

**THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF EDUCATION AND VOCATIONAL TRAINING  
FORM TWO SECONDARY EDUCATION EXAMINATION, 2008**

**0062**

**BOOK KEEPING**

**TIME: 2 HOURS**

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**INSTRUCTIONS**

1. This paper consists of sections A, B and C.
2. Attempt **ALL** questions.
3. Read carefully the instructions given under each section.
4. **ALL** answers should be written in the answer sheet(s) provided.
5. Write your examination number on every page of the answer sheet(s).
6. **ALL** writing must be in blue or black ink.
7. Cellphones and calculators are **NOT** allowed in the examination room.

## SECTION A (20 MARKS)

1. For each of the following items write the letter of the correct answer.

- (i) If the assets of a business amount to Tshs. 85,000/= and owner's capital is Tshs. 60,000/=. How much is the liabilities of the business?
  - A. Tshs. 25,000/=
  - B. Tshs. 40,000/=
  - C. Tshs. 45,000/=
  - D. Tshs. 80,000/=
- (ii) Katubi bought goods valued Tshs. 60,000/= on credit from Mwambasha. Therefore Mwambasha is a:
  - A. customer
  - B. creditor
  - C. debtor
  - D. purchaser.
- (iii) Given a desired cash float of Tshs. 10,000/=: if Tshs. 7,200/= is spent, how much will be reimbursed:
  - A. Tshs. 2,800/=
  - B. Tshs. 7,200/=
  - C. Tshs. 7,300/=
  - D. Tshs. 10,000/=
- (iv) Which of the following is correct?
  - A. Capital can only come from profit
  - B. Profit does not change capital
  - C. Profit increases capital
  - D. Profit reduces capital.
- (v) An officer who controls Public Money is known as:
  - A. Authorized officer
  - B. Accounting Officer
  - C. Paymaster General
  - D. Receiver of Revenue.
- (vi) In the Trading Account the Returns Inwards should be:
  - A. added to the cost of goods sold
  - B. added to sales
  - C. deducted from purchases
  - D. deducted from sales.

(vii) The arithmetical accuracy of the double entry system of business transactions is checked from the:

- A. Balance Sheet
- B. Final Accounts
- C. Income Statements
- D. Trial Balance.

(viii) The sale of goods on credit to Maganga should be recorded in:

|    | <b>DEBIT</b>      | <b>CREDIT</b>     |
|----|-------------------|-------------------|
| A. | Cash Account      | Sales Account     |
| B. | Maganga's Account | Cash Account      |
| C. | Maganga's Account | Sales Account     |
| D. | Sales Account     | Maganga's Account |

(ix) Capital and drawings accounts are classified as:

- A. Nominal Accounts
- B. Personal Accounts
- C. Properties Accounts
- D. Real Accounts.

(x) Which of the following is not correct?

|    | <b>ASSETS<br/>(Tshs)</b> | <b>LIABILITIES<br/>(Tshs)</b> | <b>CAPITAL<br/>(Tshs)</b> |
|----|--------------------------|-------------------------------|---------------------------|
| A. | 6,540                    | 1,120                         | 5,420                     |
| B. | 7,850                    | 1,250                         | 6,600                     |
| C. | 8,200                    | 2,800                         | 5,400                     |
| D. | 9,550                    | 1,150                         | 8,200                     |

2. Choose the correct term from **Group B** which matches with the explanation in **Group A** and write it against the number of the corresponding explanation.

| <b>Group A</b>  | <b>Group B</b>         |
|---|------------------------|
| (i) Transport cost for the goods to the customer.   | A. Assets              |
| (ii) Profit shown as a percentage of sales.   | B. Business            |
| (iii) Assets which can change day to day.   | C. Capital Expenditure |
| (iv) Gross profit plus income is less than expenses.  | D. Carriage on Sales   |
| (v) Resources owned by a business.  | E. Current Assets      |
| (vi) Legal activities undertaken by a firm or an individual for the purpose of making profit. | F. Current liabilities |
| (vii) The excess of current assets over current liabilities.                                  | G. Expenses            |
| (viii) An instruction given by the customer to the bank to make regular payments on behalf.   | H. Grants and Aids     |
| (ix) The amount spent on acquiring fixed assets, such as machines, land and buildings.        | I. Margin              |
| (x) Costs of operating business.  | J. Mark up             |
|   | K. Net Loss            |
|   | L. Net Profit          |
|   | M. Standing order      |
|   | N. Working Capital     |

### SECTION B (20 MARKS)

3. Mention five sources of Government Funds.
4. Complete the following table and show which accounts are to be Debited and which are to be Credited.

|       | Transactions   | Accounts to be Debited | Accounts to be Credited |
|-------|--|------------------------|-------------------------|
|       | <b>Example:</b><br>Bought office furniture for cash. | Furniture A/C          | Cash A/C                |
| (i)   | A debtor, "Mwangaza" pays us by cheque.              |                        |                         |
| (ii)  | Bought goods for cash.                               |                        |                         |
| (iii) | Withdrew cash from Bank for office use.              |                        |                         |
| (iv)  | Sold goods for cash.                                 |                        |                         |
| (v)   | Goods returned by us to Massawe.                     |                        |                         |

### SECTION C (60 MARKS)

5. On 31<sup>st</sup> December 2007, the Cash Book balance of Kamwene was Tshs. 25,370/= whereas the Bank Statement showed a credit balance of Tshs. 25,670/=. In comparing these two balances, the following were discovered:-
- (a) Cheques not presented for payment Tshs. 12,340/=
- (b) Cheques paid into bank but not credited by the bank Tshs. 12,160/=
- (c) Items shown in the Bank Statement but not yet entered in the Cash Book:
- (i) Bank Charges Tshs. 240/=
- (ii) Standing order Tshs. 460/=
- (iii) Dividends collected by bank Tshs. 820/=

#### Required:

- (a) Adjust the Cash Book to show the correct Cash Book balance.
- (b) Prepare a Bank Reconciliation Statement starting with the adjusted Cash Book balance.

6. Rule a suitable Petty Cash Book of Mwananchi in January, 2007 with the following analysis payment columns: Postage, Travelling, Expenses, Sundry Expenses and Ledger.

Jan. 1: Petty Cashier received imprest from main Cashier  
Tshs. 40,000/=

Jan. 2: Paid for stamps Tshs. 4,000/=, sugar Tshs. 8,000/=,

Jan. 3: Paid for Daladala fare Tshs. 4,500/=;

Jan. 4: Received cash Tshs. 7,500/= from an employee  
payment voucher No.8.

Jan. 5: Paid Juma Tshs. 10,000/=, Stati

7. From the following balances as extracted from the books of Kamwala, prepare Trading, Profit and Loss account for the year ending 31<sup>st</sup> December, 2007. Show clearly **Gross Profit or Loss** and the **Net Profit or Loss** for the year.

|                                  |                  |
|----------------------------------|------------------|
| Sales .....                      | Tshs. 186,000/=  |
| Purchases .....                  | Tshs. 115,5600/= |
| Opening stock (1.1.2007) .....   | Tshs. 37,760/=   |
| Carriage on sales .....          | Tshs. 3,260/=    |
| Carriage on purchases .....      | Tshs. 2,340/=    |
| Returns Inwards .....            | Tshs. 4,400/=    |
| Returns Outwards .....           | Tshs. 3,550/=    |
| Salaries and Wages .....         | Tshs. 24,470/=   |
| Motor expenses .....             | Tshs. 6,640/=    |
| Sundry Expenses .....            | Tshs. 12,020/=   |
| Closing Stock (31/12/2007) ..... | Tshs. 49,980/=   |