

**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: 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.

- Briefly explain the following accounting terms:
 - Audit opinion
 - Qualified audit opinion
 - Unqualified audit opinion
 - Adverse audit opinion
- Mawenzi Enterprise started business on 1st May, 2018 selling Flat Screen Televisions of one standard type on hire purchase terms. During the year to 30th April, 2019 the company purchased televisions at a uniform price of TZS 600,000 each and sold 950 televisions under hire purchase agreements at a price of TZS 1,000,000 per television, payable by an initial deposit of TZS 300,000 per television and 10 quarterly instalments of TZS 70,000 each. The following Trial Balance was extracted from Mawenzi Enterprise's books as at 30th April, 2019:

Mawenzi Enterprises Trial Balance as at 30th April, 2019

| <u>Details</u> | <u>Dr</u> <u>TZS</u> | <u>Cr</u> <u>TZS</u> |
|-------------------------------|-------------------------|-------------------------|
| Capital | | 380,000,000 |
| Drawings | 20,000,000 | |
| Non-current asset | 50,000,000 | |
| Purchases | 600,000,000 | |
| Cash collected from customers | | 418,000,000 |
| Rates, rent and insurance | 22,500,000 | |
| Wages | 43,000,000 | |
| General expenses | 51,350,000 | |
| Bank balance | 53,150,000 | |
| Sundry trade creditors | | 42,000,000 |
| | <u>840,000,000</u> | <u>840,000,000</u> |

The personal accounts of customers are memorandum records. Mawenzi Enterprise prepares annual accounts on the basis of taking credit for profit (including interest) in proportion to cash collected from customers.

Using the information provided, prepare Mawenzi Enterprise's Hire Purchase Income Statement for the year ended 30th April 2019 and the Statement of Financial Position as at 30th April, 2019 (ignore depreciation of non-current assets).

3. Mr Katembo had insured his stock for TZS 420,000. His store caught fire on 7th June, 2018 and most of the stock and accounting records were destroyed by fire. After some investigations the following information was obtained:

| Details | TZS |
|--|---------|
| Stock on 31 st May, 2018 | 620,000 |
| Debtors on 31 st May, 2018 | 460,000 |
| Creditors on 31 st May, 2018 | 540,000 |
| Transactions for the period from 1 st June to 7 th June, 2018: | |
| Receipts from debtors | 570,000 |
| Discounts allowed to debtors | 10,000 |
| Payment to creditors | 512,000 |
| Discounts received from creditors | 18,000 |
| Stock donated to a charity at cost | 34,000 |
| Stock salvaged from fire | 60,000 |
| Debtors on 7 th June, 2018 | 650,000 |
| Creditors on 7 th June, 2018 | 490,000 |

Mr Katembo's gross profit margin was 25% on cost.

Using the information provided:

- Prepare the Debtors and Creditors Control Accounts to determine the amount of sales and purchases for the period from 1st June to 7th June, 2018.
 - Prepare a statement showing the value of stock destroyed by fire.
 - Calculate the amount that Mr Katembo can claim from the insurer.
4. Mtwara Gas Ltd issued 10,000 ordinary shares of TZS 100 each at a premium of TZS 20 per share. Cash payable per share was TZS 30 on application; TZS 50 on allotment (including premium); TZS 25 on first call and TZS 15 on the second call. Applications were received for 15,000 shares, out of which applications for 5000 shares were rejected. The shares were allotted to the remaining applicants and the applicants paid their dues as scheduled.

Record the given transactions in the company's Bank, Ordinary Share Allotment, Ordinary Share Capital, Ordinary Share Premium Accounts and prepare an extract of the company's Statement of Financial Position.

SECTION B (60 Marks)

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

5. Miembeni Breweries Limited buys a container for TZS 200 which is charged out to customers at TZS 250 allowing TZS 150 on its return. The containers are valued at TZS 100 at stock taking. On 1st January, 2017 the stock of containers in warehouse was 8,000 and 16,000 containers were in the hands of customers.

During the year to 31st December 2019, 12,000 new containers were purchased, 26,000 containers were sent to customers and 19,000 containers were returned by customers. 200 containers were destroyed and 100 containers were sold as scrapers for TZS 400. At the end of the financial year on 31st December 2019, 14,000 containers were in the hands of customers; their return period had not expired.

Use the information provided to prepare the Containers Stock and Containers Suspense Accounts for the year ending 31st December, 2019.

