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 **Monday, 07th November 2016 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 the answer booklet provided.

(i) An error caused by debiting Mahela`s account instead of Machela`s account is called
A compensating error B error of omission C error of commission
D error of complete reversal E error of original entry.

(ii) Which of the following expenditure the government received no value?
A Nugatory expenditure. B Recurrent expenditure.
C Statutory expenditure. D Recurring expenditure.
E Development expenditure.

(iii) Dishonoured bill of exchange is returned to a person
A endorsed it B addressed it C accepted it
D presented it for payment E to whom money is owed.

(iv) What is meant by book keeping?
A An art of recording cash transaction.
B An art of recording bank transactions.
C An art of recording cash and credit transaction.
D An art of recording credit transactions.
E An art of recording business transactions.

(v) Money contributed by individuals under non-profit making organization is known as
A capital introduced B capital owned C working capital
D accumulated fund E capital employed.

(vi) In government accounting a term family`is referred to
A wife and children
B father, wife and children
C all relatives
D mother, father, wife and children
E mother, wife and children.

(vii) Suppliers` personal accounts are found in the
A nominal ledger B general ledger C purchases ledger
D sales ledger E private ledger.

(viii) When depositing money in the current account you should always use
A a cheque book B a pay-in slip C a cash book
D a bank statement E a petty cash book.

SECTION B (20 Marks)

Answer **all** questions in this section.

3. (a) Mention three uses of a trial balance.
   (b) List three limitations of a balance sheet.
   (c) Name four advantages of double entry system.

4. (a) The following information was extracted from the final accounts of Mpambanaji business on 31st July, 2013.

Transactions during the year:	Sh.
Sales	600,000
Purchases	260,000
Stock (1/8/2012)	72,000
Fixed assets	400,000
Current assets	180,000
Current liabilities	148,000
Total expenses	40,000
Stock (31/7/2013)	50,000

Calculate the following financial ratios:
(i) Margin
(ii) Mark-up
(iii) Return on capital
(iv) Working capital ratio
(v) Rate of stock turnover.

(b) From the following transaction show action to take in recording the accounts in the double entry system.

Transaction	Account to be debited	Account to be credited
(i) Owner put cash into business.		
(ii) Paid a creditor L. Lihimba by cheque.		
(iii) Bought goods on credit from M. Wamilika.		
(iv) A debtor Chihamato paid us in cash.		
(v) Received cash for rent.		
(vi) Owner withdraws cash from business for personal use.		
(vii) Paid commission by cheque.		

(viii) Bought furniture on credit from Mtile.		
(ix) Sold goods for cash.		
(x) Bought goods paying in cash.		

SECTION C (60 Marks)

Answer **all** questions in this section.

5. From the following transactions prepare the suspense account and pass journal entries to rectify the following errors assuming the existence of suspense account. At the end of accounting period it was discovered that there was a difference of shs. 35,670 which was debited to a suspense account.
   (a) Shs. 17,500 paid in cash for a new electronic typewriter had been charged to office expenses account.
   (b) Drawings amounting to shs. 12,500 by cheque were completely omitted from the books.
   (c) A purchase of goods from M. Katanga for shs. 25,000 were credited to the account of M. Kaniki.
   (d) A sale of goods worth shs. 9,600 made to Mashaka Yanini was correctly entered in the sales day book but was posted to Mashaka Yanini account as shs. 10,600 while total sales for the month were overcast by shs. 1,000.
   (e) Goods purchased from Catherine Mitumba & Sons for shs. 15,050 recorded in the purchases day book from the invoice as shs. 15,500 and posted to the purchases account and Catherine Mitumba & Sons in the ledger accordingly.
   (f) A cash purchase of tools shs. 12,300 from Goodone hardware, a supplier, were entered in the cash book only.
   (g) A page in the purchases book was overcast by shs. 12,000.
   (h) The sales account was under cast by shs. 4,000.
   (i) The petty cash book balance of shs. 7,100 were omitted from the trial balance.
   (j) M. Majura was credited with shs. 7,740 instead of shs.7,470.
   (k) A sale of shs. 14,000 were incorrectly credited to H. Kasoga, a debtor.
   (l) A payment of shs. 9,200 made for carriage on purchases was posted to carriage outwards account.
   (m) A cash discount of shs. 2,000 allowed to a debtor was correctly posted to his account but was credited to discount received account.

6. (a) Janguo and Majuto agreed to form a partnership to commence business on 1st January, 2012, with capital of shs. 60,000 and 40,000 respectively, which was duly paid into the new firm`s account. They agreed on the following:
   (i) To allow 2½% interest on capital.
   (ii) To share profits and losses in the ratio 2:1.
   (iii) To maintain fixed capital account.
   (iv) To charge 3% interest on drawings.

During the year, drawings were as follows:
Janguo – shs. 150,000
Majuto – shs. 100,000
Their profit as per Profit and Loss Account for the year ending 31st December, 2012 and before taking into account the stated adjustment was shs. 323,500.

From the information provided, show the following accounts:
(i) Profit and Loss Appropriation Account
(ii) Partners` Current and Capital Accounts.

(b) Prepare a Subscription Account from the following details on the dates shown:

	01.01.1012	31.12.2012
	Shs.	Shs.
Subscriptions outstanding	210,000	160,000
Subscriptions received in advance	275,000	60,000

A total of shs. 4,935,000 cash, was received as subscriptions during the year.

7. (a) From the following information, prepare a manufacturing account for the year ending 31st December, 2012 for the firm of Majohe Limited.

	Sh.
1st January, 2012, Inventory of raw materials	80,000
31st December, 2012, Inventory of raw materials	105,000
1st January, 2012, Work-in-progress	35,000
31st December, 2012, Work-in-progress	42,000
Transactions during the year:	
Wages: Direct	396,000
Indirect	255,000
Purchases of raw materials	870,000
Fuel and power	99,000
Direct expenses	14,000
Lubricants	30,000
Rent of factory	72,000
Depreciation of factory plant and machinery	42,000
Internal transport expenses	18,000
Insurance of factory building and plant	15,000
General factory expenses	33,000
Carriage inwards on raw materials	20,000

(b) From the following particulars extracted from the books of a trader, prepare total accounts receivable and total accounts payable for the year ending 30^{th} November, 2012.

		Sh.
Balance on 1^{st} January, 2012:		
Sales	- Cash	344,890
	- Credit	268,187
Purchases	- Cash	14,440
	- Credit	496,600
Total receipts from customers		600,570
Total payments to suppliers		503,970
Discount allowed (all to credit customers)		5,520
Discount received (all from credit suppliers)		3,510
Refund given to cash customers		5,070
Balance in the sales ledger set off against balance in the purchases ledger		70
Bad debts written-off		780
Increase in the allowance for doubtful debts		90
Credit notes issued to credit customers		4,140
Credit notes received from credit suppliers		1,480

According to the audited financial statements for the previous year accounts receivable and accounts payable as at 1^{st} December, 2011 were shs. 26,555 and shs. 43,450 respectively.