

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

**152/1**

**COMMERCE 1**

(For Both School and Private Candidates)

**Time: 3 Hours**

**Year: 2022**

**Instructions**

1. This paper consists of **seven (7)** questions.
2. Answer **five (5)** questions. Question **one (1)** is compulsory.
3. Each question carries **twenty (20)** marks.
4. Communication devices and any unauthorised materials are **not** allowed in the examination room.
5. Write your **Examination Number** on every page of your answer booklet(s).



Answer **five (5)** questions. Question **one (1)** is compulsory.

1. The commercial club at your school arranged a debate with the motion, “Commerce and trade are the same.” In six points, oppose the motion.
2. Mr. Biashara is a wholesaler carrying out his business in Mwanza region in Tanzania and he needs to be conversant with the types of e-commerce before engaged in it. Clarify to him six types of e-commerce according to the parties involved in the transactions.
3. The performance of the banking industry was observed to be high soon after privatisation but currently, its performance is deteriorating. In six points, explain why the banking industry in Tanzania is deteriorating.
4. In four points convince Mrs. Kazi who is an importer of second hand clothes on how she will benefit from the use of a bonded warehouse in her business and in two points, tell her how the government benefits from her goods passing through the bonded warehouse.
5. An actuary of one of the insurance companies received a proposal form from a customer who required to know the amount of premium to be paid. Assess six factors to guide the actuary in determining the premium to be paid.
6. Describe six common transport documents issued by transport companies to the customers or agents when transporting the goods through different modes of transport.
7. Three family members established a maize milling industry with 50 employees. Six months later, they decided to employ more labourers. One of the members suggested to assess the efficiency of the existing labourers before employing new ones. In six points, analyse the important factors that they should consider when making an assessment before making final decisions.

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**153/1**

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

**Time: 3 Hours**

**Year: 2022**

**Instructions**

1. This paper consists of sections A and B with a total of **eight (8)** questions.
2. Answer **all** questions in section A and **three (3)** questions from section B.
3. Each question in section A carries **ten (10)** marks and in section B **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).



## SECTION A (40 Marks)

Answer **all** questions in this section. Each question carries **ten (10)** marks.

1. Briefly describe the following accounting principles:

- (a) Objectivity
- (b) Prudence
- (c) Substance over form
- (d) Materiality

2. Kibo Ltd uses the accrual basis of accounting. The company owns real estate that it rents to various tenants. Rent collected in cash during the year 2020 amounted to TZS 5,430,000. The amounts of rent receivable and unearned rent revenue on two successive financial years were as follows:

Details	31 <sup>st</sup> December 2019 (TZS)	31 <sup>st</sup> December 2020 (TZS)
Rent receivable	180,000	245,000
Unearned rent revenue	220,000	82,000

The company advertises its estate through Television, Radio and Newspapers. Some of its advertising costs are paid in advance while others are paid on receipts of invoice. Advertising expenses on the accrual basis of accounting for the year 2020 was TZS 3,210,000. The amounts of prepaid and accrued advertising expenses at the beginning and at the end of the year 2020 were as follows:

Details	31 <sup>st</sup> December 2019 (TZS)	31 <sup>st</sup> December 2020 (TZS)
Prepaid advertising	268,000	320,000
Accrued advertising	392,200	145,000

Use the information provided to prepare the Rent Revenue Account and determine the amount of revenue that will appear in the company's income statement for year ended 31<sup>st</sup> December 2020 and the Advertisement Expenses Account to determine the amount of cash paid for advertisements in 2020.

3. Financial Securities Ltd is an investment trustee whose financial year ends on 31<sup>st</sup> December annually. The following transactions relate to its business in 12% Treasury Stock for which interest is payable half yearly on 31<sup>st</sup> March and 30<sup>th</sup> September:

March 1<sup>st</sup> 2019, bought TZS 60,000 nominal value for TZS 63,480 ex-int.

June 1<sup>st</sup> 2019, bought TZS 80,000 nominal value for TZS 83,600 cum-int.

November 1<sup>st</sup> 2019, sold TZS 35,000 nominal value for TZS 39,820 cum-int.

May 1<sup>st</sup> 2020, bought TZS 40,000 nominal value for TZS 44,860 cum-int.

September 1<sup>st</sup> 2020, sold TZS 145,000 nominal value for TZS 154,800 ex-int.

Using the information provided, prepare the 12% Treasury Stock Investment Account for the financial years ended 31<sup>st</sup> December, 2019 and 2020.

4. Melinda deals in the business of buying and selling plants and prepares her financial statements on 31<sup>st</sup> December annually. She provides for full year depreciation for the plants in the year of purchase and none in the year of disposal.

At 31<sup>st</sup> December, 2015, the Plant account balance was TZS 2,800,000 and the balance on the provision for depreciation on plants account was TZS 800,000. Melinda uses the reducing balance method to calculate the amount of annual depreciation at 20 per cent per annum. On 1<sup>st</sup> May, 2017 an item of Plant which had cost TZS 300,000 on 1<sup>st</sup> March, 2015 was sold for TZS 240,000. All the items of Plant were sold at the end of the year 2020 for TZS 3,000,000.

Use the information provided to prepare the Provision for Depreciation on Plants Account for the four years ended 31<sup>st</sup> December 2017, 2018, 2019, 2020 and the Plants Disposal Account for the years ended 31<sup>st</sup> December 2017 and 2020.

### SECTION B (60 Marks)

Answer **three (3)** questions from this section. Each question carries **twenty (20)** marks.

