

**PRESIDENT'S OFFICE
REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT
NJOMBE DISTRICT COUNCIL
FORM TWO PRE NECTA EXAMINATION
062 BOOK-KEEPING**

Time 20:30 Hours 24th AUGUST, 2023

INSTRUCTIONS:

1. This paper consists of sections A, B and C with a total of nine (9) questions.
2. Answer all questions
3. Section A and B carry (55) marks total and section C carries 45 marks.
4. All writing must be in blue or black ink
5. All answers must be written in the space provided.
6. Unauthorized materials are not allowed in the examination room.
7. Write your examination number at the top right corner of every page.

SECTION A (10 MARKS)

1. For each of the items (i)-(x) choose the correct answer from among the given alternatives and write its letter in the process provided.
 - i. Why is carriage inwards charged in the income statement?
 - A. It is an expense connected with buying goods.
 - B. It is an expense connected with borrowing capital.
 - C. It is expense connected with sales of goods
 - D. It is an expense connected with purchase of fixed assets.
 - ii. How does the contra entry occur?
 - A. When double entry completed within the cash account
 - B. When double entry is completed within the bank account
 - C. When double entry is completed within the same account
 - D. When double entry is completed within some book.
 - iii. The document used to deposit money in the bank account is known as....
 - A. Bank statement
 - B. Pay-in-slip
 - C. Invoice
 - D. Payment voucher
 - iv. Cash or goods taken out of business for private use are called.....
 - A. Loan to owner

- B. Cash to owner
- C. Drawings by owner
- D. Property by owner

v. Which of the following is correct about capital?

- A. Profit reduces capital
- B. Profit does not change capital
- C. Loss increases capital
- D. Profit increases capital

vi. Which of the following is not an asset to a business?

- A. Buildings
- B. Cash
- C. Creditors
- D. Debtors

vii. A balance of an account can be defined as the

- A. Balance carried down
- B. Different between two sides of an amount.
- C. Total amount of debit side and credit side.
- D. Balance brought down

viii. In total the balance in the wages account is.....

- A. Shown as a credit item
- B. Shown as a debit item
- C. Shown as a debit and credit item
- D. Shown as a credit and debit item

ix. The excess of sales over cost of goods sold is called.....

- A. Gross loss
- B. Gross profit
- C. Net loss
- D. Net profit

x. Properties held in the business for a long time are called.....

- A. Assets
- B. Fixed assets
- C. Current assets
- D. Fixed capital

i	ii	iii	iv	v	vi	vii	viii	ix	x
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