

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

153/1

**ACCOUNTANCY 1
HUMAN AND WORLD ECONOMIC GEOGRAPHY
(For Both School and Private Candidates)**

Time: 3 Hours

Tuesday, 12th February 2013 p.m.

Instructions

1. This paper consists of **seven (7)** questions sections A and B.
2. Answer a total of **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 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. Briefly explain the following accounting terms:
- (a) Single entry system
 - (b) Journal
 - (c) Closing stock
 - (d) Accrual concept
 - (e) Business entity.
2. (a) Nia Njema commenced business as a transport contractor on 01.03.2001. He makes up his accounts annually to 28th February. He depreciates his vehicles at the rate of 20% on the straight line method. A full year's depreciation is charged in the year of purchase and none in the year of sale. His transactions are as follows:

DATE	MODEL	DESCRIPTIONS
01.03.2001	Lorry A	Purchased lorry A for sh. 120,000.
30.04.2001	Lorry B	Purchased lorry B for sh. 180,000.
15.04.2002	Lorry A	Lorry A written off due to an accident and sh. 85,000 was received from insurers.
30.03.2002	Lorry C	Purchased lorry C for sh. 200,000.
30.11.2002	Lorry D	Purchased lorry D for sh. 200,000.
30.09.2003	Lorry D	Lorry D was not suitable for carrying the type of goods and was exchanged for lorry E. The value of lorry E was considered to be sh. 190,000.

Using the above transactions, you are required to write up in Nia Njema's books for the year ended 28.02.2002, 28.02.2003 and 28.02.2004 on the following:

- (i) Lorries account.
 - (ii) Provision for depreciation of lorries account and
 - (iii) Disposal of Lorries account.
- (b) Pass necessary journal entries for adjustments and closing entries for the following adjustments as at 31st March, 2010 and narrate for the following transactions:
- (i) Interest accrued on securities sh. 50,000.
 - (ii) Bad debts during the year amounted to sh. 10,000.
3. Alizeti PLC whose accounting year ends 31st December, invested in marketable securities. The transactions during the year was as follows:
- (i) Initial Investment on 1st September, 2004 was sh. 500,000 (nominal value) 12% Dar es Salaam City Council Loan Stock at sh. 0.92. Interest is payable half yearly on 30th June and 31st December.
 - (ii) A further sh. 100,000 (nominal value) was acquired on 1st October, 2005 at sh. 0.95.
 - (iii) A further sh. 100,000 (nominal value) was acquired on 1st December, 2005 at sh. 0.94.

You are required to post and balance the investment account in Alizeti PLC's ledger, assuming that the appropriate amount of interest is received on the due dates.

4. (a) The financial statement of Manundu Investment Company Ltd is as follows:

Manunda Investment Company Ltd		
Investment statement for the year ended 31 st December, 2006		
Sales		148,000
Less: Cost of goods sold		<u>72,000</u>
	Gross profit	76,000
Less: Expenses		<u>59,600</u>
	Net profit before tax	16,400
Less: Corporation tax		<u>8,000</u>
	Net profit after tax	8,400
Less: Proposed dividends		<u>4,000</u>
	Retained profit for the year	<u>4,400</u>

Manundu Investment Company Ltd			
Balance Sheet as at 31 st December, 2006			
Details	Amount	Details	Amount
Authorised share capital	<u>20,000.</u>	Freehold property	21,000
Issued and Full paid		Fixture and fittings	30,000
Ordinary share capital	20,000	Less: Depreciation	<u>7,000</u>
Share premium	2,000	Motor vehicle	7,000
Retained earnings	32,400	Less: depreciation	<u>4,000</u>
Shareholders fund	54,400		3,000
12% NMB Loan	12,000		
Current Liabilities		Current Assets	
Trade creditors	14,200	Stocks	16,400
Dividend proposed	4,000	Debtors	18,800
	<u>84,600</u>	Bank Balance	<u>2,400</u>
			<u>84,600</u>

Additional information:

- Ninety percent (90%) of all sales were on credit.
- The only interest paid was on the 12% NMB Loan.

From the above information, you are required to compute:

- Current ratio
- Acid test ratio
- Debt service cover
- Net income ratio
- Return on capital employed (ROCE)
- Return on shareholders' equity
- Inventory turn over
- Debtors collection period
- Debt equity ratio and
- Return on total assets.

- (b) The Big Noise Branch of Universal Traders Ltd closed its books on 30th June, when the following Trial Balance was compiled.

	Sh.	Sh.
Sundry debtors	24,000	
Sundry creditors		17,200
Cash in hand.....	3,800	
Furniture and fittings	12,500	
Stock on 1 st January.....	4,500	
Goods from Head Office.....	68,000	
Purchases	132,900	
Sales		225,000
Wages and salaries	11,000	
Trade expenses	10,500	
Head office current account	25,000	

Additional information:

- The closing stock on 30th June was sh. 5,200.
- The balance of Head Office current account on 1st January was sh. 23,000 and cash remitted to Head Office was sh. 66,000.

