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

062 **BOOKKEEPING**

(For Both School and Private Candidates)

Time: 3 Hours **Year: 2020**

Instructions

1. This paper consists of sections A, B and C with a total of **nine (9)** questions.
2. Answer **all** questions in sections A and B and **two (2)** questions from section C.
3. Section A carries **twenty (20)** marks, section B **forty (40)** marks and section C carries **forty (40)** marks.
4. Non programmable calculators may be used.
5. Cellular phones and any unauthorised materials are **not** allowed in the examination room.
6. 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) - (xv), choose the correct answer from among the given alternatives and write its letter beside the item number in the answer booklet provided.

(i) If it is required to maintain fixed capital accounts then the partners' share of profits must be

A debited to partners' capital accounts.
B credited to partners' drawing accounts.
C debited to partners' current accounts.
D credited to partners' current accounts.
E credited to partners' capital accounts.

(ii) A statement containing particulars of the consignment is known as

A balance sheet.
B final accounts.
C account sales.
D consignment outwards.
E profit and loss account.

(iii) A debit balance of TZS 5,000 in a cash account shows that

A cash has been overspent by TZS 5,000.
B TZS 5000 was the total of cash paid out.
C the total of cash received was less than TZS 5,000.
D there was TZS 5,000 cash in hand.
E TZS 5,000 was the total of cash received.

(iv) Given a designed cash float of TZS 7,000, if TZS 5,410 is spent in the period and the opening cash float had been TZS 7,000, how much will be reimbursed at the end of that period?

A TZS 5,410
B TZS 17,000
C TZS 12,410
D TZS 1,590
E TZS 7,000

(v) If the cost of goods sold is TZS 16,000 and the profit margin is 20%, determine the amount of sales.

A TZS 20,160
B TZS 13,600
C TZS 20,000
D TZS 21,000
E 19,200

(vi) The act of recording transactions in any subsidiary book is called

A posting.
B double entry system.
C transaction.
D balancing.
E journalizing.

(vii) A cheque paid by a customer but not yet passed through the banking systems is called

A stale cheque
B dishonoured cheque
C postdated cheque
D unpresented cheque
E uncredited cheque

(viii) The primary objective of trial balance is
A to make sure that total amount of debit side and credit side are equal.
B to detect and avoid errors and frauds.
C to prepare trading, profit and loss account and balance sheet.
D to test the arithmetic accuracy of the ledger.
E to prepare suspense account.

(ix) Which document is used to deposit money in the current account?
A Cheque book
B Paying in slip
C Bank statement
D General ledger
E Bash book

(x) What would you consider to be the main source of government revenues?
A Royalties
B Penalties
C Taxes
D Interest
E Fees

(xi) How would a credit balance brought down on a rent income account be interpreted?
A Rent has been paid in advance at that date.
B Rent has been paid in excess of the required amount
C Rent has not yet paid until that date.
D Rent is owed by the business at that date.
E Rent has been paid in full amount at that date.

(xii) Which of the following would best describe the use of a control account?
A To check the arithmetical accuracy of ledgers
B To show costs ascertained in the ledgers
C To show allowance given by suppliers
D To check the debit balance of sales account
E To show the direct costs allocated to a section of a business

(xiii) The main reason for the preparation of a manufacturing account is
A to report all the costs incurred in producing goods and any profit realized.
B to record every transaction resulting in incomplete records.
C to record missing figures found in the books of accounts.
D to deal with disposal of fixed assets.
E to determine whether the business is profitable or not.

(xiv) How would you categorize the subscription paid in advance in the balance sheet of a non-profit making organization?
A A current liability
B A non-current liability
C A current asset
D A non-current liability
E Accumulated fund

(xv) On which basis are selling expenses apportioned among departments?
A Value of machinery
B Sales
C Purchases
D Floor area of each machine
E Space occupied

2. For each of the items (i) - (v), match the descriptions of audit items in **Column A** with their corresponding names 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) Collection of several documents as evidence for activities performed by auditor to support and reach conclusion.	A Management audit
(ii) Is the audit carried out as required by the law or regulations.	B Internal control
(iii) Procedures of the management to ensure effectiveness, efficiency, smooth operations and compliance with applicable laws and regulations.	C Statutory audit
(iv) Statement prepared at the end of audit work by an auditor expressing opinion on the true and fair view of financial statements.	D Unqualified opinion
(v) Suggestions which state that the audited financial statements are clean and give true and fair view.	E Internal check
	F Working papers
	G Audit report

SECTION B (40 Marks)

Answer **all** questions in this section.

3. Briefly describe five (5) books of prime entry.

4. Elaborate the following accounting concepts:
   (a) Accrued expenses
   (b) Book keeping
   (c) Credit transaction
   (d) Carriage outwards
   (e) Gross profit

5. The following errors were discovered in the books of Kiwango Shop for the year ending 31st December 2018. Prepare journal entries to correct the errors (ignore narrations).
   (a) Sales day book was overcast by TZS 20,000.
   (b) A sale of TZS 50,000 to Xavier was wrongly debited to Xavery account.
   (c) Repairs expense of TZS 18,000 was wrongly posted to repairs account as TZS 81,000.
   (d) Discounts received worth TZS 30,000 were erroneously posted to the debit of discounts allowed account.
   (e) Legal expense of TZS 90,000 paid to advocate Mr. Mosha was debited to Salaries and wages account.
   (f) Motor car purchased for TZS 170,000 was wrongly entered in purchases account.
   (g) Cash amounting to TZS 15,000 received from Dasi was correctly entered in the cash book but wrongly posted to the debit of Dasian account.
   (h) The sales and insurance accounts were under cast by TZS 40,000.
   (i) Wages account total was under cast by TZS 78,200.

