INTERSECONDARY SCHOOLS EXAMINATION SERIES
ISESE

FORM THREE SERIES No.01

013 **BOOK KEEPING**

TIME 3 HRS **Year 2026**

INSTRUCTIONS

1. This paper consists of three sections A, B and C with a total of nine (9) questions.
2. Answer all questions in section A, B and C
3. Section A carries fifteen (15) marks, section B carries forty (40) marks and section C carries forty-five (45) marks.
4. Budget your time wisely.

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FORM ONE AND FORM THREE SERIES EXAMINATION
ISESE TIME TABLE
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ALL SUBJECTS	DATE
SERIES - 01	03rd August 2026
SERIES - 02	10th August 2026
SERIES – 03	17th August 2026
SERIES - 04	24th August 2026
SERIES – 05	31st August 2026

NB# SERIES No.06 – No.10 (SEPTEMBER – OCTOBER)
WE ALSO HAVE EXAMINATION SERIES FOR FORM TWO, FORM FOUR, FORM FIVE AND FORM SIX

SECTION A: (15 MARKS)
Answer all questions in this section

1. For each of the items (i)-(x) choose the correct letter among the given alternative and write its letter beside the item number on your answer sheet(s).

(i) Which of the of following is correct?
- A. Profit does not change capital
- B. Profit reduce capital
- C. Profit increases capital
- D. Capital can only come from profit
- E. Capital increases profit

(ii) Capital and drawings account are found in which type of ledger?
- A. Purchases ledger
- B. General ledger
- C. Sales ledger
- D. Private ledger
- E. Ledger book

(iii) Another name for prepaid expenses is…….
- A. Unexpired expenses
- B. Arrears expenses
- C. Over expenses
- D. Spot payment
- E. Spot expenses

(iv) If creditors at 1st January 2017 were TZS 2,500, creditors at 31st December 2017 TZS 4,200 and payments to creditors TZS 32,000, then purchases for 2017 are:
- A. TZS 30,300
- B. TZS 33,700
- C. TZS 31,600
- D. TZS 38,700
- E. TZS 38,500

(v) How would rent in advance be categorized in the statement of financial position?
- A. A current asset
- B. A current liability
- C. Non-current asset
- D. Non-current liability
- E. Equity

(vi) Mjukuu was given a task by his manager to prepare a statement that will provide a summary of the preparation of financial statements. Which statement among of the following he was required to prepare?
- A. Income statement
- B. Cash flow statement
- C. Statement of financial position
- D. Trial balance
- E. Equity statement

(vii) Halima bought goods from ABC suppliers, two days later she returned some goods, and hence ABC issued a credit note to her. In which ABC's book of prime entry of that credit note is recorded?
- A. Sales day book
- B. Return inwards a/c
- C. Return inwards journal
- D. Return outwards journal
- E. Return outwards a/c

(viii) The cost of borrowing money is?
- A. Interest
- B. Profit
- C. Retained earning
- D. Principal on borrowing
- E. Principal on loan

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(ix) The document used to deposit money into bank account is called…….
A. Payment voucher
B. Bank statement
C. Invoice
D. Pay in slip
E. Receipt

(x) Which of the following account has a credit nature?
A. Carriage inward account
B. Return inward account
C. Discount allowed account
D. Discount received account
E. Rent account

2. For each of the following items (i) to (v) match the description used in book keeping in **Column A** with their corresponding names in **Column B** by writing the letter of the correct response beside the item number on the answer sheet(s).

Column A	Column B
i. Charges imposed on individuals who do not obey the law of the country. ii. Collections charged for services rendered by the government. iii. Income from business organizations that are wholly, owned by the government or where the government has a large shareholding percentage. iv. Amount borrowed from individuals, businesses or institutions within and outside the country. v. Income received for renting the property of the government	A. Revenue from public property B. Licenses and fees C. Taxes D. Fines and penalties E. Interest received from investments F. Dividends from parastatals G. Loans

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SECTION B (40 Marks)
Answer all questions

3. Briefly explain the following book keeping terms
i. Bad debts
ii. Bad debts recovered
iii. Provision for bad debts
iv. Unpresented cheques
v. Bank overdraft

4. Although accountants get trained by different experts, they prepare same books of accounts because they are prepared basing on the same accounting principles. Basing on this statement briefly explain any five (5) accounting principles used in the preparation of different accounts.

