

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

ANSWERS

Year: 2005

Instructions

1. This paper consists of EIGHT questions.
2. Answer all questions in section A and three questions from section B.

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1. Write short notes on the following:

(a) Software

Software refers to the set of instructions or programs used to operate computers and perform specific tasks. It includes application software like word processors, and system software like operating systems.

(b) Networks

Networks are systems that connect computers and other devices to share resources, information, and services. Examples include LAN (Local Area Network) and WAN (Wide Area Network).

(c) Internet

The Internet is a global network of interconnected computers that enables data exchange and access to services such as the World Wide Web, email, and cloud storage.

(d) Back-ups

Back-ups are copies of data made to prevent loss in case of system failure, accidental deletion, or corruption. Backups can be stored on external drives, cloud servers, or other media.

(e) Password

A password is a secret code used to gain access to a computer system or data. It helps protect information from unauthorized users and is often combined with usernames for authentication.

2. Shaban, Shani and Shabir have been in partnership for several years, sharing profits and losses in the ratio 3:2:1. Their last balance sheet which was prepared on 31st December 2002 looks as follows:

Balance Sheet
As at 31 December 2002

Fixed asset.....	80,000
Current assets:	
Stock.....	20,000
Debtors.....	84,000

	104,000
Total Assets.....	184,000
Capital:	
Shabaan.....	16,000
Shani.....	16,000
Shamir.....	8,000

	40,000
Provision for depreciation.....	24,000

Bank.....52,000
 Creditors.....68,000

Total Liabilities and Capital.....184,000

Despite making good profits during recent years they have become increasingly dependent on one creditor. In order to retain him, they had gradually increased his credit limit until he owed the partnership sh. 72,000. It has now been discovered that the creditor is bankrupt and that he is unlikely to repay any of the money owed by him to the partnership. Hence, partners have agreed to dissolve the partnership on the following terms:

- (i) The stock should be sold for sh. 16,000.
- (ii) The fixed assets be sold for sh. 32,000 except for certain items with a book value of sh. 20,000 which will be taken over by Shaban at an agreed valuation of sh. 28,000.
- (iii) The debtors, except for the main debtor, are expected to pay their accounts in full.
- (iv) The costs of dissolution will be sh. 3,200 and discount received from creditors will be sh. 2,000. Shabir is unable to meet his liability to the partnership out of his personal funds.

Required:

(a) Prepare the realisation accounts.

Realisation Account

Particulars	Amount (Sh)
----- -----	
To Stock	20,000
To Fixed Assets	80,000
To Debtors	84,000
To Bank (Dissolution Expenses)	3,200
By Bank (Stock realized)	16,000
By Bank (Fixed Assets realized)	32,000
By Shabaan (Assets taken over)	28,000
By Bank (Debtors realized)	12,000
By Creditors (Discount received)	2,000

(b) Prepare the capital accounts to the partners regarding the dissolution of the partnership.

Shabaan Capital Account

Particulars	Amount (Sh)
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To Realisation (Assets taken)	28,000
To Bank (Balance paid)	6,000
By Balance b/d	16,000

By Realisation (Profit share) | 18,000

Shani Capital Account

Particulars	Amount (Sh)
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To Bank (Paid)	20,000
By Balance b/d	16,000
By Realisation (Profit share)	24,000

Shabir Capital Account

Particulars	Amount (Sh)
----- -----	
To Realisation (Loss)	12,000
By Balance b/d	8,000

Note: Shabir is unable to pay his deficit of Shs. 4,000. His capital account remains in debit.