

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF EDUCATION AND VOCATIONAL TRAINING



Field Support Programme for Second Year Diploma in
Secondary Education

SELF STUDY MODULE.
BOOK KEEPING

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INTRODUCTION

Dear student teacher, welcome to this module that aims at enhancing your professional competence as a teacher through performing different learning activities.

RATIONALE

In fulfilling the two tier system of Diploma in Secondary Education, a second year student is required to engage into field practice for continue learning but at the same time covering the shortage of teachers and preparing for the final examinations. When you are in the field, student teachers are expected to merge theories and practices through the application of knowledge and skills gained in the subject. The module will enable the student teacher to conduct self-learning and an opportunity to build competences in their areas of specialization.

So, you are required to demonstrate the richness of Book keeping as a human activity and hence it's potential to provide meaningful content for you to learn during your field work; for the enrichment of the students whom you are going to teach; and indeed, to prepare you for your final examinations.

Main competences:

There are numbers of academic and pedagogy main competences which you are required to develop within two years of the Book keeping diploma course. These are the ability in:

- i. Solving daily life problems using Book keeping knowledge, principles and skills.
- ii. Applying participatory teaching and learning techniques in promoting active learning in Book keeping.
- iii. Using modern technology in teaching and leaning process.
- iv. Assessing learner's achievement objectively.
- v. Demonstrating creativities, innovativeness and improvisation in the teaching and learning processes.
- vi. Demonstrating critical thinking when dealing with educational issues in your area of specialization.

These competences will be developed through doing activities and evaluation questions assigned in each unit.

STRUCTURE OF THE MODULE

The module has the following structure:

- Introduction
- Main competences
- How to use the module
- Units
- Sub-competences
- Learning activities
- self –assessment and
- References.

HOW TO USE THE MODULE

You are required to go through each unit in the module and read its contents and competences. Then, attempt the given activities and keep the work in your portfolio, for evaluation purposes. These records will enable you to write a report.

For every academic unit you will find the tasks that focus at developing your academic competences and how to treat ordinary level Book keeping content, and competences. But in many cases, this information in the module is not enough. So, find other readings on the same unit and read as much as you can to get a deep understanding of the unit. For every unit there are brief explanation, expected competences, activities and self-assessment. You are required to go through the work, understand it clearly and do the activities as instructed.

Furthermore you are required to do self-assessment questions in each unit to evaluate yourself if you have achieved the given competences. In addition, the questions are provided to assist you in making preparation for your final examination in both academics and pedagogy.

**TOPIC ONE:
FUNDAMENTALS OF BOOK-KEEPING**

Brief Explanation

Welcome to this topic of about fundamentals of Book-keeping. This topic spells out principles and concepts involved in the recording of business transactions.

However this unit is designed to enable a student teacher to strengthen elementary book-keeping knowledge and skills and serve as a foundation for more advanced studies (units) on the subject.

Book-keeping is mainly concerned with the recording of business transactions on a day to day basis following certain guidelines. It is the record keeping part of accounting that enables the business firm to determine the results of its business operations in terms of profit or loss in a given period of time.

Have you ever thought of what Book keeping can tell you? and how it will tell you that? This unit will guide you to understand the above two questions.

COMPETENCES TO BE DEVELOPED

This unit is intended to give you the ability to:

- (a) Use the knowledge and skills in the process of teaching and learning of Fundamentals of Book keeping.

- (b) Identify and demonstrate how Books of original entry, Trial balance and Final accounts functions in real life settings.

Learning – Activity 1.1

Describe the importance and functions of bookkeeping, and relate the importance and functions to the daily business activities.

Learning – Activity 1.2

Apart from Business entity concept, in order to understand how book-keeping tells you different principles and concepts and their importance, find out other concepts and principles recognized as fundamental to be kept in mind when recording business transactions.

Learning – Activity 1.3

Use the accounting expression of “debit” and “credit” to describe how an account is increased and decreased, and state its normal balance by completing the following schedule.

S/N	Type of Account	Increase	Decrease	Normal Balance
(i)	Assets			
(ii)	Liabilities			
(iii)	Capital			
(iv)	Revenue			
(v)	Expenses			

Learning Activity 1.4

Books of original entry are books in which we record transactions in the first place. Find out the uses of the following books: Sale journal, purchases journal, return inwards journal, returns outwards journal, cash book, and General journal.

Learning Activity 1.5

For a small business it is possible to keep all accounts of the business in the ledger, but it is not possible for a big entity. Think of how you can classify the accounts, and find out the advantages of classifying accounts.

Learning Activity 1.6

In order to see that the double entry system is used correctly, a statement known as Trial Balance is prepared. Study the following problem and respond to the given requirements.

Twende pamoja village started business on 1st July 2006. The following transactions took place during the month of July.

JULY

1ST Introduced cash of shs. 8,000,000/= and a tractor valued at 3,500,000/=

2nd Bought goods for cash at a cost of shs. 2,260,000/=

8th Paid wage of shs. 26,000/= and miscellaneous expenses of 4,000/=

9th Sold goods on credit to Upendo Women Group for shs. 380,000/=

14th Sold goods on credit to Nianjema Group for Shs. 480,000/=

18th Bought goods on credit from Wajasirimali Traders for 170,000/=

22nd Bought office furniture at the cost of Shs. 700,000/= for cash

25th Paid wages of shs. 76,000/= for cash.

