

**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: 2024

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. All writing must be in **blue** or **black** ink, **except** drawings which must be in pencil.
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. Briefly explain the meaning of each of the following accounting terms:
 - (a) Internal audit
 - (b) Internal control system
 - (c) Auditor's report
 - (d) Audit evidence
2. In a tabular form, differentiate computerized accounting system from the manual or traditional accounting system based on the following five criteria: Record keeping, accounting errors, posting of accounting entries to the ledgers, closing of books and consolidation of financial statements.
3. Kicheko purchased seven trucks on hire purchase on 1st July, 2022. The cash purchase price of each truck was TZS 50,000,000. He was to pay 20% of the cash purchase price on delivery and the balance in five half-yearly instalments starting from 31st December, 2022 with interest at 5% per annum. Kicheko failed to pay the instalment due on 30th June, 2023 and it was agreed that Kicheko would return 3 trucks to the vendor and retain the remaining trucks. The return price of the 3 trucks was TZS 40,500,000. Kicheko charges depreciation at 20% per annum on all the trucks. After spending TZS 1,000,000 on repairing the returned trucks, the vendor sold them away for TZS 40,000,000.

Using the information provided, prepare the following:

- (a) Trucks and Hire Purchase Vendor Accounts in the books of Kicheko for the two years ending 31st December, 2023.
 - (b) Hire Purchase Debtor and Goods Repossessed Accounts in the books of hire purchase vendor for the two years ending 31st December, 2023.
4. Thawabi Ltd sells their products in returnable containers which cost TZS 50,000 each. A container is charged out to customers at TZS 100,000. If the customers return the containers in good condition within three months, a credit is given at TZS 75,000 per container. At the end of the year, all containers owned by the company; whether within the factory or in the hands of customers are valued at TZS 25,000 each for accounting purpose.

On 1st January 2023, the company had 240 containers in the factory and 300 in the hands of customers. During the year 2023, 200 new containers were purchased; 600 were charged out to customers; 560 were returned by the customers within the prescribed period and 20 containers were kept by customers beyond the three months' time limit. During the year ended 31st December 2023, 8 containers were sold for TZS 10,000 each and 3 others were scrapped. When stock was taken on 31st December 2023, there was a deficit of 9 containers.

Using the information provided, prepare the Container Stock, Containers Suspense Accounts and the Statement of profit or loss on container's usage.

SECTION B (60 Marks)

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

5. Msema Kweli, the owner of automatic door closers technology, granted Muswaki Enterprises Ltd a licence for ten years to manufacture and sell door closers on the following terms:

- (a) Muswaki Enterprises Ltd to pay a royalty of TZS 1,000 for every door closer sold with a minimum payment of TZS 500,000 per annum. Calculation to be made annually on 31st December but payment to be made on 31st January of the next year.
- (b) If for any year, the royalties calculated on door closers sold amount to less than TZS 500,000, Muswaki Enterprises Ltd may set off the deficiency against royalties' payable in excess of that sum in the next two years.

With effect from the end of the second year, the agreement was varied and a minimum annual payment of TZS 400,000 was substituted for TZS 500,000. The other terms of the agreement remained unchanged. The following units of door closers were sold during the first four years:

Year ending 31 st December	Units
2017	200
2018	400
2019	600
2020	500

Using the information provided, prepare the Minimum Rent, Royalties, Short Workings and land lord accounts for the four years ending 31st December 2017, 2018, 2019 and 2020.

6. General Tyre Ltd is a company located at Njiro industrial area in Arusha. The company deals with production of tyres of different sizes. The company issued a share capital of TZS 1,000,000 divided into 2,000 ordinary shares of TZS 500 per share. The shares are payable by instalment as follows: TZS 100 on application (including premium), TZS 180 on allotment, TZS 130 on first call and TZS 120 on the second call.

Applications were received for 2,900 shares. Applicants for 400 shares were rejected, the balance being allotted on pro-rata basis. Allotment monies were duly received with the exception of 300 shares for which the subscriber failed to pay. The calls were made and the subscribers paid for their shares accordingly except the holder of the three hundred shares who failed to pay on allotment. In addition, Mr. Kamundi failed to pay his dues on the first and second calls on his 160 shares. The 460 shares were forfeited for non payment of allotment and call moneys and later on were re- issued for TZS 520 per share. The new subscriber paid for the shares in full.

