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 **Monday, 14th May 2018 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).

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SECTION A (60 Marks)

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

1. (a) Briefly explain the following terms:
   (i) Website
   (ii) Intranet
   (iii) Extranet
   (iv) Wide Area Network (WAN)

   (b) Mention four benefits of using a computerized accounting system.

2. Tahoma Motors Ltd deals with motor vehicles. The company sells motor vehicles for cash and on hire purchase basis. It sold two motor vehicles on hire purchase basis to Tanganyika Packers Ltd on 1st January 2016 for TZS 700,000; the cash price of these vehicles was TZS 580,000. The payments were to be made by Tanganyika Packers Ltd paying a deposit of TZS 100,000 and 24 monthly installments of TZS 25,000 each.

   The company recognizes profits on hire purchase sales in the year of sale but hire purchase interest is apportioned on time basis. The financial year of the company ends on 31st December annually.

   For the two years ended 31st December 2016 and 2017, prepare; Sales, Hire Purchase Debtors, HP Interest Suspense Accounts, and an extract of the Income Statement in the vendor's records. Motor Vehicles, Hire Purchase Vendor, HP Interest Suspense Accounts, and an extract of the Income Statement in the purchaser's records.

3. Tembo Limited has an authorized share capital of TZS 1,500,000 divided into 1,500,000 ordinary shares of TZS 1 each. The issued share capital of the company at 31st March 2017 was TZS 500,000, which was fully paid and the shares had been issued at par. On 1st April 2017, the directors in accordance with the company's articles of association, decided to increase the share capital of the company by offering a further 500,000 ordinary shares of TZS 1 each at a price of TZS 1.60 per share. The shares are payable TZS 0.85 per share on application (including premium), TZS 0.25 per share on allotment and TZS 0.50 per share on first and final call on 3rd August 2017.

   On 13th April 2017, applications had been received for 750,000 shares and it was decided to allot shares to applicants for 625,000 shares on the basis of four shares for every five shares for which applications had been received. The balance of the money received on application was to be applied to the amounts due on allotment. Shares were allotted on 1st May 2017 and unsuccessful applicants were repaid their cash on this date. The balance of allotment money was received in full by 15th May, 2017. With the exception of one member who failed to pay the call money on the 5,000 shares allotted to him, the remainder of the applicants paid their dues in full within two weeks of the call being made.

The directors resolved to forfeit the 5,000 shares on 1st September 2017 after giving the required notice. The forfeited shares were reissued on 30th September 2017 to another member at TZS 0.90 per share.

Record the given transactions in the following ledger accounts:

(a) Bank
(b) Share Application
(c) Share Allotment
(d) First and Final Call
(e) Ordinary Share Capital
(f) Calls in Arrears
(g) Forfeited Shares
(h) Re issued Shares
(i) Share Premium
(j) An extract of the Balance Sheet of the Company

4. Alan, Bella, and Catherine were partners in a firm, sharing profits and losses in the ratio of 4: 3: 3. The firm was dissolved and Bella was appointed to realize the assets and distribute the proceeds. Bella is to receive 5% commission on the amount realized from the sale of assets and bear all the expenses of realization.

The balance sheet of the partnership on the date of dissolution was as follows:

Liabilities	TZS	Assets		TZS
Creditors	590,000	Bank		15,000
Capital:		Debtors	395,000	
Alan	300,000	Less: Provision for Bad debts	25,000	370,000
Bella	200,000	Stock		600,000
		Furniture		60,000
		Catherine's capital		45,000
	1,090,000			1,090,000

Additional information was as follows:
Debtors realized TZS 300,000; stock TZS 450,000; Furniture TZS 50,000; Goodwill TZS 20,000; creditors were paid TZS 575,000 in full settlement. In addition, unrecorded creditors of TZS 5,000 were also paid; the expenses of realization amounted to TZS 6,000. Following Catherine's insolvency, Alan and Bella agreed to receive TZS 30,000 in full settlement from Catherine.