26th Paid salaries for a shopkeeper shs. 160,000/=

31st Upendo women Group paid the full amount owing.

31st Paid rent for shs. 100,000/= for cash.

Required

- (i) Prepare journal entry to record the above transactions for the month of July.
- (ii) Post the Journal entries to the relevant ledger accounts for the month.
- (iii) Balance off the accounts and extract a Trial Balance at 31st July 2006.

Learning Activity 1.7

In preparing the final accounts the following principles should be born in mind. Matching concept, prudence concept, consistency concept, materiality concept, valuation of balance sheet items concept and going concern concept.

Study the following problem and Draw Jfg Co. Ltd Final accounts as at that date.

JfG Co Ltd

TRIAL BALANCE AS AT 30TH SEPTEMBER 20XX

NAME OF ACCOUNT	DR (SHS)	CR (SHS)
	(000)	(000)
Loan from CRDB Bank		5,000
Capital		25,955
Drawings	8,420	
Cash at Bank	3,115	
Cash in Hand	295	
Debtors and Creditors	12,300	9,370
Stock	23,910	
Motor van	4,100	
Office equipment	6,250	
Purchases and sales	92,100	130,900
Returns	550	307
Carriage inwards	215	
Carriage outwards	309	
Motor van expenses	1,630	
Rent	2,970	
Communication	405	
Wages and salaries	12,810	
Insurance premium	492	
Office stationeries	1,377	
Sundry expenses	284	
	171,532	171,532

Stock at 31st September 20XX was shs. 27,474,000/=

Self-assessment

Answer the following questions.

1. Compare and contrast principle of double entry and the Trial balance?
2. Apply any four training methods that fall under participatory training which are suitable in teaching Book-keeping?
3. Develop the following: Lesson plan, Lesson notes, teaching notes and Scheme of work in order to teach the sub topic “Subject matter of Book keeping” as outlined in the syllabus?
4. Design Book keeping activities which can be organized outside the classroom to develop student interest in the subject?
5. Extract Final Accounts from the following trial balance?

XXL Co Ltd
TRIAL BALANCE AS AT 31ST DECEMBER 20XX

Capital		15,100
Drawings	8,000	
Leasehold premises (5yrs four 1 st Jan 20XX)	15,000	
Advertising	1,138	
Motor vans	9,938	
Purchases and sales	168,496	273,572
Stock (1 st Jan 20XX)	22,036	
Debtors and creditors	24,898	9,570
Insurance	1,203	
Bad debts	637	
Returns	1,567	1,403
Furniture and fittings	4,110	
Communication	1,245	
Rates and water	1,112	
Wages	12,848	
Light and heating	1,102	
E-mail charges	2,149	
Cash in hand	363	
Goodwill	5,000	
Balance at bank	18,803	
	299,645	299,645

Additions:

- i. The stock at 31st December 20XX was 19,645/=
- ii. An appropriate rate of amortization should be written off the leasehold premises.
- iii. 20% on cost (12,500/=) should be written off motor vans.
- iv. 10% should be written off the value of furniture and fittings at the start of the year
- v. Wages outstanding amount to 346/=
- vi. A provisions for bad debts of 1230/= is to be created

- vii. In view of the excellent profit generated XXL directors decided to write off the intangible asset goodwill against capital account.

**TOPIC TWO:
RECORDING TECHNIQUES APPLIED IN DIFFERENT ACCOUNTS.**

Brief Explanation

In Book-keeping, recording of transactions are carried out according to the nature and typology of account. This can be observed from types of business undertakings or purpose of business transactions to be recorded.

In this topic you will learn how transactions are recorded in the following types of accounts namely: Petty cash, Bank Reconciliation, Government Accounting and Financial procedures in the first sub topic. The second sub topic will c General journal, accounting cycle and rectification of errors. While in the third sub topic you will deal with depreciation, disposal of fixed assets, reserves and provisions. Lastly, manufacturing and cost accounting will be dealt in the fourth sub topic.

**2.1 PETTY CASH, BANK RECONCILIATION AND GOVERNMENT
ACCOUNTING AND FINANCIAL PROCEDURES.**

COMPETENCES TO BE DEVELOPED

This unit is intended to give you ability to:

principles and procedures in recording transactions in respective ledgers.

Learning Activity 2.1.1

Explain the importance and functions of petty cash, Bank reconciliation and Government accounting in the context of business undertaking.

Learning Activity 2.1.2

A petty cash fund system is a cost effective and flexible approach of making small payments in business. From the Book-keeping syllabus, study the “petty cash book” topic objectives and then prepare/develop materials that will be used in the teaching and learning process.

Learning Activity 2.1.3

The major reasons that may cause a difference between the balance shown by the Bank statement are:-

- i. Entries that appear in the Bank Statement but not in the cash book and
- ii. Entries that appear in the cash book but not in the bank statement.
- iii. Write a short essay pointing out individual entries which may cause the difference in respect of the above statements.

Learning Activity 2.1.4

By using different materials and sources on government accounting and financial procedures topic within your vicinity, prepare teaching notes to be used in teaching the topic in form two.

Learning Activity 2.1.5

Study the following problem and respond to the requirements that follow.

