



May

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

Monday, 08th May 2017 p.m.

Instructions

1. This paper consists of **seven (7)** questions in sections A and B.
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 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.

- (a) Briefly explain four essential characteristics of partnership.
(b) Describe the term partnership deed.
- Othman and Beatrice are partners sharing profits in the ratio of 3:2. Their Statements of Financial Position on 31st March, 2012 was as follows:

		Statement of Financial Position on 31 st March, 2012	
		Sh.	Sh.
Financed by:			
Capital Accounts:	Othman	200,000	
	Beatrice	<u>100,000</u>	300,000
Current Liabilities:	Creditors		<u>100,000</u>
			<u>400,000</u>
Non-Current Assets:	Buildings	200,000	
	Plant	<u>50,000</u>	250,000
Current Assets:	Cash	50,000	
	Debtors	<u>100,000</u>	<u>150,000</u>
			<u>400,000</u>

They agreed to admit Christina as a partner with effect from 1st January, 2013. The new profit sharing ratio being 2:2:1. The following information has been given to you:

- Christina will bring sh. 100,000 as capital.
- The value of the firm's goodwill is sh. 50,000.
- An amount of sh. 20,000 owing to Daniel for purchase of goods had been omitted from the list of sundry creditors.
- Building is to be revalued at sh. 300,000 and plant at sh. 70,000.

From the information given above prepare:

- Journal entries.
- Partners' Capital Accounts.
- Statement of Financial Position on that date assuming that new values have not to be recorded in the books.

Handwritten notes:

B 50,000 / P

Bal 200 / Cash 50,000

Bal 100,000 / Cash 20,000

Bal 200 / Cash 50,000

Bal 70 / 100,000

3. (a) Statement of Financial Position on 31st December, 2013

	Sh.	Sh.
Issued Capital:		
100,000 Ordinary shares	100,000	
50,000 Redeemable Preference share	50,000	
General Reserve	48,000	
Creditors	12,000	210,000
		<u>210,000</u>
Non-Current Assets:	200,000	
Cash at bank	<u>10,000</u>	<u>210,000</u>

The sh. 50,000 preference share capital is to be redeemed at par (i.e. sh. 1 per share). For the purpose of raising sufficient cash a further 40,000 ordinary shares of sh. 1 each are to be issued, since a company has at present only sh. 10,000 but requires sh. 50,000 to pay the preference shareholders. According to the company act, the capital should not be reduced.

Using the information given above, prepare all necessary accounts for the redemption of preference share and Statement of Financial Position as at 31st December, 2013.

- (b) Mateso Enterprises is a sole proprietor with four employees. Workers have 8 hours working days for 20 days in a month. Time worked in excess of this is compensated at twice the rate. There is a guaranteed pay for 160 hours. During the month ending 31st October, 2013 the following data was produced:

Name of employee	Hours worked	Rate per hour (Sh.)
Mashanga	150	400
Batuli	170	400
Che Mponda	160	350
Majambo	180	500

Additional information:

- PAYE, salary above sh. 50,000 but not exceeding sh. 75,000, 5% of excess, salaries above 75,000 up to sh. 150,000, sh. 1,250 plus 10% of the amount excess of sh. 75,000.
- NSSF 5% of basic salary to be contributed by the employees and 15% of gross salary to be contributed by the employer.
- RAAWU contribution 2% of basic salary.
- Housing rent 20% of basic salary paid by all employees.
- Every employee is entitled to transport allowance of sh. 18,000 per month and sh. 15,000 per month meal allowance.

Using the information provided, prepare salary slip for Batuli and Majambo for the month of October, 2013.

4. A machine is bought for sh. 361,800 hire purchase prices from Suppliers Ltd on 1st January, 2009, being paid for by three instalments of sh. 120,600 on 31st December, 2009, 2010 and 2011. The cash price is sh. 300,000.

The true rate of interest is 10 per cent. The depreciation rate is 10 per cent on diminishing return balance method.

Using the information provided prepare:

- Machine account
- Vendor account
- Interest payable account
- Statement of Financial Position as at 31st December, 2009, 2010 and 2011.

SECTION B (40 Marks)

Answer two (2) questions from this section.

- (a) The following transactions occurred in the purchase and issue of materials for the year ending 31st December, 2009:

Purchase				Issue			
2009	Units	Price	Amount	2009	Units	Price	Amount
✓ January	1000	30 @	30,000	May ✓	800	50 @	40,000
April ✓	1000	34 @	34,000	Nov.	2400	60 @	144,000
October	<u>2000</u>	40 @	<u>80,000</u>				
	<u>4000</u>		<u>144,000</u>		<u>3200</u>		<u>184,000</u>

From the figures given above, calculate the value of closing stock by using FIFO method.

- (b) Fusi Ngonyani had insured his stock for sh. 840,000. His store caught fire on 10th May, 2013 and most of his stock and accounting records were destroyed. After some investigation the following information was obtained:

	Sh.
✓ Stock on 31 st December, 2012	1,240,000
✓ Debtors 31 st December, 2012	920,000
✓ Creditors 31 st December, 2012	977,000
✓ Receipt from debtors (1 st May – 10 th May)	1,140,000
✓ Discount allowed	20,000
✓ Payment to creditors	1,024,000
✓ Discount received	36,000
✓ Stock drawn for personal use by Fusi Ngonyani (at cost)	68,000
✓ Stock salvage from fire	180,000
✓ Debtors at 10 th May, 2013	1,300,000
✓ Creditors at 10 th May, 2013	980,000

Gross profit margin is 25% on selling price

From the information given above:

- Find out the amount of sales and purchases.
- Write up a statement showing the value of closing stock on 10th May, 2013.
- Compute the amount to be compensated by Insurance Company.

6. Chilindima Company Ltd sells its goods in cases. These cases are purchased by the company at sh. 15 per case. For stocktaking purposes, all cases are valued at sh. 14 per case irrespective of whether they are still in stock or in the hands of the customers except those representing new ones which are valued at their purchase price. Cases are charged out to customers at sh. 22 per case, but the customer is credited with sh. 18 per case if the case is returned in good condition within six weeks of receipt.

The following information relates to the year ending 31st March, 2012:

- (a) 6,800 cases were in the hands of customers on 31st March, 2011.
- (b) 5,000 cases were in the warehouse on 31st March, 2011.
- (c) During the year, 165,000 cases were purchased.
- (d) 10,500 cases were issued to customers.
- (e) 3,400 cases were returned by customers within the time limit.
- (f) 200 cases were destroyed by fire.
- (g) 50 cases were sold as scrap for sh. 300.
- (h) 4,600 cases were in the hands of customers on 31st March, 2011.

P.R = 15
Y.R = 14
I.R = 22
R.A = 18

264000

From the information given above write up the following accounts in the books of Chilindima Company Ltd for the year ending 31st March, 2012:

- (i) Cases stock account;
- (ii) Cases trading account;
- (iii) Cases income statement.

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7. Peter Donkoa an author of a novel granted the Tanzania Printers Ltd the exclusive rights to print his novel on condition that the company paid a professional royalty of 25% per book printed subject to a minimum payment of sh. 400,000 per annum. If in any year the royalties fell short of the minimum rent, the company was permitted to recoup the deficiency in any of the subsequent three years. The number of the books were as follows:

Year	Books
2002	400
2003	1,000
2004	1,800
2005	2,005
2006	2,400

From the information given above prepare:

- (a) Peter Donkoa account.
- (b) Royalty payable account.
- (c) Short working recoverable account.

Initial 120000
2344600
Machine 200,000