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, 03rd November 2017 p.m.**

Instructions

1. This paper consists of sections A, B and C with a total of **seven (7)** questions.

2. Answer **all** questions.

3. Calculators, cellular phones and any unauthorised materials 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 the answer booklet provided.

(i) A credit balance of sh. 20,000 on the cash column of the cash book would mean that
- A the business owner has Tsh. 20,000 cash in hand.
- B the bookkeeper has drawn Tsh. 20,000 in his cash book.
- C the shop keeper lost Tshs. 20,000 from the business.
- D the shop keeper sold goods on credit for Tsh. 20,000.
- E the business owner spent Tsh. 20,000 more than he/she has received.

(ii) Sales invoices are first entered in the
- A cash book
- B purchases journal
- C sales account
- D sales journal
- E purchases account.

(iii) An authority letter issued by the Accounting Officer or his deputy covering the authority for specific expenditure is called
- A ambit of the vote
- B warrant of funds
- C virement
- D reallocation warrant
- E warrant holder.

(iv) Which of the following are the examples of revenue expenditure?
- A Purchases of goods and payment for electricity bill in cash
- B Repair of van and petrol costs for van
- C Buying machinery and paying for installation costs
- D Electricity costs of using machinery and buying van
- E Buying van and petrol costs for van

(v) Which of the following is treated as current assets in the preparation of statement of financial position?
- A Unearned revenue
- B Accrued expenses
- C Accrued revenue
- D Depreciation expenses
- E Accumulated depreciation

(vi) In the trial balance the balance on the provision for depreciation account is
- A not shown, as it is part of depreciation.
- B shown as a debit items.
- C shown as a credit items.
- D shown in both sides of the trial balance.
- E sometimes shown as a credit, sometimes as a debit.

(vii) When the financial statements are prepared, the bad debts account is closed by being transferred to

A balance sheet.
B profit and loss account.
C trading account.
D provision for doubtful debts account.
E profit and loss appropriation account.

(viii) At the beginning of accounting year Y. club has Tsh. 14,000 as non-current assets, Tsh. 5,000 as current assets and Tsh. 5,000 liabilities. What would be its opening accumulated fund?

A Tsh. 4,000.
B Tsh. 14,000.
C Tsh. 5,000.
D Tsh. 24,000.
E Tsh. 12,000.

(ix) A cheque which is not accepted for payment by the bank due to insufficient fund in the drawer's bank account is referred to as

A dishonoured cheque
B unpresented cheque
C uncredited cheque
D unrecorded cheque
E open cheque

(x) What is the effect of Tsh. 50,000 being added to purchases instead of being added to a non-current asset?

A Net profit would be understated
B Net profit would be overstated
C Net profit would not be affected
D Gross profit would be effected
E Both gross and net profits would be understated

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 the answer booklet provided.

Column A	Column B
(i) The net worth of the business to the owner of the business.	A Floating capital
(ii) The property purchased in order to be retained in the business.	B Capital expenditure
(iii) The assets which can be converted into cash within a relatively short period.	C Current assets
(iv) The sum of all current assets.	D Working capital
(v) The difference between total current assets and stock.	E Fixed assets
(vi) The current assets less stock over current liabilities.	F Current liabilities
(vii) The total value of assets less total debtors.	G Working capital ratio
(viii) The amount of money used for the day to day running of the business	H Capital
(ix) Total current assets over total current liabilities.	I Liquid capital
(x) The debts which must be paid promptly preferably within one year.	J Liquid capital ratio
	K Capital owned
	L Capital employed
	M Capital receipts
	N Long-term liabilities
	O Profit percentage on capital invested

SECTION B (20 Marks)

Answer **all** questions in this section.

3. (a) State five advantages of using books of original entry.
   (b) Briefly explain five types of errors which do not affect the agreement of a trial balance.

4. (a) From the following given information, find out the amount to be transferred to Profit or Loss Account by using Rent received Account.

	1st Jan. 2015	31st Dec. 2015
	Sh.	Sh.
Rent received outstanding	420,000	320,000
Rent received in advance	550,000	120,000

A total sh. 9,870,000 cash was received during the year.

   (b) Briefly explain five benefits of bank reconciliation statement.

SECTION C (60 Marks)

Answer **all** questions in this section.

