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

062 **BOOKKEEPING**
(For Both School and Private Candidates)

Time: 3 Hours **Monday, 12th November 2018 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) Which of the following should be entered in the Journal?

A Payment for cash purchases
B Fixtures bought for cash
C Credit sales of goods
D Sale of surplus machinery
E Goods sold for cash

(ii) Errors are corrected through the journal because

A it saves the book-keeper's time.
B it saves entering them in the ledger.
C it is much easier to record entries in the journal.
D it shows assets in the credit side and liabilities in the debit side.
E it provides a good record explaining the double entry system.

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

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

(iv) Given the opening accounts receivable of TZS 115,000, sales TZS 480,000 and receipts from debtors TZS 450,000, the closing accounts receivable total should be

A TZS 85,000
B TZS 145,000
C TZS 163,000
D TZS 185,000
E TZS 30,000

(v) In a sales ledger control account the bad debts written off should be shown as

A a debit and credit items.
B a debit item.
C a credit item.
D a balance carried forward.
E a balance brought forward.

(vi) Prime cost is obtained as a result of

A cost of raw materials used plus direct wages and factory overhead cost.
B cost of raw materials used plus direct wages.
C factory overhead cost plus direct wages.
D factory cost of goods manufactured less cost of raw materials used.
E cost of raw materials used less factory cost of goods manufactured.

(vii) X and Y are partners in a partnership business sharing profit and losses at the ratio of 1:3 respectively. Their net profit at 31/12/2017 was TZS 500,000, how much profit will each partner earn?

A 166,667:333,333 respectively
B 333,333:166,667 respectively
C 375,000:125:000 respectively
D 125,000:375,000 respectively
E 250,000:250,000 respectively

(viii) If someone owns a grocery store, which of the following is a capital expenditure?

A Rent B Wages C Salaries
D Fire insurance E Motor van

(ix) Which of the following is a liability?

A Loan from J. John B Buildings
C Accounts receivable D Work in progress at the end
E Closing stock of finished goods

(x) Which of the following is an example of recurrent expenditure?

A Licence fees from the client
B Salaries and allowances of staff
C Office maintenance cost
D Licence fees payable
E Taxes payable

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) It is the main book of accounts.	A General ledger
(ii) It contains debtors' accounts.	B Sales journal
(iii) It contains creditors' accounts.	C Purchases returns journal
(iv) It contains the real and nominal accounts.	D Purchases ledger
(v) It contains cash and bank accounts.	E Cash payments journal
(vi) It contains capital and drawings accounts.	F Purchases journal
(vii) It is used to record credit sales.	G Sales ledger
(viii) It is used to record credit purchases.	H General journal
(ix) It is used to record the payment of small amounts of money by a business.	I Sales returns journal
(x) It is used to record business transactions that are not journalised in any of the other journals.	J Ledger
	K Journals
	L Private ledger
	M Cash receipts journal
	N Petty cash book
	O Cash book

SECTION B (20 Marks)

Answer **all** questions in this section.

3. (a) State five advantages of self-balancing ledgers and control accounts.
   (b) Briefly explain five benefits of using Petty Cash System.

4. (a) The following information was extracted from the books of Rhombo Traders for the year ending 31st December, 2017.

	TZS
Purchases	2,000,000
Stock (1st Jan. 2017)	150,000
Stock (31st Dec. 2017)	300,000
Sales	2,500,000
Expenses	200,000
Rent received	100,000
Warehouse wages	80,000
Carriage inwards	50,000

Using the information provided, calculate:

(i) The value of goods available for sale.
(ii) The gross profit for the year.
(iii) The net profit for the year.
(iv) Rate of stock turnover.
(v) Percentage of expenses over sales.

(b) show how the following transactions should be recorded in the ledger accounts by writing the name of the account to be debited and credited for each transaction:

Transaction	**Account to be debited**	**Account to be credited**
(i) Started business putting cash into a business bank account.		
(ii) bzought machinery on credit from Unique Machines Traders.		
(iii) Withdrew cash from the bank and placed it in the cash box.		
(iv) Bought a second hand motor van paying in cash.		
(v) Sold some of the machinery on credit to B. Brothers		

SECTION C (60 Marks)

Answer **all** questions in this section.