5. Zefani Ltd is a trading company whose head office is in Zanzibar. The company has a branch in Tanga. Goods are purchased by a centralized purchasing department in Zanzibar and are dispatched to Tanga at cost plus 25 per cent. All accounting records are prepared and maintained by a centralized accounting department in Zanzibar. The following information relates to the branch business for the year ended 31<sup>st</sup> December, 2019:

Details	TZS
Stock at Branch on 1 <sup>st</sup> January 2019 (at invoice price)	80,000
Branch Debtors on 1 <sup>st</sup> January 2019	20,000
Transactions during the year:	
Goods sent to Tanga (at invoice price)	500,000
Credit sales	450,000
Cash received from branch customers	395,000
Goods returned by branch customers to branch	10,000
Goods returned by Branch to Zanzibar (at invoice price)	30,000
Goods returned by branch customers to Zanzibar (at invoice price)	15,000
Discounts allowed to branch customers	15,000
Branch expenses	25,000
Branch stock on 31 <sup>st</sup> December, 2019 (at invoice price)	140,000

Using the information provided, prepare the following accounts:

- Branch Stock with two columns for recording the goods at invoice price and cost price respectively.
- Goods Sent to Branch.
- Branch Debtors.
- Branch Income Statement for the year ended 31<sup>st</sup> December, 2019.

6. The following Trial Balance has been extracted from the books of Harun Adams for the year ended 31<sup>st</sup> December 2019.

Harun Adams Trial Balance as at 31<sup>st</sup> December, 2019

Details	Debit	Credit
Capital		20,000,000
5% Loan		2,000,000
Drawings	1,750,000	
Freehold premises	8,000,000	
Furniture & Fittings	500,000	
Plant & Machinery	5,500,000	
Stock at 1 <sup>st</sup> January, 2019	8,000,000	
Cash at bank	650,000	
Provision for doubtful debts		740,000
Purchases	86,046,000	
Sales		124,450,000
Bad debts	256,000	
Bad debts recovered		45,000
Trade debtors	20,280,000	
Trade creditors		10,056,000
Bank charges	120,000	
Rent	2,000,000	
Returns inwards	186,000	
Returns outwards		135,000
Salaries	3,500,000	
Wages	8,250,000	
Travelling expenses	1,040,000	
Carriage inwards	156,000	
Discounts	48,000	138,000
General expenses	2,056,000	
Gas, electricity and water	2,560,000	
Carriage outwards	546,000	
Traveler's Salaries and commission	5,480,000	
Printing and Stationery	640,000	
	<b>157,564,000</b>	<b>157,564,000</b>

Additional information:

- Stock at 31<sup>st</sup> December, 2019 was valued at TZS 7,550,000.
- Interest on the loan had not been paid at 31<sup>st</sup> December, 2019.
- Rent includes TZS 250,000 for premises paid in advance to 31<sup>st</sup> March 2020.
- Depreciate Plant and Machinery by 10% per annum and Furniture & Fittings by 5% per annum.

- (e) Adjust the provision for doubtful debts to 5% of trade debtors.
- (f) Show wages as part of the cost of goods sold.

Using the information provided, prepare Harun Adams Income Statement for the year ended 31<sup>st</sup> December, 2019.

7. The trading inventory of Kangaroo Ventures, a retailer, has been reduced during the year ending 31<sup>st</sup> March 2020 by TZS 6,000,000 from the commencing figure of TZS 21,000,000. A number of financial ratios have been compiled relating to the business of Kangaroo Ventures for the year ending 31<sup>st</sup> March, 2020. These are shown as follows:

Net Profit as a percentage of net capital employed	15%
Net profit / Sales	9%
Sales / Net Capital Employed	166 $\frac{2}{3}$ %
Non-Current Assets / Sales	45%
<b>Working Capital Ratio:</b>	
Current Assets / Current Liabilities	4.0
<b>Acid test ratio:</b>	
(Bank + Account Receivable) / Current Liabilities	2.75
Gross profit / Sales	25%
<b>Accounts receivable collection period:</b>	
(Accounts receivable × 365 days) / Sales	36.5 days
Inventory Turnover	10 times

Kangaroo Ventures has supplied all the capital for the business and had no drawings from the business during the year ending 31<sup>st</sup> March 2020. The sundry expenses amounted to TZS 38,400,000.

Using the financial ratios provided, prepare the Income Statement of Kangaroo Ventures for the year ended 31<sup>st</sup> March 2020 and the Statement of Financial Position as at 31<sup>st</sup> March, 2020.



8. Kidao is a sole proprietor at Mlandizi area in the Coast region. She manages and operates a single shop selling general merchandise both whole sale and retail. In the absence of her accounting technician, she prepared the following trial balance which did not agree:

Kidao's Trial Balance as at 30<sup>th</sup> April, 2020

Details	Debit	Credit
Sales and Purchases	6,240,000	8,705,000
Discounts	30,500	41,000
Salaries and Wages	316,800	
General expenses	59,500	
Fixtures	1,000,000	
Stock on 1 <sup>st</sup> May, 2019	1,249,000	
Debtors and Creditors	812,000	504,500
Bank balance	679,000	
Drawings and Capital	452,000	1,701,700
Suspense	113,400	
	<b><u>10,952,200</u></b>	<b><u>10,952,200</u></b>

After careful investigation of the accounting records, the following accounting errors were discovered:

- (a) The sales day book had been over cast by TZS 35,000.
- (b) Discounts allowed account had been under cast by TZS 10,000.
- (c) Fixtures bought for TZS 85,000 had been correctly entered in the cash book but not posted to fixtures account.
- (d) Credit purchases of TZS 16,600 had been correctly entered in the purchases account but not posted to the personal account.
- (e) Cheques paid to creditors TZS 49,000 had been correctly entered in the cash book but debited to drawings account.
  - (i) Prepare Journal entries and the Suspense Account to correct the errors.
  - (ii) Prepare Kidao's Corrected Trial Balance as at 30<sup>th</sup> April, 2020.