MWL GROCERY CASH BOOK (BANK COLUMN ONLY)

DATE	PARTICULARS	AMOUNT	DATE	PARTICULARS	AMOUNT
1/3	Balance B/d	230,500	3/3	Chq. No. Aoo81	70,750
5/3	Deposit (i)	31,250	10/3	Chq. No. Aoo82	46,500
8/3	Deposit (ii)	81,000	15/3	Chq. No. Aoo83	53,500
20/3	Deposit (iii)	104,500	22/3	Chq. No. Aoo84	24,000
30/3	Deposit (iv)	23,750	30/3	Chq. No. Aoo85	44,250
			31/3	Balance c/d	231,500
		471,000			471,000

Bank statement collected for the month of March.

DATE	PARTICULARS	DR	CR	BALANCE
1/3	Balance b/d cr			230,500
5/3	Deposit (i)		31,250	261,750
6/3	Cheque. 81	70,750		191,000
8/3	Deposit (ii)		81,000	272,000
16/3	Cheque. 83	53,500		218,500
31/3	Cheque. 85	40,250		178,250
31/3	Deposit		100,500	278,750
31/3	Deposit		87,500	366,250
31/3	Unpaid cheque	31,250		335,000
31/3	Insurance S. O	18,750		316,250
31/3	Bank charge	1,500		314,750

NB If there are any errors, they have been committed by the bank and not by the “MWL Grocery”

Required:

- i. List items not recorded by “Mwl Grocery”
- ii. List items not recorded by the Bank (including errors adjustments).
- iii. Adjust the cash book balance (in statement form).
- iv. Prepare a Bank Reconciliation statement for March.

2.2 GENERAL JOURNAL, ACCOUNTING CYCLE AND CORRECTION OF ERRORS

COMPETENCES TO BE DEVELOPED

This Sub- topic is intended to give you ability to:

- a) Apply the knowledge and skills in the process of learning and teaching how transactions are recorded in general Journal.
- b) Identify and demonstrate; recording, posting rectification of errors and entries to respective ledger account.

Learning Activity 2.2.1

Go through library (information) research, and find out typical uses of the general journal, compare and contrast between Special journals and General journal.

Learning Activity 2.2.2

Select a suitable Book – Keeping text book then explain the:.

1. Relationship of the Journal to the ledger and
2. Record common business transactions in the journal.

Learning Activity 2.2.3

Prepare two activities that will facilitate cooperative learning to your form three students. Then point out the advantages of teacher centered approach.

Learning Activity 2.2.4

Describe different instruments used in your school to keep test/ examination results. And relate to what you have learned in the college.

Learning Activity 2.2.5

Visit a library/website and look for articles on Book keeping errors and their rectification. Use the information to enrich your collection and put the refined information in a port folio.

