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

153/2

ACCOUNTANCY 2
(For Both School and Private Candidates)

Time: 3 Hours

Friday, 11th February 2011 a.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. Marks will be awarded for neatness and good presentation of answers.
6. Non-programmable calculators may be used.
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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(b) State any four (4) advantages and four (4) disadvantages of audit programme.

2. After stock taking for the year ended 31st May, 1995 had taken place, the closing stock of Cheupe was aggregated to a figure of shs. 87,612.

During the course of the audit which followed, the under noted facts were discovered:

- (a) Some goods stored outside had been included at their normal cost price of shs. 570. They had, however, been deteriorated and would require an estimation of shs. 120 to be spent to restore them to their original condition, after which they could be sold for shs. 800.
- (b) Some goods had been damaged and were now unsaleable. They could however be sold for shs. 110 as spares after repairs estimated at shs. 40 had been carried out. They had originally cost shs. 200.
- (c) One stock sheet had been over-added by shs. 126 and another was under-added by shs. 72.
- (d) Cheupe had received goods costing shs. 2,010 during the last week of May 1995 but because the invoices did not arrive until June, 1995 they have not been included in stock.
- (e) A stock sheet total of shs. 1,234 had been transferred to the summary sheet as shs. 1,243.
- (f) Invoices totaling shs. 638 arrived during the last week of May 1995 (and were included in purchases and creditors) but, because of transport delays, the goods did not arrive until late June 1995 and were not included in closing stock.
- (g) Portable generators on hire from another company at charge of shs. 347 were included at this figure in stock.
- (h) Free samples sent to Cheupe by various suppliers had been included in the stock at the catalogue price of shs. 63.
- (i) Goods costing shs. 418 sent to customers on sale or return basis had been included in stock by Cheupe at their selling price of shs. 602.
- (j) Goods sent on return or sale basis to Cheupe had been included in the stock at the amount payable (shs. 267) if retained. No decision to retain had been made.

Required:

Using such information above as it is relevant, prepare a schedule amending the stock figure as at 31st May, 1995.

3. Juma, John and Jane are partners sharing profits and losses equally. The following is their balance sheet on 31st December 2000.

Capital:

Juma	200,000		Goodwill	150,000
John	300,000		Premises	180,000
Jane	<u>100,000</u>	600,000	Plant and machinery	140,000
Bank loan		150,000	Motor vehicles	47,000
Creditors		120,000	Stock	171,000
			Investments	113,000
Bank overdraft		<u>30,000</u>	Debtors	<u>99,000</u>
		<u>900,000</u>		<u>900,000</u>

They agreed to dissolve their relationship on that date and the following steps were taken:

- Premises were sold for shs. 80,000, plant and machinery for shs. 60,000 and stock for shs. 81,000.
- One of the motor vehicles was taken over by Juma at an agreed value of shs. 10,000 and the remaining were sold for shs. 13,000.
- Investments were taken over by John at an agreed value of shs. 80,000.
- Bank loan was paid together with 10% accrued interest, while 10% cash discount was received on settling creditors.
- Dissolution expenses amounting to shs. 6,000 were paid in cash by John.

All partners are solvent and in position to pay cash to business bank account to make up their share of deficiency.

You are required to prepare:

- Journal proper
- Realization account
- Cash at bank account
- Partners' capital account.

4. On 1st January 2002, Moja Ltd commenced business selling goods on hire purchase (HP) under the terms of agreement; an initial deposit of 20 per cent is payable on delivery, followed by four equal quarterly instalments, the first being due three months after the date of sale. During the year sales were made as follows:

	Cost price (shs.)	HP sales price (shs.)
10 January	150	225
8 March	350	525
12 May	90	135
6 July	200	300
20 September	70	105
15 October	190	285
21 November	160	240

The goods sold in July were returned in September and eventually sold in November for shs. 187 cash. All other instalments are paid on the due dates.

Gross profit and interest are credited to profit and loss account in the proportion that deposits and instalments received bear to hire purchase price.

You are required to prepare, for the first year of trading, a hire purchase trading account and give the relevant balance sheet entries.

5. A firm carrying on business as domestic appliance manufacturers makes their own packing cases which are charged to customers at 100 percent on cost, but are returnable, full credit then being given.

The following are the items relating thereto in respect of the year ended 31st December 1998.

- Stock of cases in the factory at 1st January 1998 shs. 11,920.
- Cases in the hands of customers as per ledger balances at 1st January 1998 were shs. 16,800.
- Cases charged to customers were shs. 62,800.
- Materials used shs. 760.

- (v) Wages paid for making and repairing cases was shs. 3,120.
- (vi) Cases returned by customers shs. 65,200.
- (vii) Cases kept by customers shs. 2,800.
- (viii) Stock of cases in the factory at 31st December 1998 was shs. 5,600.
- (ix) Cases in the hands of customers are valued at cost less 20 percent.

You are required to write up:

- (a) Cases stock account.
- (b) Cases suspense account.