

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

**153/2**

**ACCOUNTANCY 2**  
(For Both School and Private Candidates)

**Time: 3 Hours**

**Year : 2021**

**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 unauthorised 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.

1. Briefly explain the following accounting terms:
  - (a) Private audit
  - (b) Statutory audit
  - (c) Standard audit
  - (d) Procedural audit
  
2. Briefly describe four functions of a computer.
  
3. Mrs. Fatma started business on 1<sup>st</sup> January 2020. She sells refrigerators all of one standard type on hire purchase terms. During the year ended at 31<sup>st</sup> December, 2020 Mrs. Fatma sold 850 refrigerators on hire purchase terms. The hire purchase price for each refrigerator is TZS 30,000. Customers are required to pay a deposit of TZS 6,000 followed by eight quarterly instalments of TZS 3,000 each. The cost of each refrigerator to Mrs. Fatma is TZS 20,000. Mrs. Fatma prepares annual accounts on the basis of taking credit for gross profit including interest in proportion to cash collected from customers. The following trial balance was extracted from Mrs. Fatma's books as at 31<sup>st</sup> December, 2020:

Mrs. Fatma's Trial Balance as at 31<sup>st</sup> December, 2020

Details	Debit	Credit
Capital		10,000,000
Non-Current assets	1,000,000	
Drawings	400,000	
Bank overdraft		1,727,800
Creditors		1,600,600
Purchases	18,000,000	
Cash collected from customers		7,689,600
Bank interest	40,000	
Wages and Salaries	1,028,000	
General expenses	550,000	
	<b>21,018,000</b>	<b>21,018,000</b>

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H.P = 30,000  
Cash = 20,000

$\frac{100}{3000} \times 7,689,600$

Using the information provided, prepare Mrs. Fatma's Hire-purchase Income Statement for the year ended 31<sup>st</sup> December, 2020 and the Statement of Financial Position as at 31<sup>st</sup> December 2020.

Handwritten calculations and notes:

- H.P Sales 25,500,000
- Cash 7,689,600
- Balance 850,000
- 5109,000
- 7,689,600
- 12,789,600
- 513,680
- 256,320
- 426,820
- 5,882,000
- 423,680

4. Tibessa Manufacturers Ltd supplies its goods in returnable crates which the company purchases them for TZS 300 each. A crate is charged out to customers at TZS 500, when the customers return the crates in good condition within three months a partial refund of the deposit is made at TZS 400 per crate. The stock of crates at the end of the financial year is valued at TZS 200 per crate to provide for depreciation through usage. During the year ended at 31<sup>st</sup> December, 2020 the company had the following transactions:

500 new crates were purchased, 1,800 crates were sent out to customers, 1,500 crates were returned by customers within three months and 100 crates were kept by customers beyond the three months' limit. 20 crates were damaged and the company sold them for TZS 150 each. On 31<sup>st</sup> December 2020 there were 200 returnable crates with customers and 180 crates at the company's warehouse.

*P.R. = 300 C.O.R. = 500 R.R. = 400 S.R. = 200*

Use the information provided to prepare the Containers Stock Account and the Containers Suspense Account to record the transactions in the books of Tibessa Manufacturers Ltd.

### SECTION B (60 Marks)

Answer **three (3)** questions from this section.

5. Kamachumu Gold Mines Ltd acquired the right to extract minerals from the mines owned by Helena Minerals Associates Ltd on the following terms:
- (a) Kamachumu Gold Mines Ltd to pay a royalty of TZS 30,000 per ton of minerals extracted.
  - (b) Kamachumu Gold Mines Ltd shall pay a minimum rent of TZS 120,000,000 per annum in lieu of actual royalties in the event of short workings.
  - (c) The payments to be made on monthly basis on the last day of each month.
  - (d) The agreement to come into effect on 1<sup>st</sup> December, 2019.

The following quantities of minerals were extracted by Kamachumu Gold Mines Ltd during the first five months:

Period	Output (in tons)
December, 2019	2,000
January, 2020	3,000
February, 2020	4,000
March, 2020	4,600
April, 2020	5,000

Use the information provided to prepare the Royalties Payable Account, Helena Minerals Associates Ltd Account and Royalties Short Workings Account for the five Months ended 31<sup>st</sup> December 2019, 31<sup>st</sup> January 2020, 29<sup>th</sup> February 2020, 31<sup>st</sup> March 2020 and 30<sup>th</sup> April 2020.



