

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

153/1

ACCOUNTANCY 1

(For Both School and Private Candidates)

Duration: 3 Hours

Year : 2025

Instructions

1. This paper consists 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. Working must be shown clearly and submitted.
5. All writing must be in **blue** or **black** ink, except drawings which must be in pencil.
6. Non programmable calculators may be used.
7. Communication devices and any unauthorised materials are **not** allowed in the examination room.
8. 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. Explain the uses of the given accounts when the stock and debtor's system is used.
 - (a) Branch Stock
 - (b) Branch Debtors
 - (c) Branch Cash
 - (d) Branch Expenses
 - (e) Branch Stock Adjustment

2. The insurance, wages and rent receivable accounts in the ledger of Mikado Wiseman showed the following balances on 1st January 2024:
Insurance paid in advance TZS 562,000, accrued wages TZS 306,000 and rent received in advance TZS 36,000.
During the year to 31st December 2024, Mikado Wiseman paid TZS 1,019,000 for insurance, TZS 15,000,000 for wages in cash and received TZS 2,600,000 for rent by cheque from the tenants. At 31st December 2024, insurance prepaid amounted to TZS 345,000, rent receivable of TZS 105,000 was in arrears, and accrued wages amounted to TZS 419,000.
Use the information provided to prepare the insurance, wages and rent receivable Accounts to determine the amount of expenses and revenue that will appear in Mikado Wiseman's income statement for the year ending 31st December 2024.

3. Diana Siridion is a sole trader at Sinza in Dar es Salaam. She opened a single shop and started her business of selling children clothes and shoes on 1st April 2023 with a capital of TZS 50,000,000 in cash. During the month of April 2023, Diana had the following transactions:
April 1, opened a bank account with CRDB Bank, paying in TZS 45,000,000.
April 2, purchased goods worth TZS 1,000,000, paying in cash.
April 3, purchased a motor vehicle, paying by cheque TZS 20,000,000.
April 5, purchased goods for TZS 5,000,000, paying by cheque.
April 7, sold goods for cash TZS 2,000,000.
April 10, paid expenses TZS 500,000 in cash.
April 15, sold goods, receiving a cheque for TZS 3,500,000.

April 16, paid cash into bank TZS 2,000,000.

April 17, purchased goods worth TZS 1,500,000, paying in cash.

April 20, paid wages TZS 1,000,000 in cash.

April 22, withdrew cash from the bank for office use TZS 1,500,000.

April 30, paid general expenses TZS 800,000 in cash.

Record the transactions in Diana's Cash and Bank Accounts and balance off the accounts on 30th April, 2023.

4. ABC Ltd operates a fleet of small buses for shuttle transport in the Region of Kilimanjaro. The buses are depreciated on a straight line basis at a rate of 20 per cent per annum. The following table shows the company's purchases and disposals of buses for the three years ending 31st December, 2020, 2021, and 2022:

Buses	Date of Purchases	Cost (TZS)	Date of Disposal	Disposal proceeds (TZS)
Bus 1	1 st January 2020	10,000,000	-	-
Bus 2	1 st January 2021	5,000,000	1 st January 2022	1,800,000
Bus 3	1 st January 2022	14,000,000	-	-

Use the information provided to prepare the Buses, Provision for Depreciation on Buses Accounts for the three years ending 31st December 2020, 2021, 2022 and the Buses Disposal Account for the year ending 31st December 2022.

SECTION B (60 Marks)

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

5. The books of Jambo Ltd showed the following transactions for the year ending 31st December, 2023:

January 1.	Purchased 2000, 6 per cent debenture of TZS 100 each in Jabba Ltd at 98 ex-interest. Interest is payable semi annually on 30th June and 31st December. Purchased 500 ordinary shares of TZS 10 in Jamal Steel Ltd for TZS 25 per share.
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February 1	Purchased 300 ordinary shares of TZS 10 in Jamal Steel Ltd for TZS 24 per share. On 31st March 2023 Jamal Steel Ltd paid a six months' interim dividend of 10 per cent and made a bonus issue of 1 for 4.
April 30	Sold 500 of the debentures at TZS 101 cum-interest.
July 1.	Sold 100 ordinary shares at TZS 25 each.
September 30.	Jamal Steel Ltd paid a 5 per cent final dividend and gave the rights to shareholders to apply for 1 share for every 3 held at TZS 20 per share payable in full on application.
November 15.	Sold half of the rights for TZS 6 each.
November 20.	Exercised the remaining rights.

