

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)

Duration: 3 Hours

SOLUTIONS

Year: 2025

Instructions

1. This paper consists 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. Working must be shown clearly ad submitted.
5. All writing must be in **blue** or **black** ink, except drawings which must be in pencil.
6. Non programmable calculators may be used.
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)

Page 1 of 20

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Prepared by Maria Marco for TETEA

Answer **all** questions in this section. Each question carries **ten (10)** marks.

1. Briefly explain the qualities of auditor.

Integrity is one of the most important qualities of an auditor. An auditor must be honest and trustworthy because users of financial information rely on the auditor's opinion to make decisions. Without integrity, the credibility of the audit report is lost. Independence is essential because an auditor must be free from influence or bias. This means the auditor should not have personal or financial interests in the organization being audited, so that judgments are fair and objective.

Professional competence is a key quality since an auditor must have adequate knowledge and skills in accounting, auditing standards, and relevant laws. This enables the auditor to perform audit work correctly and detect errors or misstatements. Confidentiality is very important because an auditor handles sensitive financial and business information. Such information must not be disclosed to unauthorized persons, as this could harm the organization and break professional ethics.

Objectivity is the ability to make judgments based on evidence and facts, not personal feelings or pressure. An objective auditor evaluates all information fairly and reaches conclusions without favoritism.

Professional skepticism is the quality of maintaining a questioning mind. An auditor should not blindly trust all information given but should critically assess evidence to ensure that financial statements are free from material misstatements.

2. Sky Limit Enterprise operates a business of buying and selling a product called Ngoma. The following table shows the purchases and sales of the product made by the business for the month ending 31st July, 2020:

Date	Purchases		Sales	
	units	Unit Price (TZS)	Units	Unit Price (TZS)
2020				
July 1	100	8,000		
5	120	7,000		
12			200	15,200
18	30	7,200	20	13,000
22				
	250		220	

Record the given transactions in the Stores Ledger Card using the First in First Out (FIFO) and Last in First Out (LIFO) methods.

Alright, here is the revised solution written in the same listing style as the first response, now fully matching the corrected data you provided.

From the corrected data, the transactions are interpreted as follows.

July 1, purchase 100 units at 8,000.

July 5, purchase 120 units at 7,000.

July 12, sale 200 units, made up of 100 units at 8,000 and 100 units at 7,000 under FIFO, and 120 units at 7,000 and 80 units at 8,000 under LIFO.

July 18, purchase 30 units at 7,200.

July 22, sale 20 units.

FIFO STORES LEDGER CARD

Date: July 1

Receipts: 100 units at 8,000

Value = $100 \times 8,000 = 800,000$

Balance: 100 units at 8,000, value 800,000

Date: July 5

Receipts: 120 units at 7,000

Value = $120 \times 7,000 = 840,000$

Balance now consists of two layers

100 units at 8,000 = 800,000

120 units at 7,000 = 840,000

Total balance: 220 units, value 1,640,000

Date: July 12

Issued under FIFO from the earliest stock

Issued: 100 units at 8,000

Value = $100 \times 8,000 = 800,000$

Issued: 100 units at 7,000

Value = $100 \times 7,000 = 700,000$

Total issue value = 1,500,000

Remaining balance: 20 units at 7,000 = 140,000

Balance: 20 units, value 140,000

Date: July 18
Receipts: 30 units at 7,200
 $Value = 30 \times 7,200 = 216,000$
Balance now consists of
20 units at 7,000 = 140,000
30 units at 7,200 = 216,000
Total balance: 50 units, value 356,000

Date: July 22
Issued under FIFO from the earliest stock
Issued: 20 units at 7,000
 $Value = 20 \times 7,000 = 140,000$
Remaining balance
30 units at 7,200 = 216,000
Final FIFO balance: 30 units, value 216,000

LIFO STORES LEDGER CARD

Date: July 1
Receipts: 100 units at 8,000
 $Value = 100 \times 8,000 = 800,000$
Balance: 100 units at 8,000, value 800,000

Date: July 5
Receipts: 120 units at 7,000
 $Value = 120 \times 7,000 = 840,000$
Balance
100 units at 8,000 = 800,000
120 units at 7,000 = 840,000
Total balance: 220 units, value 1,640,000

Date: July 12
Issued under LIFO from the latest stock
Issued: 120 units at 7,000
 $Value = 120 \times 7,000 = 840,000$
Issued: 80 units at 8,000
 $Value = 80 \times 8,000 = 640,000$

Total issue value = 1,480,000

Remaining balance: 20 units at 8,000 = 160,000

Balance: 20 units, value 160,000

Date: July 18

Receipts: 30 units at 7,200

Value = $30 \times 7,200 = 216,000$

Balance now consists of

20 units at 8,000 = 160,000

30 units at 7,200 = 216,000

Total balance: 50 units, value 376,000

Date: July 22

Issued under LIFO from the latest stock

Issued: 20 units at 7,200

Value = $20 \times 7,200 = 144,000$

Remaining balance

20 units at 8,000 = 160,000

10 units at 7,200 = 72,000

Final LIFO balance: 30 units, value 232,000

3. Silver Products Ltd makes a single product. The product is sold at a unit selling price of TZS 2,000 with a unit marginal cost of TZS 1,200. The company incurs annual fixed costs of TZS 12,000,000.