Use the information provided to prepare the Bank, Application and Allotment, Ordinary Share Premium, Ordinary Share Capital, first call, second call, calls in Arrears, Forfeited Shares and Re-Issued Shares Accounts.

7. Alaba, Bisau, and Chelewa were partners in ABC Ventures sharing profits and losses in the ratio of 3:2:1. The following is their statement of financial position as at 31st December 2022:

Statement of Financial Position as at 31st December, 2022

Details	TZS	TZS
Assets		
Non Current Assets		
Premises	6,000,000	
Furniture and fittings	480,000	
Equipment	1,520,000	
Motor vehicles	1,280,000	9,280,000
Current Assets		
Inventory	2,200,000	
Accounts receivable	1,480,000	
Bank	560,000	4,240,000
Total Assets		13,520,000
Capital and Liabilities		
Capital Accounts:		
Alaba	5,226,000	
Bisau	3,626,000	
Chelewa	2,028,000	10,880,000
Current Liabilities		
Accounts payable		2,240,000
Total Capital and Liabilities		13,520,000

The partners decided to dissolve the partnership as at 1st January 2023. The premises and inventory were sold for TZS 5,200,000. The Accounts receivable realized TZS 1,200,000. Equipment and furniture and fittings were sold for TZS 1,000,000 and 440,000 respectively. Motor vehicles were taken over by Alaba and Bisau at agreed values of TZS 600,000 and TZS 400,000 respectively.

Using the information provided, prepare the Realization, Bank and partners' Capital Accounts to record the dissolution of the firm.

8. Mrs. Jumbe operates a grocery at Mbagala in Dar es Salaam. She has three employees in her payroll namely: Josephine, Abdallah and Chinga. The employees normally work 8 hours a day and 22 days in a month. Any time worked beyond the normal working time in a day is compensated at one and a half times the normal rate. Time worked on Sundays and holidays is compensated twice the normal rate. The minimum pay is fixed at the normal working hours of the normal working month. The normal hourly rate for Josephine, Abdallah and Chinga is TZS 4,000, TZS 10,000 and TZS 5,600 respectively. During the month ending 30th November 2023, the employees worked as follows:

Employee Name	Total hours worked	Normal days Overtime hours worked	Holidays/Sundays hours worked
Josephine	184	-	8
Abdallah	190	14	-
Chinga	224	32	16

Workers have the following benefits above the hourly pay:

- (a) Transport allowance, TZS 6000 per day for the normal working month.
- (b) Hardship allowance, TZS 200,000 per month.
- (c) Housing rent assistance, 25 per cent of the basic pay.

The employee's earnings are subject to the following monthly deductions:

- (i) Income tax (PAYE) is to be charged as per the rates given by the Government which is indicated in the following schedule:

Monthly Income	Rate Payable
Where income does not exceed TZS 500,000	Nil
Where such income exceed TZS 500,000 but does not exceed TZS 1,800,000	18.5 percent of the amount in excess of TZS 500,000
Where such income exceed TZS 1,800,000 but does not exceed TZS 3,600,000	TZS 240,000 plus (20%) of the amount in excess of TZS 1,800,000
Where such income exceed TZS 3,600,000 but does not exceed TZS 5,400,000	TZS 600,000 plus (30%) of the amount in excess of TZS 3,600,000
Above TZS 5,400,000	TZS 1,050,000 plus (30%) in excess of TZS 5,400,000

- (ii) All benefits received by employees are taxable except housing rent assistance to the extent of 15 per cent of the basic pay.
- (iii) NSSF at 10 per cent of the gross salary to be contributed by employee and 10 per cent of the gross salary to be contributed by the employer.
- (iv) Development levy for the city of Dar es Salaam is 1 percent of the basic pay. During the month of November, 2023 the employer advanced TZS 400,000 to Chinga who had family problems.
- (v) The rest of the payments to employees were affected through bank at the end of the month. NSSF, income tax and development levy deductions are submitted to the relevant authorities on the first working day of the next month.

Use the information provided to prepare the Salary Slips of the employees for the month ending 30th November, 2023.