6. MS Annet did not maintain her accounting records on a double entry system. On 31st December 2018 she supplied the following list of assets and liabilities.

	31st December 2017	31st December 2018
Premises	350,000	295,000
Furniture	60,000	53,000
Motor van	18,000	?
Trade debtors	62,800	7,300
Trade creditors	39,500	40,700
Loan from bank	120,000	?
Salaries due	92,000	75,000
Prepaid insurance	25,000	36,000
Rent received in advance	40,000	68,000

The following information is also available:

(i) During the year to 31st December 2018, MS Annett made loan repayment of TZS 100,000.

(ii) MS Annett provides for depreciation on motor vans at 10% per annum.

Prepare the statements of affairs to calculate the opening capital as at 1st January 2018 and closing capital as at 31st December 2018.

SECTION C (40 Marks)

Answer **two (2)** questions from this section.

7. Mitamba Motors Ltd provides for depreciation on its machinery at the rate of 20 percent per annum on cost. It charges full depreciation in the year of purchase but no depreciation is charged in the year of disposal. Financial statements are prepared annually on 31st December 2017:

2014 January 1, bought machine A for TZS 100,000.
July 1, bought machine B for TZS 60,000.

2015 March 31, bought machine C for TZS 55,000.

2016 October 7, sold machine A for TZS 55,000.
November 5, bought machine D for TZS 120,000.

2017 February 4, sold machine B for TZS 30,000.
February 6, bought machine E for TZS 90,000.
October 11, exchanged machine D for machine F valued at TZS 70,000.

Use the information provided to prepare the Machinery and Provision for Depreciation on Machinery Accounts for the four years ending 31st December 2014, 2015, 2016 and 2017 and the Machinery Disposal account.

8. The following trial balance was extracted from the books of Sungura Stores on 28th February 2018.

Sungura Stores Trial Balance as at 28th February 2018

DETAILS	DR	CR
Purchase and sales	9,280,000	15,716,500
Cash at bank	410,000	
Cash in hand	32,400	
Capital account on 1st March 2017		1,140,000
Drawings	1,710,000	
Office furniture	2,290,000	
Rent	340,000	
Wages and Salaries	314,000	
Discounts	82,000	16,000
Accounts receivable and payable	123,160	524,500
Inventory 1st March 2017	412,000	
Allowance for doubtful debts on 1st March 2017		40,500
Delivery van	2,309,000	
Van running costs	61,90	
Bad debts written off	73,000	
Total	**17,437,500**	**17,437,500**

Notes:

(a) Inventory on 28th February 2018 TZS 240,000.
(b) Wages and salaries accrued at 28th February 2018 TZS 16,000.
(c) Rent prepaid at 28th February 2018 TZS 23,000.
(d) Van running cost owing at 28th February 2018 TZS 7,200.
(e) Increase the allowance for doubtful debts by TZS 9100.
(f) Provide for depreciation as follows: Office furniture TZS 38,000; delivery van TZS 125,000.

Use the information provided to prepare Sungura Stores Income Statement for the year ending 28th February 2018 and the Statement of Financial Position as at 28th February 2018.

9. Mziwanda and Mwerevu agreed to enter into joint venture to buy and sell speed boats. Profit and losses were to be shared in the ratio of 2:1 respectively.

On 2nd May 2018 Mziwanda purchased three speed boats for TZS 600,000, TZS 700,000 and TZS 900,000 respectively. He bought a reconditioned engine costing TZS 400,000 which he installed in one of the boats, the old engine being scraped. On 31st May 2018 he sold two of the speed boats for TZS 600,000 each, depositing the proceeds in his own bank account. On 12th June 2018 he sold the third boat for TZS 1,600,000 which he paid over to Mwerevu who deposited it into his personal bank account.

On 3rd May 2018 Mwerevu purchased a speed boat for TZS 700,000 and having incurred expenditure of TZS 50,000 on repainting the boat, he sold it on the 8th May 2018 for TZS 800,000 depositing the proceeds into his personal bank account. This boat developed mechanical problems and on 28th May 2018 Mwerevu agreed to take back the boat at an agreed price of TZS 750,000 which he paid out of his bank account. The boat was still unsold until 30th June 2018 and it was agreed that Mwerevu should take it over for his personal use at a valuation of 700,000. Other costs incurred were as follows:

	Mziwanda	Mwerevu
Harbor dues	100,000	300,000
Marine insurance	200,000	600,000

Mziwanda paid into his bank account net receipts of TZS 200,000 in respect of sped boat trips. On 1st July 2018 the sum required in full settlement as between Mziwanda and Mwerevu was paid by the party accountable.

Using the information provided, prepare:

(a) Joint Venture Accounts in the books of Mziwanda and Mwerevu respectively.

(b) Memorandum Joint Venture Account.