6. Kapesa & Sons Ltd offered for public subscription 10,000 ordinary shares of TZS 1000 each for TZS 1,200 per share. The payment for the shares was to be made by instalments as follows: On application TZS 500 including premium, on allotment TZS 400 and on the first and final call TZS 300. Applications were received for 12,000 shares and the directors decided to allot the available shares to the applicants on pro-rata basis. Gileadi, a holder of 120 shares couldn't pay the allotment and call moneys and Negebu failed to pay the call money for his 200 shares. These shares were later on forfeited for non-payment of allotment and call monies and were re issued to Moabi as fully paid for TZS 800 per share. Moabi paid for the shares.

Prepare the following accounts to record the given transactions in the books of Kapesa & Sons Ltd:

- Bank Account.
- Ordinary Share Application Account.
- Ordinary Share Allotment Account.
- First Call Account.
- Ordinary Share Capital Account.
- Ordinary Share Premium Account.
- Calls in Arrears Account.
- Forfeited Shares Account.
- Re Issued Shares Account.

200 prem

app = 500 incl prem (200)

allotment = 400

1st call & 2nd call = 300

7. Anna, Bernard and Charles were partners in a partnership firm sharing profits and losses in the ratio of 3:2:1 respectively. Their last statement of financial position as at 31<sup>st</sup> October 2020 was as follows:

Anna, Bernard and Charles  
Statement of financial position as at 31<sup>st</sup> October 2020

Details	TZS	Details	TZS
Capital: Anna	40,000	Premises at cost	200,000
Bernard	40,000	Less: Depreciation	60,000
Charles	20,000		140,000
		Furniture	50,000
		Motor vehicles	30,000
		Office equipment	20,000
<b>Current liabilities</b>		<b>Current Assets</b>	
Bank 130,000		Stock	50,000
Creditors 270,000	400,000	Debtors	210,000
	500,000		260,000
			500,000

Despite making good profits during the recent years, the firm had become increasingly dependent on one credit customer called Mauta. In order to retain this customer, the firm had gradually increased her credit limit until she owed the partnership TZS 180, 000. It has now been discovered that Mauta is insolvent and that she is unlikely to repay any of the money owed by her to the partnership. Reluctantly, Anna, Bernard and Charles have agreed to dissolve the partnership on the following terms:

- (a) The stock is to be sold for TZS 40,000.
- (b) The premises will be sold for TZS 80,000 except one building with a book value of TZS 50,000 which will be taken over by Anna at an agreed valuation of TZS 70,000.
- (c) The debtors except Mauta paid their accounts in full.
- (d) Furniture, Motor vehicles and Office equipment were sold for TZS 70,000, TZS 50,000 and TZS 30,000 respectively.
- (e) The costs of dissolution will be TZS 8,000 and discounts received from creditors will be TZS 5,000. Anna is unable to meet her liability to the partnership out of her personal funds.

Prepare the Realisation Account, Bank Account and the Partners' Capital Accounts to record the dissolution of the Partnership.

8. Nangawe Hill Association had three employees in its payroll for the month of April, 2020. The following information was extracted from the payroll department of the Association for the month of April, 2020:

S/N	Name of employee	Basic salary per month (TZS)	Other information
1.	Salome	3,000,000	Monthly deduction of TZS 600,000 for insurance premium to the National Insurance Corporation.
2.	Rehema	4,500,000	Took mid-month salary advance of TZS 500,000.
3.	Nyakari	2,500,000	-

The employees are entitled to meal allowance of 10 per cent of their basic salary per month and a monthly responsibility allowance of TZS 120,000. All employees pay income tax calculated with reference to the following tax table:

Employees Withholding Tax Table

Salary range (TZS)	Tax payable (TZS)
1 - 2,000,000	Non taxable.
2, 001,000 - 4,000,000	15% of pay above TZS 2,000,000.
4,001,000 - 6,000,000	TZS 400,000 plus 10% of pay above TZS 4,000,000.

All employees contribute 10% of their basic salary to the National Social Security Fund (NSSF) and the Association contributes the same amount to the Fund for all employees.

Use the information provided to prepare the Salary Slips of the employees and the Payroll of the Association for the Month ending 30<sup>th</sup> April, 2020.