

**BOOK-KEEPING**  
**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.

- i) Which of the following best describes the meaning of “purchases”?
  - A) Items bought
  - B) Goods bought on credit
  - C) Goods bought for resale
  - D) Goods paid for
  - E) None of the above
- ii) Which of the following is correct?
  - A) Profit does not alter capital
  - B) Profit reduces capital
  - C) Capital can only come from profit
  - D) Profit increases capital
  - E) Loss increase amount of capital
- iii) Which of the following best describes a trial balances
  - A) Shows the financial position of a business
  - B) It is a special account
  - C) Shows all the entries in the books
  - D) It is a list of balances on the books
  - E) Helps to determine the value of gross profit
- iv) To find the value of closing inventory at the end of a period we do this by
  - A) Physically counting the inventory (stock taking)
  - B) Look in the inventory account
  - C) Deduct opening inventory from cost of goods sold
  - D) Deduct cost of goods sold from sales
- v) The descending order in which current assets should be shown in the balance sheet is
  - A) Stock, debtor, bank, cash
  - B) cash, bank, debtor, stock
  - C) Bank, cash, stock, debtors
  - D) Cash, debtor, stock, bank
  - E) Stock, cash, bank, debtors
- vi) Given a desired cash float of Tzs200, if Tzs146 is spent in the period, how much will be reimbursed at the end of the period?
  - A) Tzs200
  - B) Tzs54
  - C) Tzs 346
  - D) Tzs146.
- vii) Tzs50 cash taken from the cash till and banked is entered
  - (A) Debit cash column Tzs50: Credit bank column Tzs50
  - (B) Debit bank column Tzs50: Credit cash column Tzs50
  - (C) Debit cash column Tzs50: Credit cash column Tzs50
  - (D) Debit bank column Tzs50: Credit bank column Tzs50
- viii) Which of the following should be entered in the journal?
  - A) Payment for cash purchase
  - B) Fixtures bought on credit

- C) Cash sales of goods
  - D) Sale of surplus machinery and payment made on spot
  - E) None of the above
- ix) Errors are corrected via the journals because
- A) It saves the book keeper's time
  - B) It saves entering them in the ledger
  - C) It is much easier to do
  - D) It provides a good record explaining the double entry system
  - E) Errors are automatically corrected.
- x) Capital expenditure is
- A) The extra capital paid in by the proprietor
  - B) The cost of running the business on day-to- day basis
  - C) Money spent on buying fixed assets or adding value to them
  - D) Money spent on selling fixed asset
- xi) Book-keeping is mainly concerned with
- A) The arranging of books in alphabetical order
  - B) Recording of financial data relating to business operations
  - C) Creating employment to people
  - D) Providing loans to people
- xii) Given a purchases invoice showing 5 items of Tzs80 each, less trade discount of 25 per cent and cash discount of 5 per cent, if paid within the credit period, your cheque would be made out for
- A) Tzs285
  - B) Tzs280
  - C) Tzs380
  - D) Tzs 300
- xiii) Which of the following is incorrect
- |    | Asset | Liabilities | Capital |
|----|-------|-------------|---------|
|    | Tzs   | Tzs         | Tzs     |
| A) | 7,850 | 1,250       | 6,600   |
| B) | 8,200 | 2,800       | 5,400   |
| C) | 9,550 | 1,150       | 8,200   |
| D) | 6,540 | 1,120       | 5,420   |
- xiv) A firm bought a Machine for Tzs 32,000 on 1<sup>st</sup>April 2012. It has estimated life of four years and terminal value of Tzs 12,000. Accounting year of firm ended 31<sup>st</sup>Dec each year. What would be the value of depreciation on 31<sup>st</sup>Dec 2012?
- A) Tzs 5,000
  - B) Tzs 3,750
  - C) Tzs 3,333
  - D) Tzs 20,000
  - E) Tzs 4167
- xv) Which of the following is recorded in the statement of financial position as a current asset?
- A) Depreciation
  - B) Expenses Prepaid
  - C) Expense incurred
  - D) Expense due

2. Match the items in **LIST A** with the responses in **LIST B** by writing the letter of the correct response besides the item number.

<b>LIST A</b>		<b>LIST B</b>
i)	Payment made for which the government has received no value.	A. Recurrent expenditure
ii)	Authority letter issued by the accounting officer or his deputy covering authority for specific expenditure.	B. Double entry
iii)	A fund established in order to meet urgent services, the need for which could not have been foreseen.	C. Consolidated fund
iv)	Is any person in civil servants appointed by the president of the United Republic of Tanzania on charged with the duties of controlling and auditing government accounts.	D. Accounting Cycle
v)	To process of transferring the debit and credit from the journal and cash book.	E. Civil contingencies of fund
		F. Nugatory expenditure
		G. Posting
		H. CAG
		I. Reimbursement
		J. Warrant of funds

3. Give a brief explanation on the following:

- i) Unpresented cheque
- ii) Uncredited cheque
- iii) Dishonorcheque
- iv) Standing order
- v) Bank overdraft

4. With vivid examples briefly explain classification of accounts

5. a) Complete the table below: No 1 is an example.