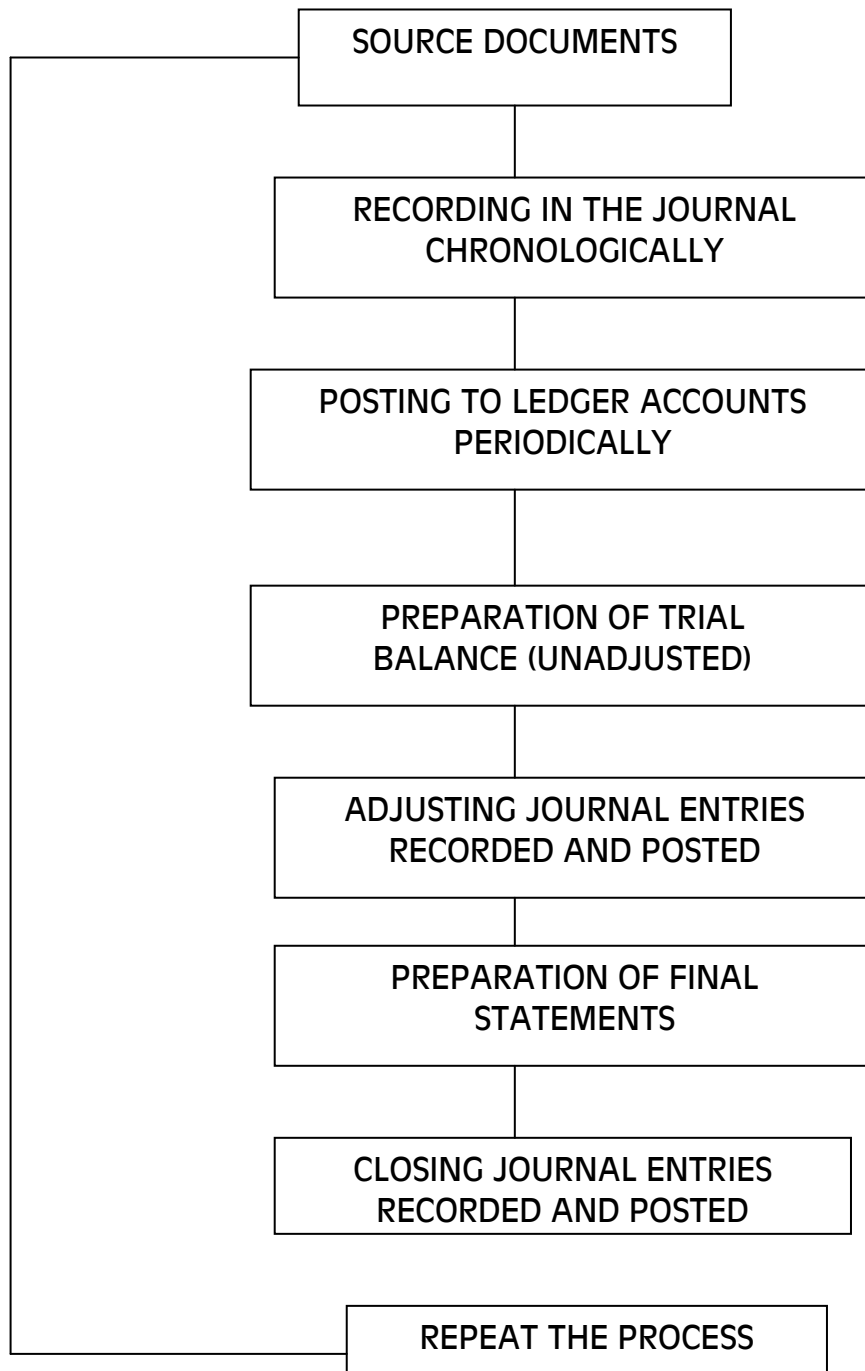
Learning Activity 2.2.6

Pick correction of errors topic from O – level Book – Keeping syllabus and prepare a lesson plan. During the preparation focus on; appropriate teaching/learning strategies, techniques and media that will suit your lesson.

Learning Activity 2.2.7

Study the given summary of the accounting cycle and design real tasks that will portray the cycle in real situation i.e. recording and post of business transactions.

SUMMARY OF THE ACCOUNTING CYCLE



Learning Activity 2.2.8

Go through library (information) and search for articles or journal and other references suspense account, Balance sheet, and the effects of Book-keeping errors on profits.

Write a summary of your findings.

Learning Activity 2.2.9

Select 12 objectives from Book-keeping syllabus and prepare a table of specification, then construct a form three test. Administer the same test to different streams of form three students. Score the test/mark the test and analyze the results.

Self-assessment

Answer the following questions.

1. Explain how to establish and correct errors which do not affect Trial Balance:
2. Solve the following problem:

The trial balance of J. Tarimo, drawn up on 31st December 20XX, failed to agree, the credit side exceeding the debit side by 1,250/= A suspense account was opened and a trading and profit and Loss Account prepared revealing a net profit of 171,720/=.

The following errors were later discovered:

- i. The owner had taken goods worth 700/= each month for his personal use, but no entry was made to record this fact.
- ii. A credit sale of goods 9400/= to S. Masanja was recorded correctly in the sales book but as 4900/= in his personal account.
- iii. The returns outwards book was undercast by 1000/=
- iv. Goods costing 2,250/= were returned by B. Bundalla. This was recorded in returns inwards Books only.
- v. Motor expenses 14,750/= were debited to motor car's Account.

Required:

- i. Pass the necessary rectification entries through the journal.
- ii. Draft the suspense account
- iii. Show the effect of each error on the net profit and calculate the correct net profit.
3. Construct and use table of specification for Book Keeping tests?
4. Organize activities in the classroom during the teaching to create and capture student's interest in Book-Keeping?

2.3. DEPRECIATION, DISPOSAL OF FIXED ASSETS, RESERVES AND PROVISIONS

This sub topic covers aspects of fixed assets, provision for depreciation, computation of depreciation by different methods, calculation of profit or loss arising from disposal, replacement of assets and creation of provisions and reserves.

COMPETENCES TO BE DEVELOPED

After completing this sub topic you will develop ability to:

- (a) Apply the knowledge and skills in the process of learning and teaching
Depreciation method, types of Reserves, Provisions and Disposal method.
- (b) Demonstrate in the classroom settings:
 - i. Computation of depreciation, estimating and creating depreciation, reserves and provisions.
 - ii. Recording and posting of transactions to respective books of accounts.

Learning activity 2.3.1

Select a suitable Book – Keeping text book and read on depreciation topic. After reading write a summary on the following:

1. Reasons for depreciation of fixed Assets.
2. Methods of calculating depreciation charges.

Learning activity 2.3.2

Design a plan that you as a Book keeping expert you will implement to make sure that, there are effective and sustainable teaching on disposal of fixed assets based on the following points:

- Reasons for disposal of fixed assets
- Assets disposal accounts
- Provision for depreciation account
- Fixed asset account
- Trade in allowance.

Learning Activity 2.3.3

Have you ever asked yourself about the meaning of “reserves” and “provisions”? Whether you have or you have not, write down their meanings, types and their treatment in books of account. Discuss the view you have written with your colleague.

Learning activity 2.3.4

Study the following business transactions, and then solve the questions that follows; On 1st January 20XX Kasulu TTC bought 5 machines 250,000/= each and charged depreciation by the straight line method, assuming a life of 10 years and no residual value. The accounting year ends on 31st December.

On 31st March 20X3 Machine Q was sold for 220,000/=

On 1st July 20X3 the College replaced this machine with another machine R, costing 300,000/=

On 1st October 20 X4 Machine S was sold for 150,000/=

Required:

- i. Machinery Account
- ii. Provision for Depreciation Account
- iii. Disposal of Machinery Account
- iv. Balance sheet (extract)

Self-assessment

Answer the following questions.