By using above information, prepare the:

- Branch Trading and Profit and Loss account for the year ended 30th June.
- Branch and Head Office current accounts.

SECTION B (40 marks)

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

5. The following information is supplied from Nandenga Investment:

Assets and Liabilities	31.03.2009	31.03.2010
	Sh.	Sh.
Sundry assets.....	180,000	200,000
Stock.....	140,000	190,000
Cash in hand.....	82,000	48,000
Cash at bank.....	22,000	80,000
Debtors.....	?	26,000
Creditors.....	220,000	198,000
Miscellaneous expenses outstanding.....	10,000	6,000

Details relating to year's transactions are:

Receipt in the year and discount credited to debtors account.....	2,450,000
Returns from debtors.....	60,000
Bad debts.....	20,000
Sales cash and credit.....	3,000,000
Returns to creditors.....	30,000
Payments to creditors by cheque.....	2,362,000
Receipts from debtors deposited into bank.....	2,430,000

Cash purchases.....	100,000
Salary and wages paid out of bank.....	180,000
Miscellaneous expenses paid by cash.....	50,000
Drawings by cash.....	94,000
Purchases of sundry assets by cheque.....	20,000
Cash withdraws from bank.....	210,000
Cash sales deposited in bank.....	?
Discount allowed by creditors.....	40,000

You are required to prepare:

- (i) The Profit and Loss account for the year ended 31st March, 2010
- (ii) Balance Sheet as at that date
- (iii) Total Debtors Control account and Creditors Control account.

6. The following is a summary of the receipts and payments of the Charambe Rotary Club during the year ended 31st July, 2009.

Charambe Rotary Club
Receipts and Payments account for the year ended 31st July, 2009.

Details	Amount	Details	Amount
Cash and bank balance b/f	21,000	Secretarial expenses	16,300
Sales of competition tickets	43,700	Rent	140,200
Members' subscriptions	198,700	Visiting speakers' expenses	127,500
Donations	17,700	Donation to charities	3,500
Refund of rent	50,000	Prizes for competitions	27,000
Balance c/f	<u>1,300</u>	Stationary and printing	<u>17,900</u>
	<u>332,400</u>		<u>332,400</u>
		Balance, b/f	1,300

As at 31st July the following valuations were also available:

	2008	2009
Equipment (original cost sh. 142,000).....	97,500	78,000
Subscription in arrears.....	6,500	8,500
Subscriptions in advance.....	1,000	3,700
Owing to suppliers of competition prizes.....	5,800	6,800
Inventory of competition prizes.....	3,800	4,600

Using the information provided:

- (a) Calculate the value of the accumulated fund of the Charambe Rotary Club as at 1st August, 2008
- (b) Reconstruct the subscriptions and competition prizes accounts for the year ended 31st July, 2009.
- (c) Prepare an income and expenditure account for the Charambe Rotary Club for the year ending 31st July, 2009 and a Balance Sheet as at that date.

7. (a) A book keeper extracted a trial balance on 31st December, 2010 which failed to agree by sh. 210,000, a shortage on the credit side of the trial balance. A suspense account was opened for the difference. In January 2011 the following errors made in 2010 were found:
- Sales day book had been under cast by sh. 200,000.
 - Sales of sh. 610,000 to T. Majumu had been debited in error to T. Majuni's account.
 - Rent account had been under cast by sh. 90,000.
 - Discount allowed account had been over cast by sh. 100,000.
 - The sales of a computer at net book value had been credited in error to the sales account sh. 230,000.

By using these information;

- Show the journal entries necessary to correct the errors.
 - Write up the suspense account after the errors described have been corrected.
 - If the net profit had previously been calculated at sh. 31,400,000 for the year ending 31st December, 2010, show how the calculations of the corrected net profit would appear.
- (b) The book of Mango tree Ltd includes three ledgers comprising of an impersonal ledger, debtor's ledger and creditor's ledger. The impersonal ledger contains debtors' ledger and creditors' ledger control account as part of the double entry.

The following information relate to the accounting year ended 30th June, 2008.

Debtors' ledger control account	
Balance on 1 st July, 2007 (Dr.)	574,000
Creditors' ledger control account	
Balance on 1 st July, 2007 (Cr.)	683,000
Sales	42,910,000
Purchases	38,620,000
Cheques received from debtors	21,760,000
Cheque paid to creditors	19,340,000
Returns outwards	8,670,000
Returns inwards	7,840,000
Carriage outwards	1,920,000
Carriage inwards	2,130,000
Discount received	4,560,000
Discount allowed	3,980,000
Bills of exchange payable	5,130,000
Bills of exchange receivable	9,720,000
Bad debts	1,640,000
Provision for bad debts	2,380,000
Amounts due from customers as shown by debtors transferred to creditors' ledger	950,000
Cash received in respect of a debit balance on a creditors' ledger account	810,000

You are required to prepare the debtors' ledger and creditors' ledger control accounts.