6. Tobacco Ltd deals with buying and selling of tobacco products. The following information has been extracted from the company's books for the year ending 30th September 2023:

<i>Name of Account</i>	<i>TZS</i>
Capital	35,040,000
Drawings	3,600,000
Trade debtors	5,424,000
Trade creditors	6,506,400
Sales	26,678,400
Purchases	12,566,400
Returns inwards	433,200
Returns outwards	656,400
Salaries and wages	5,640,000
Discounts allowed	297,600

Discounts received	511,200
Inventory on 1 st October 2023	7,600,800
Cash at bank	3,169,200
Cash in hand	170,400
Lighting and power expenses	566,400
Rates	297,600
Office buildings	7,800,000
Fixture and fittings	1,728,000
Motor vehicles	19,200,000
Office stationeries	187,200
Sundry expenses	76,800
Insurance	720,000
Provision for doubtful debts	798,000
Motor expenses	463,200
Bad debts	86,400
Postage and internet expenses	163,200

Additional information:

- (a) Inventory on 30th September, 2023 was valued at TZS 5,280,000.
- (b) Depreciation is to be provided on office buildings at 5 per cent, fixtures and fittings at 10 per cent and motor vehicles at 20 per cent.
- (c) Rates prepaid amounted on 30th September, 2023 to TZS 76,800.
- (d) Unexpired insurance on 30th September, 2023 amounted to TZS 12,000.
- (e) Provision for doubtful debts at 30th September, 2023 to be maintained at 10 per cent of trade debtors.

Using the information provided, prepare the company's Income Statement for the year ending 30th September, 2023 and the Statement of Financial Position as at 30th September, 2023.

7. Saibogi is a junior accountant at Kilimanjaro Restaurant. He is troubled with the Trial Balance which failed to agree although in his opinion, he recorded every transaction correctly in the books of account. The credits exceeded the debits by TZS 760,520. The senior accountant advised him to place the difference into a suspense account. The two accountants went through the books considering each transaction so carefully and they discovered the following errors:

- (a) A balance of TZS 34,800 on a debtor's account had been omitted from the schedule of debtors, the total of which was entered as accounts receivable in the Trial Balance.
- (b) Machinery purchased for TZS 480,000 had been written off to repairs.
- (c) The receipts side of the cash book had been under cast by TZS 288,000.
- (d) The total of one page of the sales daybook had been carried forward as TZS 3,261,600 instead of TZS 3,405,600.
- (f) A credit note for TZS 71,600 received from a supplier had been posted to the wrong side of his account.
- (g) An electricity bill with a sum of TZS 60,800, not yet accrued for, has been discovered in a filing tray.
- (h) Mr. Dunda, whose debt has been regarded as doubtful, paid TZS 292,000 to clear his account. His personal account has been credited but the cheque has not yet passed through the cash book.
- (i) Wages of TZS 118,520 had not been posted from the cash book to the nominal account.
- (i) TZS 85,000 received from James, had been debited to his account.
- (j) Commission received TZS 45,000 had been debited to commission received account.

Prepare the General Journal to correct the errors (narrations are not required), Suspense Account and the Statement of Corrected Net profit.

8. The following information was extracted from the books of BBM Ltd as at 31st December, 2020:

Details	TZS	TZS
Sales		640,000
Gross profit		160,000
Average inventory at cost		40,000
Expenses		32,000
Non-current assets		432,000
Current assets:		
Inventory		
Debtors	40,000	
Bank	32,000	
	<u>8,000</u>	80,000
Current liabilities		512,000
		<u>(40,000)</u>

capital		<u>472,000</u>
		<u>472,000</u>

- (a) Calculate the following accounting ratios for BBM Ltd:
- (i) Gross profit as a percentage of sales
 - (ii) Rate of stock turnover
 - (iii) Net profit as a percentage of sales
 - (iv) Rate of return on capital employed
 - (v) Current ratio
 - (vi) Quick ratio
- (b) ZARA Ltd is another firm in the same line of business. The following information has been extracted from the books of the company for the year ending 31st December, 2020:
- (i) Gross profit as a percentage of sales = 25 per cent
 - (ii) Rate of inventory turnover = 9 times
 - (iii) Net profit as a percentage of sales = 10 per cent
 - (iv) Rate of return on capital employed = 12½ per cent
 - (v) Current ratio = 1:1
 - (vi) Quick ratio = 0.5: 1

Compare the information provided about ZARA Ltd with the calculated ratios for BBM Ltd. Using the rate of inventory turnover, rate of return on capital employed, current ratio and quick ratio as performance indicators. Which company was more successful in the year 2020? Give a reason.