1. Differentiate amortization, depletion and depreciation?
2. Write short notes on the following methods of depreciation?
 - (a) Units of production method
 - (b) Reducing Balance method
 - (c) Sum of years digit method (syd)
 - (d) Partial year depreciation.
3. Identify steps to be taken in recording disposal of fixed assets?
4. Use the skills and knowledge I have acquired in this sub-unit to prepare a lesson which can be covered in two periods of 80 minutes?

2.4 MANUFACTURING AND COST ACCOUNTING

In previous topic the discussion on accounting procedures and systems has focused mainly on trading firms and service entities. Although these accounting principles and procedures are also applied to manufacturing firms, there are other complexities which arise from the nature of manufacturing operations and activities, most of these accounting techniques and procedures pertinent to manufacturing operations are treated in cost accounting books. In this sub topic concentration is placed on the preparation of manufacturing accounts and types of costs in manufacturing account.

COMPETENCES TO BE DEVELOPED

After studying the concept in this sub topic you should have ability to:

- (a) Identify and apply different types of manufacturing costs, cost accounting and financial accounting in a real life situation.
- (b) Demonstrate how manufacturing transactions are recorded in the manufacturing account.
- (c) Apply the knowledge and skills in the process of learning and teaching manufacturing and cost Accounting.

SELF-ASSESSMENT

Answer the following questions.

1. Distinguish
 - (i) Management accounting from Financial Accounting?
 - (ii) Government Accounting from Management accounting?
 - (iii) Cost Accounting from Financial accounting?
2. Distinguish between trading firm and a manufacturing firm?
3. Explain different ways of valuing work in progress?
4. Identify the prime cost of a manufacturing firm?
5. Classify costs according to functions?
6. Analyse the Break Even Points?
7. Construct matching items for assessing manufacturing account?
8. Construct closed ended essay items for assessing sub topic “stock in manufacturing firm”?

TOPIC THREE:
SINGLE ENTRY AND CONTROL ACCOUNTS

Brief Explanation

A single entry record is a term associated with Book-keeping systems which do not encompass maintenance of a full set of books of prime entry or employ the double entry concept in its totality. While control Accounts, as the name implies seek to give management control over some aspect of business, there are many types of control accounts. In this unit it is only possible to identify a few of them, in particular Debtors and Creditors control accounts.

3:1 SINGLE ENTRY SYSTEM

COMPETENCES TO BE DEVELOPED

This sub topic is intended to give you ability to:

- (a) Draw up a statement to show profit or loss from incomplete records.
- (b) Calculate some missing figures such as cash stolen, value of stock and stock lost by fire.
- (c) Prepare a summary of the business bank account.

Learning Activity 3:1:1

Go through library research and find out why Double Entry is not used in single entry record.

Learning Activity 3:1:2

Where no written records are kept, to determine a change in net worth, one will need to establish a net worth at the beginning and at the end of the period. Given the following data calculate estimated profit.

Net assets at the beginning 5,000,000/=.

During the period 1,000,000/= was collected from winning instant lottery.

The drawing during the period is 75,000/= per month.

Net assets at the end of the year was 6,000,000/=

Learning Activity 3:1:3

Select two Form Four National Examination Past papers having Single entry questions, and prepare a lesson citing the two questions as your illustrative example in the classroom.

Learning Activity 3:1:4

From various sources of information and your experiences, select suitable single entry system materials, read the materials and try to solve given problems from the materials you selected.

Self - assessment

Answer the following questions.

1. Differentiate between a Statement of Affairs and the Balance Sheet?
2. Explain the procedure of calculating profit by statement of Affairs method under single Entry System?
3. Apply steps, which are taken to convert a set of books kept under Single entry system into double entry system?
4. Record the following transactions of Kajura Mali, a trader on 1st January 20XX?

BALANCE SHEET

Capital	250,000	Furniture & Fittings	45,000
Trade Creditors	160,000	Stock in Trade	148,000
Creditors (Expenses)	12,000	Trade Debtors	183,000
		Bank	46,000
	422,000		422,000

Kajura Mali pays all business taking into his bank account and all business payments are made by cheques, His transaction during 20XX are as follows:

Purchases as per day book for the year	152,500/=
Sales as per day book for year	209,700/=
Business expenses paid by cheque	23,400/=
Drawn from Bank for private purposes	480,000/=

All purchases and sales have been recorded in the day books.

There were no returns inwards or outwards and no bad debtors. No discounts were allowed or received.

In July 20XX Kajura Mali took over a Motor van valued at shs 30,000/= in satisfaction of a debt for that amount due to him from a customer.

On 31st December 20XX, trade debtors amounted to 172,500/=, trade creditors amounted to shs 156,000/= and creditors for expenses were Shs 20,000/= and Stock in-trade amounted to Shs. 76,000/=

Required:

- i. A summary of Kajura Mali's Bank Account for the year 20XX
- ii. Final Accounts for the year ended 31st December, 20XX.

Notes:

- i) You may take it that there are no entries in the Bank Account other than those which may be ascertained from the information given above.
 - ii) Ignore depreciation.
5. Start a Book-keeping room/corner?
- i. State the purpose of the room?
 - ii. Suggest teaching/learning aids that can be displayed in a resource room.