No.	Transaction	Posting	Effect
(1)	Owner pay capital into the bank account	DR: Bank A/C CR: Capital A/C	Increase of Asset Bank Increase of capital
(i)	Bought goods by cheque		
(ii)	Bought goods on credit		
(iii)	Credit sales of goods		
(iv)	Cash sale		
(v)	Owner takes goods for personal use		

b) Draw up a suitable Petty Cash Book of Kashozi Traders keeps his petty cash on imprest system. The petty cash transaction for month of January 2007;.

January 1: Petty Cashier received imprest from Main cashier Tzs.40,000

January 2: Paid for stamps Tzs.4,000 and sugar Tzs.8,000

January 3: Paid for Daladala fare Tzs.4, 500

January 4: Received Cash TTzs.7,500 from an employee, payment voucher No. 8

January 5: Paid Mr. Juma Tzs.10,000 and stationary Tzs.8,000

Require: Record the given transaction in Kashozi Traders petty cash book for month of January 2007 and show the restoration of the petty cash to the imprest amount as on 1<sup>st</sup> February 2007. Use the following analysis columns:

- a) Postage and stationary
- b) Travelling
- c) Sundry expense
- d) Ledger

6. Msoko Ltd Company keeps on account for rent and rates. The following data was extracted from the company records.

On 1<sup>st</sup> May 2000 Rent prepaid by Tzs 5,000 while Rates was accrued by Tzs 11,000.

During the year ended 30<sup>th</sup> April 2001 rent was prepaid by 3,000 while rates was accrued by Tzs 7,000 and amount paid during the year for rent and rates was Tzs 60,000

**Required:** show how above transaction can be recorded on;

- a. Rent and rates account
- b. Income statement (extract)
- c. Statement of financial position (extract)

7. A company depreciates its computers at the rate of 10% p.a using reducing balance method based on month of ownership. The accounting period ends on 31<sup>st</sup> December every year.

ASSET	COST OF ASSET TZS	SALVAGE VALUE	DATE OF PURCHASE
Computer A	420,000	250,000	01.03.2006
Computer B	360,000	160,000	01.07.2007
Computer C	300,000	-	01.09.2009

**Require:**

Using the data provided in the table above, compute the value of depreciation for the year 2006,2007, 2008 and 2009, and show net book value for each year.

8. The trial balance of Masahi as at 31<sup>st</sup> December 1997 failed to balance. The payments side exceeds the receipts side by Tzs 40,000 this amount was placed to a suspense account. After careful investigation the following errors were discovered
- i) The payment made to George Tzs 20,000 was posted to George account as Tzs 2,000
  - ii) Rent income Tzs 4860 was posted to the debit of rent expenses account as Tzs 6480 in error.
  - iii) An amount received from Magege Tzs 29000 was posted to Magege Co.Ltd as Tzs 30,800
  - iv) Payment made to Fungo Tzs 53,600 was posted to Fungo's personal account in error as Tzs 52,160 although it was correctly posted to the cash book.
  - v) The amount paid to Juma Co.Ltd Tzs 30,100 was posted to the cash book only.

**Required:**

Show journal entries required to correct the above errors and the suspense account. Explanations are not required.

9. The following trial balance was extracted from the books of Kwetua sole trader along 31<sup>st</sup> December 2006.

	Dr	Cr.
	Tzs(000)	Tzs(000)
Capital .....		13,000
Drawings.....	2,700	
Debtors and Creditors.....	2,535	2,250
Stock (1.1.2006).....	3,961	
Purchases and Sales.....	14,500	22,400
Returns.....	539	462
Wages and Salaries.....	3,165	
Carriage Inward.....	470	
Discounts.....	354	330
Advertising.....	313	
Water bills.....	110	
General expenses.....	510	
Rates.....	275	
Cash in hand.....	80	
Cash at Bank.....	330	

Motor vehicle.....	1,100	
Premises.....	7,500	
	38,442	38,442

**Additional information**

Wages due shs.54,000

(a) Rates paid in advance 65,000

(b) Stock at 31 December 2006 was valued at Shs.4,126,000

**Required:**

Prepare

- a) Income statement for the year ending 31st December 2006
- b) Statement of financial position as at that date.