5. On 1st January, 2015, F. Wood had the following assets and liabilities:

		Sh.
Cash at bank		1,400,000
Stock		4,000,000
Debtors:	W. Kamau	1,500,000
	R. Nundu	960,000
Creditors:	J. Polo	1,300,000
	S. Matoke	850,000
Office equipment		420,000
Motor van		3,200,000

His transaction during the month of January were as follows:

January
- 2 Withdrew sh. 200,000 from bank for office use
- 2 Purchased goods from J. Polo sh. 250,000 on credit
- 4 Bought office stationery sh. 36,000 in cash
- 7 Received cheque sh. 940,000 from R. Nundu in full settlement less sh. 20,000 cash discount
- 12 Sold goods to W. Kamau sh. 1,400,000 on credit
- 14 Paid salaries sh. 80,000 in cash
- 15 Paid S. Matoke sh. 600,000 by cheque on account
- 16 Returned goods worth sh. 30,000 to J. Polo and received a credit note
- 20 Bought office equipment sh. 145,000 on credit from Patel Brothers
- 23 Sold all goods on hand receiving sh. 1,250,000 cash and sh. 5,000,000 by cheque
- 27 Paid Patel Brothers sh. 130,000 in cash
- 28 Withdrew sh. 370,000 from the bank for personal use
- 29 Paid rent sh. 160,000 in cash and salaries sh. 180,000 by cheque

From the above information:

(a) Find out capital as 1st January, 2015 by using journal proper.

(b) Open debtors and creditors accounts.

(c) Prepare cash and bank accounts.

6. The following details relates to Chituhuma Charitable Club:

	01.01.2015	31.12.2015
	Sh.	Sh.
Premises	450,000	360,000
Club furniture	67,500	60,750
Sports equipment	45,000	57,600
Barman's outstanding wages	2,700	3,375
Subscriptions outstanding	4,050	3,150
Subscription received in advance	1,800	1,080
Repair to sports equipment, bill due	5,400	3,870
Refreshment stock	13,500	8,775
Insurance prepaid	720	360
Cash in hand	15,300	21,600
Bank overdraft	25,560	24,030
Refreshment creditors	19,440	8,640
Bar debtors	9,000	11,250

Receipts and payments Account for the year ending 31st December, 2015

Details	Amount	Details	Amount
Cash in hand b/f	15,300	Bank balance b/f	22,560
Subscriptions	225,000	Stationery and printing	77,625
Bar and restaurant receipts	177,300	Electricity	10,395
Bank balance c/f	24,030	Wages	105,660
		Insurance	18,000
		Sports equipment	27,000
		Repair to sports equipment	33,750
		Telephone and postage	7,470
		Refreshment	90,000
		General expenses	15,750
		Advertising	8,820
		Cash in hand c/f	21,600
	441,630		441,630

As a newly appointed club treasurer prepare for the club members the following:

(i) Statement of Affairs as at 1st January, 2015

(ii) Bar Trading account for year ending 31st December, 2015

(iii) Income and Expenditure account for year ending 31st December, 2015.

7. (a) Sinahamu Tena traders bought a motor van on 1st January, 2014 at sh. 1,800,000 estimated to last five years after which it have a scrap value of sh. 300,000. The van was sold on 31st December, 2016 at Tsh. 1,000,000 and the payment made by cheque.

From the above information prepare:

(i) Motor van account
(ii) Provision for depreciation on motor van account
(iii) Disposal of motor van account.

(b) From the following particulars extracted from the books of a trader, prepare sales ledger and purchases ledger control accounts for the month ended 31st December, 2015.

Balance on 1st January, 2015:		Sh.
Sales ledger	- cash	356,000
	- credit	78,000
Purchases ledger	- cash	424,440
	- credit	86,000
Transactions during the year:		
Sales on credit		9,548,000
Purchases on credit		8,472,000
Return inwards		245,000
Returns outwards		349,000
Cheques received from customers		7,242,000
Cheques paid to suppliers		6,940,000
Cash paid to suppliers		94,000
Cash received from customers		104,000
Bad debts written-off		8,000
Discount allowed to customers		69,000
Discount received from suppliers		76,000
Credit purchases set off against credit sales		254,000
Balance on 31st December, 2015:		
Sales ledger	- credit balance	89,000
Purchases ledger	- debit balance	92,000