3:2 CONTROL ACCOUNTS

COMPETENCES TO BE DEVELOPED

After studying the concepts in this sub topic you should have ability to:

- (a) Apply the Knowledge and skills in the process of learning and teaching control Accounts.
- (b) Demonstrate how transactions are recorded in different books under control Accounts.
- (c) Use self balancing ledgers, Adjustment accounts and principles guiding control account.

Learning Activity 3:2:1

Preparation of Control account is an excellent test of a student's ability; the student is given information referring to either debtor's ledger or creditor's ledger and is asked to draw up control account. Find out what is debtors ledger and creditors ledger.

Learning Activity 3:2:2

Apart from its ability to trace errors which can not be traced by a trial balance, briefly state other advantages of control account.

Learning Activity 3:2:3

From the different sources of information look for an article "control accounts" and use the information to enrich your knowledge and skills from the article. Put the refined information on large sheet of paper and display it in commercial class to stimulate student's creativity on the topic.

Learning Activity 3:2:4

Study the following data and prepare total Debtors account and total Creditors Account in the General Ledger for the month of January 20XX

	TSHS
Opening balance of debtors	84,000
Credit sales*(from sale book)	236,000
Cash received from Debtors (from cash book)	94,000
Discount allowed to Debtors (from cash book)	2,700
Sales Returns (from Sales Returns Journal)	1,800
Bills receivable (from Bills Receivable Book)	24,000
Bad debts (from Journal)	1,700
Bills Receivable dishonored (from Journal)	3,400
Opening Balance of Creditors	74,000
Credit purchases (from purchases Journal)	277,000
Cash paid to creditors (from cash book)	85,000
Discount received from creditors (from cash book)	3,000
Purchases Returns (from Purchases Return Journal)	8,000
Bills Payable dishonored (from Journal)	14,000
Bills Payable (from Bills Payable Journal)	63,000

NOTE The information given in brackets has been taken from respective Books.

Self-assessment

Answer the following questions.

1. State objectives of control accounts?
2. Prepare Sales Ledger Account in the General Ledger from the following data obtained from the subsidiary books of Nkuva Traders?

Particulars	Shs
Jan 1, Opening balance of Debtors	12,400
Jan 31, Total credit Sales for the month	21,300
Received cash from debtors	16,800
Discount allowed	320
Received Bills receivable	8,400
Returns Inwards	650
Bad debts	150
Bills Receivable dishonored	560

3. Prepare the Bought Ledger Control Account (in the general Ledger) the following data obtained from the subsidiary books of Gehaz Sanga Traders?

	Shs
July 1, Opening Balance of Creditors	20,300/=
July 31, Total credit purchases for the month	27,000/=
Discount received	1,020 /=-
Accepted bills payable	12,600/=
Returns outwards	960/=
Bills payable dishonored	1,080/=

4. Select two topics from the syllabus, Control Accounts being one of them, and construct one test item of each of the following types:
- i. True or False items
 - ii. Multiple choices items
 - iii. Matching items
 - iv. Completion items

**TOPIC FOUR:
DEPARTMENTAL ACCOUNT AND NON PROFIT MAKING
ORGANISATIONS**

Brief Explanation

This topic will help you to improve your knowledge about the concepts of departmental accounts and Non- profit making organization in the whole process of recording financial business transactions.

4.1 DEPARTMENTAL ACCOUNTS

Departmental accounts are used to analyze the trading results of the different departments or divisions within a business.

COMPETENCES TO BE DEVELOPED

After studying the concepts in this sub topic you should have ability to:

Apply the acquired knowledge and skills of Departmental accounts in the process of teaching and learning.

Learning Activity 4:1:1

Through different sources and materials on departmental accounts; develop teaching notes, lesson notes and lesson plan to be used in teaching the topic mentioned above.

Learning Activity 4:1:2

Design a plan that you will implement to make sure that you have effective and sustainable teaching notes on departmental accounts basing on the following facts:

- a) Trading, profit and loss Accounts.
- b) Balance sheet.
- c) Methods of apportioning departmental expenses.

Self-assessment

Answer the following questions.

1. Prepare departmental trading, profit and loss Accounts?
2. Use the knowledge and skills to teach the topic effectively and efficiently?
3. Identify suitable methods of apportioning departmental expenses?
4. Associate the knowledge and skills learned to real business life?

4.2 NON PROFIT MAKING ORGANISATION ACCOUNTS

There are certain institutions or organizations, that are established for the purposes of rendering services and not for profit earnings; Such as clubs, schools, Hospitals, political parties and similar associations. In this sub-topic you are expected to explore income and expenditure Accounts, Receipts and payments Accounts, Accumulated fund and subscriptions Account.

COMPETENCES TO BE DEVELOPED

After studying this sub topic you should develop the ability to:

Apply the knowledge and skills of Non-trading organizations to facilitate the process of teaching and learning.

Learning Activity 4.2.1

Identify the use of an Income and Expenditure account in relation to non-profit organizations.

Learning Activity 4.2.2

“The objectives of CWT Association are very different from those of the Kwanza pesa Company Ltd, yet the only differences between their financial statements are terminologies” Comment on the statement.

Learning Activity 4.2.3

Select two suitable Book keeping text books, together with Book Keeping syllabus and develop a lesson for a sub topic Accumulated Fund.

Learning Activity 4.2.4

Use Book-Keeping syllabus to develop a number of lessons that will cover the topic Non trading organization, taking into account the number of periods allocated in your school subject timetable and other necessary documents.

