

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

**153/1**

**ACCOUNTANCY 1**  
(For Both School and Private Candidates)

**Time: 3 Hours**

**Tuesday, 08<sup>th</sup> February 2011 p.m.**

**INSTRUCTIONS**

1. This paper consists of five (5) questions.
2. Answer all questions.
3. Each question carries twenty (20) marks.
4. Workings must be shown clearly and submitted.
5. Non-programmable calculators may be used.
6. Marks will be awarded for neatness and good presentation of answers.
7. Cellular phones are **not** allowed in the examination room.
8. Write your **Examination Number** on every page of your answer booklet(s).

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This paper consists of 4 printed pages.



1. Write short notes on the following terms:

- (a) Private ledgers
- (b) Super profit
- (c) Net realizable value
- (d) Capital reserve
- (e) Real accounts.

- 2.
- (a) List six (6) errors that are not disclosed by a trial balance.
  - (b) Mention three (3) reasons that may lead to the trial balance disagreement.
  - (c) Show how the following errors would be corrected through the general journal.

- (i) Equipment repairs shs. 21,000 debited to the equipment account.
- (ii) Shs. 51,000 discount allowed credited to discount received account.
- (iii) Stock at close overvalued by shs. 60,000.
- (iv) Shs. 22,500 commission received debited to sales account.
- (v) Drawings shs. 9,150 credited to the capital account.
- (vi) Cheque shs. 5,100 paid to John entered in the cash book but not in personal account.
- (vii) Cheque shs. 7,440 from X Ltd credited to XY Ltd.
- (viii) Purchases shs. 630,000 from Jaba Ltd entered in the purchases journal correctly  
but credited to Jaba Ltd as shs. 360,000.
- (ix) Shs. 18,000 discount allowed credited to discount received account.
- (x) Sales journal undercast by shs. 34,000.

3. On 1<sup>st</sup> January 2003, Kamwela Ltd bought shs. 40,000 6% government stock at shs. 90, the cheque of shs. 36,800 paid being shs. 36,000 for the stock and shs. 800 for brokerage charges. Interest is received each year on 31<sup>st</sup> March, 30<sup>th</sup> June, 30<sup>th</sup> September and 31<sup>st</sup> December.

On 1<sup>st</sup> February 2004, shs. 10,000 nominal value of the stock was sold cum. div, the net proceeds being shs. 9,500.

On 1<sup>st</sup> June 2004, shs. 20,000 nominal value was bought ex. div, net proceeds after brokerage being shs. 17,100.

On 1<sup>st</sup> February 2005 shs. 50,000 nominal value was bought cum. div, the cost including brokerage being shs. 43,700.



Prepare the investment account in Kamwela's books for the financial years ended 2003, 2004 and 2005.

4. Modern builders was formed on 01.01.2009 and the following purchases and sales of machinery were made during the first three years of operations. The accounting year ends on 31<sup>st</sup> December.

Date	Assets	Transactions	Price
01.01.2009	Machine A and B	Purchase	Shs. 80,000 each
01.01.2009	Machine C and D	Purchase	Shs. 60,000 each
30.06.2011	Machine C	Sale	Shs. 50,000
01.07.2011	Machine E	Purchase	Shs. 70,000

Each machine was estimated to last for 10 years and to have a residual value of 5% of its cost price. Depreciation was by equal installments and it is a company policy to charge depreciation for every month an asset is owned.

Required:

- (a) Calculate
  - (i) The total depreciation on Machinery for each of the years 2009, 2010 and 2011.
  - (ii) The profit or loss on the sale of machine C.
- (b) Show how provision for depreciation account would appear for the first three years of its operations.

25. Matema traders started business on 1<sup>st</sup> January, 2009 with a head office and one branch. All goods are purchased by head office and goods sent to the branch are invoiced at a fixed selling price of 25% above cost. All sales, both by the head office and the branch, were fixed at the fixed selling price.

The following information relates to head office and branch for the year ended 31<sup>st</sup> December 2009:

Details	Head office Shs.	Branch Shs.
Capital	52,000	
Drawings	1,740	
Purchases	123,380	
Sales	83,550	51,700
Goods sent to branch (invoice price)	56,250	
Branch current account	24,550	
Fixed assets	33,000	6,000
Debtors	7,980	7,040
Creditors	11,060	1,630
General expenses	8,470	6,070
Bank balance	3,740	1,520



Notes:

- (i) No entries have been made in the head office books for cash in transit from the branch to the head office at 31<sup>st</sup> December 2009, shs. 1,000.
- (ii) When the balances shown above from the branch books at 31<sup>st</sup> December 2009 were extracted no entries had been made in the books of the branch for goods in transit on that date, from the head office to the branch, shs. 920 (selling price).
- (iii) At 31<sup>st</sup> December stock shortages of shs. 300 at selling price was found at the branch.

Required:

- (a) Prepare trading and profit and loss account for the head office and branch.
- (b) Prepare Matema's balance sheet for the year 2009.

Note: Goods invoiced should be recorded at cost price.

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Capital	52,000	-	Cash	35,000	60,000
N. Loss	(93,300)	(480)	Bank	3740	1520
Drawings	1740		Debtors	7980	7040
	(43,040)	(8480)	Cash in	1000	
Current	24,550		Goods	920	
Creditors	11,860	1630			
	(-742)	60110			

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