5. The trial balance extracted from the books of Maji Meupe on 31st December, 2017 showed debit totals of TZS 491,400 and credit totals of TZS 440,400. The trading profit and loss account drawn up on the basis of this trial balance revealed a gross profit of TZS 143,000 and a net profit of TZS 36,000. A careful re-examination of his books revealed the following errors:
   (i) Sales day book was overcast by TZS 10,000.
   (ii) Goods costing TZS 8,000 had been taken by Maji Meupe for his personal use. No record was made of this fact.
   (iii) Cash discount amounting to TZS 6,000 allowed by a creditor was debited to discount allowed account.
   (iv) A payment of TZS 5,000 for carriage on sales was debited to carriage inwards account.
   (v) A balance of TZS 1,000 in the personal account of M. Migire, a debtor, was not included in the list of total debtors on the trial balance.
   (vi) During the year Maji Meupe sold his private farm for TZS 50,000 and paid in the proceeds to the firm's bank account. This fact was only recorded in the cash book.
   (vii) A new warehouse was built at a total cost of TZS 50,000, including materials costing TZS 35,000 and labour TZS 15,000. Materials used were journalised through purchases book and the wages paid were debited to ordinary wages account.
   (viii) No record has been made for goods valued at TZS 14,000 taken by the proprietor, Maji Meupe for his personal use.
   (ix) Goods costing TZS 25,000 purchased from Azam had been credited to Azania's personal account.

   Using the information provided, prepare:
   (a) Journal entries to correct the errors.
   (b) The corrected gross and net profit figures.
   (c) Suspense account.

6. Essau, Chuwa and Linus are in partnership sharing profits and losses in the ratio of 3:2:1 respectively. The following is a trial balance of the partnership as at 31st December, 2017.

Details	**Dr. TZS**	**Cr. TZS**
Capital accounts:		
Esau		360,000
Chuwa		240,000
Linus		120,000
Current Accounts:		
Esau		14,000
Chuwa	10,000	
Linus		6,000
Bank balance	50,000	
Debtors	460,000	
Bad debts provision 1st January, 2017		20,000

Creditors		700,000
Provision for Depreciation 1st January, 2017		
Land and buildings		240,000
Motor vehicles		160,000
Drawings:		
Esau	80,000	
Chuwa	60,000	
Linus	60,000	
Land and building at cost	1,20,000	
Motor vehicle at cost	400,000	
Office expenses	80,000	
Purchases	1,700,000	
Rates	80,000	
Sales		3,000,000
Selling expenses	280,000	
Stock on 1st January, 2017	400,000	
	4,860,000	4,860,000

The following information was also provided:

(i) Stock at 31st December, 2017 TZS 600,000.

(ii) Non-current assets are written off at the following rates: Land and buildings at 5% per annum on cost and Motor vehicle at 20% per annum on cost.

(iii) Rates prepaid at 31st December, 2017 TZS 40,000.

(iv) Bad debts amounting to TZS 10,000 were written off and bad debts provision to be adjusted to 5% of the outstanding debtors at 31st December, 2017

(v) At 31st December, 2017 TZS 35,500 was outstanding in respect of selling expenses.

(vi) According to the partnership agreement:
Linus is to get a salary of TZS 120,000 per annum. Interest of 10% per annum is to be allowed on the partner's capital accounts. No interest is to be allowed on partner's current accounts and no interest is to be charged on partners drawings.

Using the information provided, prepare:

(a) Partners Trading, Profit and Loss Appropriation Accounts for the year ending 31st December, 2017

(b) Partners' Current Accounts for the year ending 31st December, 2017 and bring down the balances at 1st January, 2018.

7. Manyama Bwire keeps his books on a single entry system.

	31.12.2016	31.12.2017
	TZS	TZS
Club furniture	100,000	120,000
Stock	60,000	20,000
Debtors	120,000	140,000
Prepaid expenses		40,000
Creditors	40,000	?
Outstanding expenses	12,000	20,000
Cash	22,000	6,000
Receipts and payments during the year were as follows:		
Receipts from debtors		420,000
Payment to customers		200,000
Carriage inwards		40,000
Drawings		120,000
Sundry expenses		140,000
Furniture purchased		20,000

Other information:
There was a considerable amount of cash sales. Credit purchases during the year amounted to TZS 230,000. Provide for doubtful debts to the extent of 10% on debtors.

From the information provided, prepare:
(a) Trading, Profit and Loss Accounts for the year ending 31st December, 2017.
(b) Total Debtors and creditors Control accounts as well as Cash account.
(c) Balance sheet as on 31st December, 2017.