Self-assessment

Answer the following questions.

1. Prepare statement of Affairs?
2. Prepare subscription Account?
3. Calculate Accumulated Fund?
4. Prepare income and Expenditure account?
5. To use the experiences acquired in this sub-unit to develop a lesson and teach it?

TOPIC FIVE:
CONSIGNMENT AND BILLS OF EXCHANGE ACCOUNTS

Brief Explanation

This unit is intended to improve your knowledge of “Consignment Accounts and Bills of Exchange Account”. In brief Consignment is selling goods through an agent, while Bills of Exchange on the other hand are instruments of Credit often used to facilitate trade and commerce.

The topic will focus on concepts and principles guiding consignment accounts and bills of exchange..

5.1. CONSIGNMENT ACCOUNTS

COMPETENCES TO BE DEVELOPED

This sub unit is intended to give you the ability to:

Apply knowledge and experiences of consignment Accounts learned to a classroom setting and in the real business life.

Learning Activity 5.1.1

Select two Bookkeeping text books of your choice indicating the title and the author then prepare teaching notes that you will use in teaching the topic “Consignment Accounts” in form four commercial classes.

Learning Activity 5.1.2

Identify the use of Account sale to the consignee and consignor.

Learning Activity 5.1.3

Using prepared questions and illustrative examples guide students to show:-

Entries in the consigner’s books.

Entries in the consignee’s books.

Self-assessment

Answer the following questions.

1. Prepare Account sales?
2. Prepare Consignment inwards and outwards Account?
3. List down procedures involved in consignment of goods?
4. Calculate profit or Loss on Consignment?
5. Use the knowledge and skills obtained in this sub-unit to develop Lessons and teach them?
6. Calculate unsold stock on consignment?

5.2. BILLS OF EXCHANGE ACCOUNTS

COMPETENCES TO BE DEVELOPED

This sub-unit will help you to build the ability to:

Use and apply the knowledge, skills and experiences of Bills of Exchange in the whole process of imparting knowledge to the learner in the process of teaching and learning of Book keeping.

Learning Activity 5.2.1

Select two suitable Book-Keeping text books and read the topic “Bills of Exchange” then:

Describe other Businessmen found in your locality and write an essay using the following guidelines.

- Meaning
- Parties to the Bills and
- Advantages of a Bill of Exchange.

Learning Activity 5.2.2

Use Book-Keeping syllabus to develop a number of lessons that will cover the topic: “Bills of Exchange”, taking into consideration the number of periods allocated in the school time table.

Learning Activity 5.2.3

By using prepared questions and suitable illustrative examples lead a class discussion to point out reasons why a Bill of Exchange may be dishonoured.

Learning Activity 5.2.4

Select the sub-topic “Discounting of Bills of Exchange” from ‘O’ level Book-keeping syllabus and prepare a lesson; during the preparation focus on appropriate teaching aids that will suit your lesson.

Learning Activity 5.2.5

Study the following problem.

TMK co. Ltd buys goods from JK Partners on January 21st 19X7 for shs. 290,000/= and from Computer Solution Co. Ltd for shs. 416,000/=. Bills are drawn on him and he accepts them. JK Partners discount their bills with their bank on January 29th the discounting charges being shs. 11,000/= Computer Solution Co. Ltd simply keep their bill waiting for the maturity of the bills on April 21st 19X7. TMK Co. Ltd duly meets computer solution bill. TMK Co. Ltd fail to pay JK Partners bill and it is accordingly dishonored.

JK Partners duly has it noted on April 28th 19X7, the noting charge being shs. 1,000/=

Show the necessary entries in:

- i. TMK Co. Ltd books
- ii. JK Partner’s books
- iii. Computer Solution’s books

Self-assessment

Answer the following questions.

1. Identify:
 - i. Features of Bills of Exchange?
 - ii. Parties to a Bill of Exchange?
 - iii. Types of Bill of Exchange?
 - iv. Advantages of Bill of Exchange?
2. Demonstrate and record transactions in the Bills payable account and Bills receivable account?
3. Design a project work, which will lead learners to interact with business communities to learn more about the Bill of Exchange?
4. Relate a Scheme of work and a syllabus?
5. Prepare Book-Keeping subject log book?

TOPIC SIX:
JOINT VENTURE AND PARTNERSHIP ACCOUNTS

Brief Explanation

A Joint venture is a business agreement under which two or more businesses join together for a set of activities and agree to share the profits or losses.

The joining together is for a set of ventures only, it is not joining together to make a continuing business. While a partnerships are firms in which two or more people are working together as owners with a view of making profits. In Tanzania, Partnerships are governed by the law of contract ordinance 1961. Section 190 of that law defines a partnership as a “relationship which subsists between persons carrying on business in common, with a view to profit”

In this topic you will explore concepts and principles which govern recording of business transactions in the books of joint ventures and partnerships.

6.1 JOINT VENTURE ACCOUNTS

COMPETENCES TO BE DEVELOPED

This sub topic will help you to build the ability to:

Identify and demonstrate how joint venture Accounts works, and use of the knowledge and skills acquired in the teaching and learning process.

Learning Activity 6.1.1

Go through library research and read on the topic; “Joint ventures” and then, prepare a number of lessons that will cover Joint venture Accounts according to ‘O’ Level Book-Keeping syllabus. Use them in the teaching and learning process for a form four students.