(a) Using the information provided:

- (i) Calculate the number of units that the company must produce and sale in order to break even, the amount of sales revenue at breakeven point and the contribution to sales ratio (C/S ratio).
- (ii) Determine the number of units the company must produce and sale if it wants to achieve an annual profit of TZS 4,000,000.

(b) At what level the company should sell in order to achieve the desired annual profit in 3 (a) (ii)?

(c) Why the amount of sales revenue attained in 3 (b) will help the company to achieve the desired annual profit of TZS 4,000,000?

Selling price = 2000 Tzs

Total fixed cost = 12000000

Marginal cost = 1200

(i)

$$\text{BEP (units)} = \text{TFC} / (\text{SP} - \text{VC})$$

$$= 12000000 / (2000 - 1200)$$

$$= 12000000 / 800$$

$$\text{BEP (units)} = 15000 \text{ units}$$

$$\text{BEP (shs)} = (\text{TFC} / (\text{SP} - \text{VC})) \times \text{SP}$$

$$= (12000000 / (2000 - 1200)) \times 2000$$

$$= (12000000 / 800) \times 2000$$

$$= 15000 \times 2000$$

$$= 30000000$$

$$\text{BEP (shs)} = 30000000 \text{ Tzs}$$

$$\text{Contribution to sales ratio} = ((\text{SP} - \text{VC}) / \text{SP}) \times 100\%$$

$$= ((2000 - 1200) / 2000) \times 100\%$$

$$= (800 / 2000) \times 100\%$$

$$= 40\%$$

$$\text{Contribution to sales ratio (C/ratio)} = 40\%$$

(ii) Normal units = $(\text{TFC} + \text{TT}) / (\text{SP} - \text{VC})$

$$= (12000000 + 4000000) / (2000 - 1200)$$

$$= 16000000 / 800$$

$$\text{Normal units} = 20000 \text{ Units}$$

$$\text{Normal sales} = ((\text{TFC} + \text{TT}) / (\text{SP} - \text{VC})) \times \text{SP}$$

$$= ((12000000 + 4000000) / (2000 - 1200)) \times 2000$$

$$= (16000000 / 800) \times 2000$$

$$= 20000 \times 2000$$

$$\text{Normal sales} = 40000000 \text{ Tzs}$$

(b) The company should sell 20000 units for 40000000 Tzs so as to achieve desired annual profit of 4000000

c) Because the sales revenue attained in 3b once we deduct with total cost we get a given profit

$$P = TR - Tc$$

$$P = 40000000 - (12000000 + 24000000)$$

$$P = 40000000 - 36000000$$

$$P = 4000000$$

where

P = Profit

TR = Normal sales

Tc = Fc + Vc

Fc = 12000000

Vc = (1200 x 20000) = 24,000,000

4. Serengeti Transporters Ltd acquired two cars under Hire purchase agreements, the details of which are as follows:

Registration Number	CYS 855	CYZ 655
Date of purchase	30/06/2018	31/01/2019
Cash price	2,900,000	3,660,000
Deposit	500,000	660,000
Hire purchase interest	600,000	840,000

Both agreements provided for payment to be made in 24 equal monthly installments commencing on the last day of the month following purchase. Interest is deemed to accrue evenly over the period of the agreement. On 1st August 2019, vehicle CYS 855 was involved in accident. The total loss was claimed and the insurance company made full settlement on 10th August 2019 by paying TZS 2,200,000 under a comprehensive policy. The hire purchase company accepted TZS 1,200,000 for termination of the agreement. The company paid all the installments as per the agreements. The firm prepares its accounts annually to 31st December and provides for depreciation on a straight-line basis at a rate of 20 per cent on motor vehicles, with a full year's depreciation in the year of purchase. No depreciation is charged in the year of disposal.

Use the information provided to prepare the Motor vehicles, Provision for Depreciation on Motor Vehicles and Hire Purchase Interest Suspense Accounts.

Motor Vehicle's Account.

Date	Detail	Amount (Dr.)	Date	Detail	Amount (Cr.)
30.6.2018	H.P vendor	2,900,000	31.12.2018	Balance c/d	2,900,000
1.1.2019	Balance b/d	2,900,000	1.8.2019	Disposal	2,900,000
1.1.2019	H.P vendor	3,660,000	31.12.2019	Balance c/d	3,660,000
Totals		6,560,000	Totals		6,560,000
1.1.2020	Balance b/d	3,660,000			

Provisional for Depreciation on Motor Vehicles Account.

