

THE UNITED REPUBLIC OF TANZANIA  
NATIONAL EXAMINATIONS COUNCIL OF TANZANIA  
ADVANCED CERTIFICATE OF SECONDARY EDUCATION  
EXAMINATION

153/2

ACCOUNTANCY 2  
(For Both School and Private Candidates)

Time: 3 Hours

Wednesday, 08<sup>th</sup> May 2019 p.m.

Instructions

1. This paper consists of sections A and B with a total of **seven (7)** questions.
2. Answer **three (3)** questions from section A and **two (2)** questions from section B.
3. Each question carries **twenty (20)** marks.
4. Workings must be shown clearly and submitted.
5. Non programmable calculators may be used.
6. Cellular phones and any unauthorized materials are **not** allowed in the examination room.
7. Write your **Examination Number** on every page of your answer booklet(s).



### SECTION A (60 Marks)

Answer **three** (3) questions from this section.

1. Write brief explanations on the following terms:

- (a) Direct costs
- (b) Indirect costs
- (c) Overheads
- (d) Prime cost
- (e) Product costs

2. Tinde Breweries Ltd supplies its products in crates. The crates are purchased by the company at TZS 120 each and are invoiced to the customers at TZS 180 each. Crates returned in good condition within six months of invoice are credited to the customers at TZS 150 each.

During the year ended 31<sup>st</sup> December 2017, the following transactions took place:

14,680 crates were purchased.

12,400 crates were sent out to customers.

8,200 crates were returned by customers in good condition.

On 31<sup>st</sup> December 2017, 8000 crates were in the company's warehouse while 5,000 crates were in the hands of customers on invoices dated later than June 2017.

Using suspense method, prepare necessary ledger accounts and a statement of profit or loss on crates usage for the year ended 31<sup>st</sup> December 2017.

3. (a) (i) Define partnership dissolution.  
(ii) Outline five reasons for partnership dissolution.

(b) Hemed and Maryam, who were trading in partnership, decided as on 31<sup>st</sup> March 2015 to dissolve their partnership and liquidate the business. Their balance sheet as on that date was as follows;

Balance Sheet as at 31<sup>st</sup> March 2015

Capital:		Cash	180,000
Hemed	200,000	Sundry debtors	280,000
Maryam	150,000	Other assets	85,000
Sundry creditors	275,000	Land and building	80,000
	<u>625,000</u>		<u>625,000</u>

Profits and losses are shared equally.

The debtors realized TZS 270,000, other assets TZS 95,000 and the land and building of the business was sold for TZS 40,000.

The expenses of liquidation amounted to TZS 10,000.

Using the information provided, prepare the following:

- (i) Journal entries
  - (ii) Realization Account
  - (iii) Cash Account
4. Mtwaru Gas Ltd issued 10,000 ordinary shares of TZS 100 each, at a premium of TZS 20 per share payable as follows:
- On application TZS 30
  - On allotment TZS 50 (including premium)
  - On first call TZS 25
  - On second and final call TZS 15
- Applications were received for 15,000 shares. Out of which, applications for 5000 shares were rejected and refunded immediately, the other applicants were allotted shares in full and paid up all the money due from allotment to final call.
- Show Journal entries to record the above transactions and prepare the following:
- (a) Bank Account
  - (b) Share Application Account
  - (c) Share Allotment Account
  - (d) First Call Account
  - (e) Second and Final Call Account
  - (f) Ordinary Share Capital Account

#### SECTION B (40 Marks)

Answer two (2) questions from this section.

5. (a) Imelda & Sons commenced business as dealers in computers and obtained an agency for Dell type of machines for their area. They sold computers both on cash and hire purchase terms.

The following is a summary of their transactions during 2015 in Tanzania Shillings:

Cost per computer	200,000
Cash selling price per computer	300,000
Hire purchase selling price per computer	360,000
Number of computers purchased during the year	600
Number of computers sold on cash terms	210
Number of computers sold on hire purchase terms	340
Cash received from hire purchase debtors	50,400,000
General expenses	19,600,000

Prepare the company's Income Statement for the year ended 31<sup>st</sup> December 2015, assuming that the company takes credit for gross profit in proportion to cash received from customers in the year.

- (b) Lirnao Enterprises has two employees in its payroll. The following details relate to the month ended 31<sup>st</sup> October 2017.

S/N	Names	Hourly rate	Hours worked	Salary advance	Staff loan deductible per month
1	Julieth	1000	210	150,000	170,000
2	Tigwela	900	205	95,000	115,000

All employees has 200 basic hours per month, overtime pay is at 1<sup>1/2</sup> times the normal rate of pay. Allowances are paid monthly as follows:

Meals at 10% of basic salary.

Transport at 20% of basic salary.

Responsibility at 50% of gross pay.

All employees' earnings are subject to PAYE at 40% of gross pay.

Prepare the Salary Slips for the employees for October 2017.

6. Kirumo Textiles Ltd uses perpetual inventory system. The beginning inventory, purchases and sales of vitenge for the month of June 2017 are presented as follows:

June 1, inventory 18 pairs at TZS 3000 each.

June 7, sold 9 pairs.

June 15, purchased 15 pairs at TZS 3200 each.

June 18, sold 10 pairs.

June 23, sold 5 pairs.

June 30, purchased 15 pairs at TZS 3400 each.

- (a) Determine the cost of vitenge sold in June, the number of unsold pairs of vitenge and the value of unsold pairs at 30<sup>th</sup> June 2017 by LIFO method.
- (b) If in the sales department, a pair of vitenge can be sold at TZS 15,000, also TZS 50,000 is used to pay transport cost to market; determine the profit or loss made on vitenge for June in a columnar Income Statement prepared based on FIFO and LIFO methods.
- (c) Which of the two methods in 6 (b) is more appropriate to the management of Kirumo Textiles Ltd? Give reasons for your answer.

7. Kiwira Coal Ltd undertook a lease of a coal mine on a royalty of 50 TZS per ton of coal raised, with a minimum rent of TZS 300,000 per annum and power to recoup short workings during the first five years of the lease.

The output for the first three years were as follows:

<u>Years</u>	<u>Tons</u>
2015	1500
2016	5000
2017	7500

Record the above transactions in the books of Kiwira Coal Ltd for the three years ended 31<sup>st</sup> December 2015, 2016 and 2017 in the following Accounts:

- (a) Minimum Rent
- (b) Royalties
- (c) Land lord
- (d) Short Workings