## COMMERCE

### SECTION A (20 MARKS)

1. For each of items (i) – (x) Choose the correct answer from among the given alternatives and write its letter beside the item number in the answer booklet.
  - i) Door to door service can be provided by
    - (a) Ships (b) Trains (c) Aeroplanes (d) Lorries (e) All of the above
  - ii) Advertising is concerned with increasing
    - (a) Productivity (b) Quality of products (c) The market share (d) Awareness (e) Financial assistance
  - iii) The basic commercial activities are
    - (a) Advertising, banking and transport (b) Export trade, Import trade and retail trade (c) Warehousing, Insurance and transport (d) Retail trade and wholesale trade (e) Home trade and foreign trade
  - iv) The main objective of commerce is to;
    - (a) Enable consumers to buy goods (b) Enable traders to earn profit (c) Bridge the gap between producers and consumers (d) Help manufacturers to produce goods for use (e) Satisfy human needs
  - v) Communication may be defined as
    - (a) The process of delivering goods through post office (b) Any process that involves passage of goods from the seller to the buyer the message (c) Passage or transfer of by using any media with the intention of getting positive response from the recipient (d) The passage or transfer of Message by using post office with the intention of getting positive response from the recipient (e) Advertising goods using newspapers alone
  - vi) Profit margin is:
    - (a) Net profit (b) Stock turn (c) Difference between selling price and cost price of goods sold (d) Net profit divided by average stock (e) Gross profit divided by sales
  - vii) A retailer does not perform the activity of
    - (a) Changing the form of goods (b) storage of goods (c) Advising his customers (e) Buying the goods from wholesalers

- viii) The means of transmitting information electronically is called
  - (a) Ex-communication (b) Telecommunication (c) Website (d) Satellite (e) Email
- ix) Composite demand occurs where:
  - (a) A Commodity, especially raw materials, serve more than one purpose
  - (b) The demand for two commodities is linked
  - (c) Two commodities may fairly good substitute for one another
  - (d) A change in demand for one commodity is the result of a change for another commodity
  - (e) There is a competitive demand
- x) The primary function of an entrepreneur is to
  - (a) Manage the production process (b) Pay for land (c) Bear the risk and uncertainty
  - (d) Pay for labour (e) Market the product
- xi) Which of the following is not barrier of effective communication
  - (a) Language (b) Noises (c) semantics (d) wealth (e) Signal
- xii) Wholesaler can be eliminated if :
  - (a) Buying and selling is done on cash basis from retailer
  - (b) Advertising campaign is done continuously
  - (c) Price of commodities is fair
  - (d) A product does not need a technical knowledge of salesmen
  - (e) Buying and selling is done on credit
- xiii) Which of the following is NOT necessary for the development of commerce in a country?
  - (a) Increase Industrial production (b) Improved transport system
  - (c) Direct production of goods (d) Extensive advertising
  - (e) Improved banking system
- xiv) The term used to explain all activities necessary in the bringing the goods and services to the market
  - (a) Marketing (b) Trading (c) Wholesaling (d) Transporting (e) Retailing
- xv) The following are elements of transport except
  - (a) Unit of carriage (b) Motive power (c) Containerization (d) way of Transport
  - (e) Terminal

2. Match the items in column A with the response column B by writing the letter of the correct response beside the item number

	Column A		Column B
i.	It is a way of communicating using messages typed on a computer and sent using communications networks	A.	Internet
ii.	Is a method sending information using a machine called a Tele printer.	B.	Teleconferencing
iii.	Is a system that can transmit written information including maps, diagrams, drawings and pictures in their exact form	C.	Fax/Facsimile
iv.	Is oral communication where two or more people from different place have a meeting Via a screen.	D.	Telex
v.	Is a network that links computers all over the world	E.	WhatsApp
		F.	Facebook
		G.	Video conferencing
		H.	Email

3. Write the short notes on the following

- (a) Posters \_\_\_\_\_
- (b) Sign Posts \_\_\_\_\_
- (d) Neon Signs \_\_\_\_\_
- (e) Window display \_\_\_\_\_

4. Briefly explain the problems of barter trade (5 points)

- i) \_\_\_\_\_
- ii) \_\_\_\_\_
- iii) \_\_\_\_\_
- iv) \_\_\_\_\_
- v) \_\_\_\_\_

5. Give the following data: opening stock of “Tshs5000; closing stock of Tshs 7,000; net purchases Tshs 16,000, net sales Tshs 20,000 and expenses 2500. Find

- (a) Average Stock
- (b) Cost of Sales
- (c) Gross profit
- (d) Net profit
- (e) Rate of stock turn over

6. (a) Define demand

(b) Briefly explain 4 (four) factors affecting demand

7. Briefly explain the importance of commerce in our daily life (5 points)

8. Mr. Price fail to select the profitable channel for his products, you as a student of form three commerce: can you advice Mr. price on the factors determining the choice of advertising? (6 points)

9. Imagine you are Transport officer providing education to the producers about the factors considered when choosing the mode of Transport Discussing above statement. (6 points)

10. Basing on the knowledge that you have; explain the factors that influence the choice of Communication media.