Learning Activity 6.1.2

Design a project that will involve students interacting with business community and see how Joint Venture Accounts are maintained in the books of Accounts.

Learning Activity 6.1.3

Study the following data.

Kabula of Mwanza and Kalumanzila of Kigoma enter into a joint venture. Kabula is to supply the goods and pay some of the expenses. Kalumanzila is to sell the goods and receive the cash, and pay the remainder of the expenses. Profits are to be shared equally.

Details of the transactions are:

	Tshs
Kabula supplied the goods cost	1,800,000
Kabula paid wages	200,000
Kabula paid for storage expenses	160,000
Kalumanzila paid transport expenses	120,000
Kalumanzila received Cash from sales of all goods	3,200,000

Required:

- I. Prepare a statement to show the net profit or loss of the joint venture.
- II. Prepare the accounts for the joint venture in the books of Kabula and Kalumanzila.

Learning Activity 6.1.4

By using the knowledge of curriculum and teaching revise the importance of elements and format of scheme of work. Outline the role of scheme of work in teaching and learning Book-Keeping.

Self-assessment

Answer the following questions.

1. Identify how joint ventures Accounts works?
2. Prepare statement to show Net Profit or Loss of the Joint Venture?
3. Prepare accounts for the joint venture in the books of co-ventures.
4. Identify advantages of joint ventures?

6.2 PARTNESHIP ACCOUNTS

COMPETENCES TO BE DEVELOPED

After studying this sub topic you should have the ability to:

Identify and demonstrate how Accounting for partnerships works and use the knowledge and skills obtained in the teaching and learning process.

Learning Activity 6.2.1

Go through library research, read on the topic Partnership Accounts and jot down points as under.

- Types and rights of partners.
- Advantages of partnership over sole trader.

Learning Activity 6.2.2

Visit Book-Keeping department and ask for a log book from the Head of department and study the contents of Book-keeping log book and identify the features.

Learning Activity 6.2.3

Study the following information and work on it to give out solution as per requirement. XXL, ZXL and YXL are in partnership sharing profits in the ratio 3:2:1 up to 31st December, 20X1. From 1.Jan.20X2 QXL is admitted forming a new partnership XYQZ Partners, the new profit sharing plan being 1:1:1:1. Goodwill has been estimated at shs. 1,200,000/= and is to be written off immediately. Capital account balances before admission of QXL were XXL shs. 3,500,000/= ZXL shs. 2,000,000/= and YXL shs. 1,000,000/= QXL is to contribute shs. 2,000,000/= as his capital and shs. 300,000/= cash as his share of goodwill.

Required:

- (i) Prepare the partner's capital accounts reflecting the above matters.
- (ii) Prepare Goodwill Account.

Learning Activity 6.2.4

Standardize the following set of scores which were obtained by form III students in a Book-Keeping test.

70	50	65	91	36	40	83	60
62	30	42	50	66	70	62	48
45	75	64	40	42	50	75	82

Determine the mean, mode and median of the set of scores.

Self-assessment

Answer the following questions.

1. List the main clauses usually covered in partnership agreement?
2. Identify the differences between financial statements of a partnership and those of a sole trader?
3. State the Garner Vs Murray's case in reference to insolvent partner on dissolution?
4. Describe amalgamation and dissolution process?
5. Treat goodwill using different methods?
6. Design partnership activities which can be organized outside the class room in order to enhance students understanding in the topic?

TOPIC SEVEN: AUDITING

INTRODUCTION

Financial statements are prepared from the underlying records maintained by the business entity. The financial statements are prepared by adhering to generally accepted accounting principles, standards, guidelines and pronouncements, issued by accounting professional bodies. i. e. International Accounting Standards (IAS), International Financial Reporting Standards (IFRS), International standards on Auditing (ISA).

In Tanzania the accounting professional body, which issues these guidelines, are the National Board of Accountants and Auditors (NBAA).

In this unit; Principles, standards, guidelines and pronouncements necessary for examination of financial statements to ensure that the accounts on which an auditor report shows a true and fair view will be pointed out.

COMPETENCES TO BE DEVELOPED

This topic is intended to give you the ability to:-

Identify and apply principles of auditing to check whether the financial statements show a true and fair view.

Learning Activity 7.1

Write a short essay on the sub topic “Importance of Learning Auditing in Tanzania”.

Learning Activity 7.2

Search in the different sources of information and other references for an article “Auditing” and describe:-

- i. Auditor’s qualifications
- ii. Internal and external Audit
- iii. Internal control and internal check.
- iv. Audit planning and procedures.

Learning Activity 7.3

Arrange a study tour for four students to visit a nearby auditing firm to find out its functions and reflect those functions in your real learning and teaching context.

Learning Activity 7.4

Select a suitable auditing text books and establish what is meant by the following:-

- i. Auditing sample
- ii. Audit evidence
- iii. Audit memorandum
- iv. Audit working papers
- v. Audit file
- vi. Audit programme.

SELF-ASSESSMENT

Answer the following questions:

1. List the various groups, which are interested in the financial statement of an entity?
2. Differentiate Internal Audit and External audit?
3. Identify Auditors qualifications?
4. Design auditing plan?
5. Prepare a lesson on “Auditing” using principles of teaching and learning?

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