

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: 2011

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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2. Amended Stock Figure as at 31st May, 1995

Initial stock figure: 87,612

(a) Deteriorated goods

Original cost = 70

Repair = 12

Realizable = 50

Adjustment = reduce stock by $(70 - 12 - 50) = 8$

(b) Damaged and now saleable goods

Original cost = 200

Net realizable = $110 - 40 = 70$

Adjustment = reduce by $(200 - 70) = 130$

(c) Over-addition and under-addition

Over-added 126, under-added 72 \rightarrow net over = 54

Adjustment = reduce by 54

(d) Goods not recorded (due to invoices arriving in June) = 2,010

Adjustment = add 2,010

(e) Stock entered as 1,243 instead of 1,234

Adjustment = reduce by 9

(f) Goods included in purchases and creditors but not received = 638

Adjustment = reduce by 638

(g) Portable generators not owned = 347

Adjustment = reduce by 347

(h) Free samples = 63

Adjustment = reduce by 63

(i) Goods sent to customers (sale or return) included at selling price = 418

Must be excluded

Adjustment = reduce by 418

(j) Goods received on sale or return basis included = 267

No decision made, so should be excluded

Adjustment = reduce by 267

Summary of adjustments:

- Reduce: $8 + 130 + 54 + 9 + 638 + 347 + 63 + 418 + 267 = 1,934$
- Add: 2,010

Net adjustment = $2,010 - 1,934 = +76$

Amended stock = $87,612 + 76 = 87,688$

Amended stock figure is 87,688

3. Partnership Dissolution – Juma, John, Jane

(i) Journal Proper

1. Realization of premises

Dr Bank 80,000

Cr Realization 80,000

2. Realization of plant and machinery

Dr Bank 60,000

Cr Realization 60,000

3. Realization of stock

Dr Bank 81,000

Cr Realization 81,000

4. Motor vehicle taken by Juma

Dr Juma's Capital 10,000

Cr Realization 10,000

5. Remaining motor vehicle sold

Dr Bank 13,000

Cr Realization 13,000

6. Investments taken over by John

Dr John's Capital 80,000

Cr Realization 80,000

7. Bank loan paid + interest

Dr Realization 165,000

Cr Bank 165,000

8. Creditors settled with 10% discount

Payable: 120,000

Less 10% = 108,000
Dr Creditors 120,000
Cr Realization 12,000
Cr Bank 108,000

9. Dissolution expenses paid by John
Dr Realization 6,000
Cr John's Capital 6,000

(ii) Realization Account

Dr side

Premises 180,000
Plant & Machinery 140,000
Stock 171,000
Motor vehicles 47,000
Investments 113,000
Debtors 99,000
Bank loan 150,000
Creditors 120,000
Dissolution exp. 6,000
Total = 1,026,000

Cr side

Premises 80,000
Plant & Machinery 60,000
Stock 81,000
Motor vehicle (Juma) 10,000
Motor vehicle (sold) 13,000
Investments (John) 80,000
Creditors discount 12,000
Loss on realization 690,000

Loss = $336,000 \div 3 = 112,000$ to each partner

(iii) Cash at Bank Account

Receipts:

Premises 80,000
Plant 60,000
Stock 81,000
Motor vehicle 13,000
Total receipts: 234,000

Payments:

Bank overdraft 30,000

Bank loan + interest 165,000

Creditors 108,000

Total payments: 303,000

Shortage = 69,000

To be paid by:

Each partner's capital (after deducting realization loss)

Juma: $200,000 - 112,000 - 10,000$ (asset taken) = 78,000

John: $300,000 - 112,000 - 80,000$ (asset taken) - 6,000 (exp) = 102,000

Jane: $100,000 - 112,000 = -12,000$ (deficiency)

Total funds = $78,000 + 102,000 = 180,000$

Required = 69,000

Jane's deficiency shared equally = 6,000 each

Final contributions:

Juma: $78,000 + 6,000 = 84,000$

John: $102,000 + 6,000 = 108,000$

(iv) Partners' Capital Accounts

Partner	Opening Capital	Loss on Realization	Asset Taken	Final Balance
Juma	200,000	(112,000)	10,000	78,000
John	300,000	(112,000)	80,000+6,000	102,000
Jane	100,000	(112,000)	—	(12,000)

Jane's deficiency shared equally between Juma and John.