Prepare the Realization Account, Partner's capital Accounts and Bank Account to record the given transactions.

SECTION B (40 Marks)

Answer **two (2)** questions from this section.

5. Kayumba Ltd delivers their products to customers in returnable cases. A deposit charge is made against customers on delivery, when the cases are returned, there is a partial refund. The cases cost TZS 1,200 each and they are charged to customers at TZS 1,500 each. Upon return of the cases, the customers are credited with TZS 1,000 per case. For stock taking purposes, all cases are valued at TZS 750 each.
Records revealed that on 1st January 2017, there were 14,000 cases in the company's premises and 5,000 cases in the possession of customers.
During the year ended 31st December 2017, the following transactions occurred:-
47,000 cases were dispatched to customers, 39,600 were returned by customers.
1,600 cases were damaged and scrapped. They were sold for TZS 20,000.
19,000 new cases were purchased.
The company paid TZS 60,000 during the year in respect of repairs to cases.
2,000 cases were kept by customers permanently. On 31st December 2017, there were 10,400 cases in the possession of customers.

Using the information provided, prepare the Cases Stock, Cases Suspense Accounts and a Statement of Profit or Loss on cases usage for the year ended 31st December 2017.

6. Iringa Coal Ltd. is a lessee of a mine on royalty of TZS 20,000 per ton of coal raised, with a dead rent of TZS 40,000,000 per annum, and power to recoup short workings during the first five years of the lease. The outputs for the first five years were as follows:

Year ended 31st March, 2014	1,500 tones
Year ended 31st March 2015	1,800 tones
Year ended 31st March 2016	1,900 tones
Year ended 31st March 2017	2,500 tones
Year ended 31st March 2018	2,600 tones

For the five years ended 31st March, 2014, 2015, 2016, 2017 and 2018; prepare the Royalties Payable, Land Lord, and Short Workings Accounts.

7. (a) Shimiwi Soda Ltd is a manufacturing company, which manufactures a soft drink called Pepsi.
During the month of January 2018, the company manufactured 100,000 bottles full of Pepsi, the costs associated with this production were direct materials TZS 1000,000; direct labour TZS 250,000; direct expenses TZS 1,00,000; variable overhead expenses TZS 200,000 and fixed overhead expenses for January 2018 were estimated to be TZS 2,160,000; revenue is TZS 600 per bottle of pepsi.

(i) Prepare a cost statement showing marginal cost and profit or loss for the month of January 2018.

(ii) Calculate the break even point in revenue and number of bottles.

(iii) Show that at break even point, total revenue is equal to total cost.

(b) The annual stock taking of Mwambao Ltd did not take place at the end of the company's financial year on 30th April 2018 due to staff illness. However, stock was taken on 8th May 2018 and the resultant valuation of TZS 238,500 was used in the preparation of the company's draft accounts for the year ended 30th April 2018.
Subsequent investigations indicate that, during the period from 30th April to 8th May 2018, sales were TZS 29,000; sales returns were TZS 3,400; purchases TZS 42,000; and purchases returns were TZS 5,000.
In addition, it was discovered that:

(i) A quantity of stock bought in 2018 and included in stock valuation on 8th May 2018 at cost of TZS 7,000, was in fact worthless; instructions have now been given for the destruction of this stock.

(ii) Two of stock sheets prepared on 8th May 2018 have been overcast by TZS 1,000 and TZS 400 respectively.

(iii) The stock valuation on 8th May 2018 had not included goods which cost TZS 4,000 sent on sale or return basis to Mwanga and Sons Ltd in February 2018, half of these goods in value were bought by Mwanga and Sons Ltd on 29th April 2018 but the sales was not recorded in the company's draft accounts for the year ended 30th April 2018.

(iv) The stock valuation on 8th May 2018 included the company's office stationery stock at TZS 14,000.

(v) Mwambao Ltd achieves a uniform rate of gross profit of 20% on sales revenue.

Compute the value of stock of Mwambao Ltd on 30th April 2018.