5. Enter the following transactions related to Mdee in the appropriate type of cash book.

July 1. Started business with cash……..TZS 90,000
2. Deposited cash in bank……...……...TZS 70,000
3. Bought machinery by cheque……..TZS 50,000
10. Purchased furniture by cheque……..…..…TZS 10,000
18. Sold goods by cheque……TZS 10,000
22. Deposited cash into bank……..TZS 20,000
30. Paid to Salim TZS 10,800 by cheque in full settlement of TZS 11,000
31. Received from Salome a cheque for TZS 14,800 in full settlement of debts of TZS 15,100.

6. On 31st December 2024 the trial balance of Wajukuu stationery did not agree the credit column exceeded the debit column and the difference was placed in suspense. After investigation the following errors were discovered in January 2025.

(i) Interest received was overcast by TZS 585,000
(ii) A sale of goods by cheque TZS 1,472,500 is entered in the books, both debit and credit as TZS 1,742,500
(iii) Rates expenses account was over added by TZS 475,000
(iv) Cash received from a debtor, Jackline was only entered in the cash account amount TZS 70,000
(v) TZS 465,000 cheque paid to Hassan was posted to a wrong side of Bank account.

Required: Journal entries to correct the above errors

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SECTION C: (45 MARKS)
Answer all questions

7. The following information was extracted from the books of WAJUKUU ENTERPRISES for the month of July 2019.

		TZS
Sales ledger balance July 1:	DR	3,595,240
	CR	141,460
Purchases ledger lances July 1:	DR	71,566
	CR	3,305,280
Credit purchases……		3,158,144
Cash purchases……		2,500,500
Credit sales……		3,815,636
Cash sales……		8,570,000
Cheque received from customer……		2,915,550
Cheque paid to suppliers……		3,159,860

Petty cash paid to creditors……30,492
Petty cash received from debtors……53,328
Bad debts……40,920

Return outwards……44,000
Return inwards……43,494
Discount allowed……669,548
Discount received……282,700
Debt collection expenses charged to debtors……14,630
Interest charged by creditors……21,472
Debtors cheque dishonoured……74,360
Interest charged to debtor on an overdue account……..34,012
Sales ledger debit balance transferred to purchases leger……50,160
Sales ledger balance: July 31 (credit balance)……..78,980
Purchases ledger balance; July 31 (Debit balance)……40,920

Required:

Prepare sales ledger control account and purchases ledger control account.

8. TQ constructors Ltd started business on 1st January, 2020. Their purchases and disposal of machine over the subsequent three years were as follows:

Machine	Date of purchase	Cost (TZS)
Machine A	1 January, 2015	5,000,000
Machine B	1 April 2015	2,500,000
Machine C	1 January 2017	700,000

Machine B was sold on 1July 2017 for TZS 900,000. A provision for depreciation on all machine s at the end of the year is calculated at the rate of 15% per annum using a straight-line method based on each month ownership basis.

Using the information provided, write up the following accounts as they would appear in the company's books for the three years ended 31st December 2015,2016 and 2017.

(a) Machinery account
(b) Provision for depreciation on Machinery account
(c) Machinery disposal account
(d) Statement of financial position

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9. SELEMANI does not keep full accounting records. He is able to provide the following information for the year ended 28th February, 2015.

SUMMARIZED BANK ACCOUNT			
Balance 1 March,2014	1,456,000	Payments to trade payables	43,675,000
Receipt from trade receivables	86,494,000	General Expenses	24,911,000
		Purchases of non-current Asset	17,500,000
		Balance 28 February, 2015	1,864,000
	87,950,000		**87,950,000**

Additional information:

	28 February, 2015	**1 March, 2014**
Trade receivable	918,000	752,000
Trade payable	633,000	657,000
Inventory	2,779,000	2,152,000

Required:
Prepare an **income statement** for the year ended 28 February, 2015 and **statement of financial position** as at that date.

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