6. Chipata Company Ltd
Statement of Financial Position as at 31st December, 2018

| Details | TZS | TZS |
|-------------------------------------|---------------|-----------------------|
| Ordinary Share capital | 130,000 | |
| Profit or loss account | <u>32,000</u> | 162,000 |
| Current Liabilities: Creditors | | <u>6,200</u> |
| | | <u><u>168,200</u></u> |
| Non-Current Assets: Equipment | 130,000 | |
| Less: Depreciation | <u>60,000</u> | 70,000 |
| Motor Vehicles | 110,000 | |
| Less: Depreciation | <u>70,000</u> | |
| | | 40,000 |
| Current Assets: Cash | 15,000 | |
| Stock | 9,600 | |
| Debtors | <u>33,600</u> | |
| | | <u>58,200</u> |
| | | <u><u>168,200</u></u> |

Additional information:

- (a) Goods are purchased one month before the month of sale.
 (b) Budgeted quarterly purchases and sales for the year ending 31st December, 2019 are as follows:

| Period | Purchases (TZS) | Sales (TZS) |
|--------------------|-----------------|-------------|
| January – March | 72,000 | 132,000 |
| April – June | 96,000 | 156,000 |
| July – September | 84,000 | 168,000 |
| October – December | 96,000 | 144,000 |

- (c) The company receives one month's credit on purchases and allows one month's credit on sales.

- (d) The following expenses will be incurred in the year ending 31st December, 2019:
- (i) Rent of TZS 1,600 per quarter paid in advance on 1st January, 1st April, 1st July, and 1st October.
 - (ii) Wages of TZS 7,200 payable monthly.
 - (iii) An insurance premium of TZS 3,000 for 15 months to 31st March, 2020 was paid on 1st January, 2019.
 - (iv) Other expenses TZS 20,000 payable quarterly.
- (e) The company will purchase additional equipment costing TZS 15,000 on 1st April, 2019.
- (f) A new motor vehicle will be purchased on 1st April, 2019 at TZS 12,000.
- (g) A motor vehicle which cost TZS 60,000 and has a written down value of TZS 30,000 on 31st December, 2018 will be sold for TZS 20,000 on 1st July, 2019.
- (h) The company provides for depreciation on its equipment at 10% per annum on cost and on motor vehicles at 12½% per annum on cost.
- (i) The company's stock at 31st December, 2019 was valued at TZS 32,000.

Use the information provided to prepare Chipata Company Ltd's quarterly Cash Budget for the year ending 31st December, 2019.

7. Peter, Teddy and Miriam were partners sharing profits in the ratio of 3:2:1. On 1st January, 2019, Teddy retired. The firm's Statement of Financial Position one day before Teddy's retirement was as follows:

| Statement of Financial Position as at 31 st December, 2018 | | |
|---|----------------|-----------------------|
| | TZS | TZS |
| Financed by: | | |
| Capital Accounts: Peter | 120,000 | |
| Teddy | 100,000 | |
| Miriam | <u>90,000</u> | 310,000 |
| Current Liabilities: Creditors | | |
| Bills payable | 100,000 | |
| Expenses owing | <u>50,000</u> | |
| | | 170,000 |
| General Reserve | | <u>60,000</u> |
| | | <u><u>540,000</u></u> |
| Non-Current Assets: Patents | | |
| Plant | 30,000 | |
| | <u>300,000</u> | 330,000 |
| Current Assets: Cash | | |
| Stock | 5,000 | |
| Debtors | 110,000 | |
| | <u>95,000</u> | 210,000 |
| | | <u><u>540,000</u></u> |

Teddy retired on 1st January, 2019 on the following terms:

- (a) Goodwill was to be valued at TZS 120,000 but no goodwill account was to be raised.
- (b) New profit and loss sharing ratio between Peter and Miriam will be 3:2.
- (c) Expenses owing are to be brought down to TZS 15,000; plant is to be valued at 10% less and patents at TZS 40,000.

- (d) The total capital of the new firm will be fixed at TZS 250,000 to be contributed by the partners in their profit and loss sharing ratios.
- (e) The amount due to teddy was to be left in the new firm as a loan at 6% interest for five years.

Use the information provided to prepare the Revaluation Account, Cash Account, Partners' Capital Accounts and the new firm's Statement of Financial Position on 1st January 2019 after Teddy's retirement.

8. Limao gardeners Ltd have four employees in its payroll. The following information is available for the month ending 31st July 2019.

| Name of Employee | Basic Salary per Month (TZS) | Other Information |
|------------------|------------------------------|--|
| Sakina | 300,000 | Monthly deductions of TZS 20,000 for insurance premium to the National insurance Corporation |
| William | 450,000 | Took mid-month salary advance TZS 40,000 |
| Hilder | 250,000 | - |
| Peter | 480,000 | Monthly deductions for car loan TZS 50,000 |

Extract of the Tax Table

| Salary Range (TZS) | Tax Payable |
|--------------------|--|
| 1 – 100,000 | Non taxable |
| 101,000 – 400,000 | 15% of pay above TZS 100,000 |
| 401,000 – 600,000 | TZS 35,000 plus 30% of pay above 400,000 |
| 601,000 – 800,000 | TZS 90,000 plus 50% of pay above 600,000 |

On monthly basis:

- (a) All employees contribute 10% of their basic salary to the National Social Security Fund and 5% of their basic salary to Limao Employee's SACCOS.
- (b) All employees are entitled to meal allowance of TZS 50,000 per month and transport allowance of TZS 100,000 per month.

Using the information provided, prepare the Salary Slips for the employees for the month of July, 2019.