock on credit from Omondi.		
(ii) Sold goods on credit to Muita		
(iii) Bought a motor vehicle in cash.		
(iv) Paid for electricity by cheque.		
(v) Returned goods to a supplier, Nkatha.		

(b) Identify five errors that may be revealed by a Trial Balance.

4. (a) (i) Prepaid rent at the beginning of the period was sh. 40,000 and sh. 20,000 was not paid last year. During the year payments of sh. 320,000 was made with respect to rent. It was established that at the end of the period prepaid rent should be sh. 60,000. Without using T-account compute the amount of rent expenses to be transferred to profit and loss account.

(ii) Accrued wages at the beginning of the month was sh. 240,000. At the end of the month sh. 690,000 was transferred to profit and loss account and sh. 10,000 was prepaid. Sh. 320,000 of wages was accrued but not yet paid during the month. Without using T-account compute the amount of wages paid during the year.

(b) Outline five importance of a profit and loss account.

SECTION C (60 Marks)

Answer **all** questions in this section.

5. (a) Majura and Majuni enter a joint venture to share profits or losses equally resulting from dealings in second-hand digital TVs. Both parties take an active role in the business, each recording his own transactions. They have no joint banking account or separate set of books.

2011

July
1 Majura buys four TVs for a total of sh. 110,000.
3 Majura pays for repairs sh. 84,000.
4 Majuni pays office rent sh. 30,000 and advertising expenses sh. 9,000.
6 Majuni pays for packaging materials sh. 3,400.
7 Majuni buys for a TV in excellent condition for sh. 60,000.
31 Majura sells the five TVs to various customers, the sales being completed on this data and totalling sh. 310,000.

Show the relevant accounts in the books of both joint venturers.

(b) On 31st December, 2008 the bank column of Tengeneza's cash book showed a debit balance of sh. 15,000. The monthly bank statement written up to 31st December, 2008 showed a credit balance of sh. 29,500.

On checking the cash book with the bank statement it was discovered that the following transactions had not been entered in the cash book:

Dividends of sh. 2,400 had been paid directly to the bank.
A credit transfer - TRA and Customs VAT refund of sh. 2,600 had been collected by the bank.
Bank charges sh. 300.
A direct debit of sh. 700 for the Charity subscription had been paid by the bank.
A standing order of sh. 2,000 for Tengeneza's loan repayment had been paid by the bank.
Tengeneza's deposit account balance of sh. 14,000 was transferred into his bank current account.

A further check revealed the following items:
Two cheques drawn in favour of Tamale sh. 2,500 and Fadiga sh. 2,900 had been entered in the cash book but had not been presented for payment.
Cash and cheques amounting to sh. 6,90 had been paid into the bank on 31st December, 2008 but were not credited by the bank until 2nd January, 2009.

(i) Bring the cash book (bank column) up to date, starting with the debit balance of sh. 15,000, and then balance the bank account.
(ii) Prepare a bank reconciliation statement as at 31st December, 2008.

6. The following receipts and payments account were extracted from Msongola Charitable Club for the year ending 31st December, 2009.

Msongola Charitable Club

Receipts and Payments Account for the year ending 31st December, 2009

Receipts	Amount	Payments	Amount
Bank balance at 1.1.2009	52,400	Payment for bar supplies	3,862,00
Subscriptions received for		Wages:	
2008 (arrears)	140,000	Grounds man and assistant	1,993,900
2009	1,435,000	Barman	862,400
2010 (in advance)	120,000	Bar expenses	23,400
Bar sales	6,128,000	Repairs to stand	74,000
Donations received	80,000	Ground upkeep	182,900
		Secretary's expenses	93,800
		Transport costs	242,000
		Bank balance 31.12.2009	621,000
	7,955,400		7,055,400

Additional information:

		31.12.2008	31.12.2009
		Sh.	Sh.
(a)	Inventory in the bar - at cost	449,600	555,800
	Owing for bar supplies	329,400	434,000
	Bar expenses owing	22,500	33,600
	Transport costs	-	26,500

(b) The land and football stands were valued at 31st December, 2008 at land sh. 4,000,000; football stands sh. 2,000,000; the stands are to be depreciated by 10 percent per annum.

(c) The equipment at 31st December, 2008 was valued at sh. 250,000, and is to be depreciated at 20 per cent per annum.

(d) Subscriptions owing by members amounted to sh. 140,000 on 31st December, 2008 and sh. 175,000 on 31st December, 2009.

From the information given above, prepare income and expenditure account subscriptions, account, bar trading account, transport cost account, purchases control account as well as bar expenses account.

7. (a) From the following information, prepare a sales ledger control account for the month of August 2012.

2012

August	1	Sales ledger - debit balances	381,600
	1	Sales ledger - credit balances	2,200
	31	Transactions for the month:	
		Cash received	10,400
		Cheque received	623,900
		Bills received	300,000
		Sales	709,000
		Bad debts written off	30,600
		Discount allowed	29,800
		Returns inwards	66,400
		Cash refunded to a customer who had overpaid	3,700
		Dishonoured cheques	2,900
		Dishonoured bills	1,500
		Interest charged by us on overdue debt	5,000
		Balance in the sales ledger set off against balance in the purchases ledger	7,000
		At the end of the month:	
		Sales ledger - debit balances	342,900
		Sales ledger - credit balances	4,000

(b) Machinery is bought on 1st January, 2005 for sh. 100,000 and another one on 1st October, 2006 for sh. 120,000. The first machinery is sold on 30th June, 2007 for sh. 72,000. The business's financial year ends on 31st December. The machinery is to be depreciated at 10 per cent per annum, using the straight line method. Machinery in existence at the end of each year is to be depreciated for a full year. No depreciation is to be charged on any machinery disposed of during the year.

From the given information, draw up accumulated provision for depreciation account for three years.

(c) The following Trial Balance was extracted by Ms. Matokeo from her books as at 30th June, 2011. She is unable to get the totals to agree.

Trial Balance as at 30th June, 2011

	Dr	Cr
	Sh.	Sh.
Sales		870,500
Purchases	624,000	
Discount allowed and received	3,050	4,100
Salaries and wages	31,680	
General expenses	5,950	
Fixtures	100,000	
Stock 1st July, 2010	124,900	
Debtors and creditors	81,200	50,450
Bank	67,900	
Drawings	45,200	
Capital		170,170
Suspense	11,340	
	1,095,200	1,095,220

The following errors are found:

(i) Sales day book overcast by sh. 3,500.

(ii) Discount allowed under cast by sh. 1,000.

(iii) Fixtures, bought for sh. 8,500, have been entered in the cash book but not in the fixtures account.

(iv) Credit purchases of sh. 1,660 were entered in the purchases day book only, but not in the creditor's account.

(v) Cheque payment to a creditor of sh. 4,900 had been debited to the drawings account in error.

Redraft the trial balance after all corrections have been made.