Date	Detail	Amount (Dr.)	Date	Detail	Amount (Cr.)
31.12.2018	Balance c/d	580,000	31.12.2018	Income statement	580,000
1.8.2019	Disposal	580,000	1.1.2019	Balance b/d	580,000
31.12.2019	Balance c/d	732,000	31.12.2019	Income statement	732,000
Totals		1,312,000	Totals		1,312,000
1.1.2020			1.1.2020	Balance b/d	732,000

Hire Purchase interest Suspense Account

Detail	Amount (Dr.)	Date	Detail	Amount (Cr.)
H.P vendor	6,000,000	31.12.2018	Income statement	150,000
		31.12.2018	Balance b/d	450,000
		31.12.2019	Income statement	732,000
	600,000	Totals		600,000
Balance b/d	450,000	1.8.2019	Disposal	275,000
H.P vendor	840,000	31.12.2019	Income statement	560,000
			Balance c/d	455,000
totals		1,290,000		1,290,000

SECTION B (60 Marks)

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

5. Aortal and Veins Ltd deliver its product in returnable containers. The company buys the containers for TZS 800 each, a container is charged out to customers at TZS 1,000 and the customer is allowed TZS 600 per container if the container is returned in good condition. The stock of containers is valued at TZS 400 per container at stock taking. On 1st January 2023, the stock of containers in the warehouse was 8,000 and 16,000 in the hands of customers. During the year to 31st December 2023, 12,000 new containers were purchased, 26,000 were sent to customers and 19,000 were returned by the customers in good condition. The 200 containers were destroyed and 100 others were beyond repair; they were sold for TZS 16,000. The 14,000 containers were in the hands of customers on 31st December, 2023.

Use the information provided to prepare the Containers Stock, Container Trading Accounts and Containers Statement of Profit or Loss for the year ending 31st December 2023

Given data:

Opening stock in warehouse = 8,000 containers

Opening stock with customers = 16,000 containers

New containers purchased = 12,000

Containers sent to customers = 26,000

Containers returned in good condition = 19,000

Containers destroyed = 200

Containers beyond repair = 100, sold for 16,000

Stock with customers at year-end = 14,000

Stock value at stock taking = 400 per container

Step 1: Containers Stock Account

Date: 1 Jan 2023

Opening stock in warehouse: $8,000 \times 400 = 3,200,000$

Opening stock with customers: $16,000 \times 400 = 6,400,000$

During the year:

Purchase of containers: $12,000 \times 800 = 9,600,000$

Containers sent to customers: $26,000 \times 400 = 10,400,000$

Containers returned in good condition: $19,000 \times 400 = 7,600,000$

Containers destroyed: $200 \times 400 = 80,000$

Containers beyond repair: $100 \times 400 = 40,000$

Closing stock in warehouse: $12,700 \times 400 = 5,080,000$

Closing stock with customers: $14,000 \times 400 = 5,600,000$

Step 2: Containers Trading Account

Revenue from containers sent to customers: $26,000 \times 1,000 = 26,000,000$

Cost of containers issued to customers:

Kept containers: $9,000 \times 400 = 3,600,000$

Returned containers: $19,000 \times 400 = 7,600,000$

Depreciation: 4,800,000

Destroyed containers: $200 \times 400 = 80,000$

Containers sold beyond repair: $100 \times 400 = 40,000$

Profit on containers trading:

Revenue 26,000,000 - Cost $(3,600,000 + 7,600,000) = 14,800,000$

Less depreciation and losses: $14,800,000 - 4,800,000 - 80,000 - 40,000 = 9,880,000$

Step 3: Container Statement of Profit or Loss

Income:

Hiring charges: 10,400,000

Profit on kept containers $(600 - 400 \times 9,000): 1,800,000$

Income from sale of containers: 16,000

Total Income: 12,216,000

Expenses:

Value of destroyed containers: 80,000

Value of sold containers: 40,000

Depreciation: 4,800,000

Total Expenses: 4,920,000

Net Profit on containers: $12,216,000 - 4,920,000 = 7,296,000$

6. Telecom Plc is a public company in the telecommunication industry. The following is its statement of financial position as on 31st March 2023:

Telecom Plc Statement of Financial Position as on 31st March 2023

Details	TZS
Page 10 of 20 Find this and other free resources at: https://maktaba.tetea.org Prepared by Maria Marco for TETEA	

Assets	
Non-current assets	5,000,000
Investments	2,000,000
Bank balance	<u>500,000</u>
Total Assets	<u>7,500,000</u>
Liabilities	
(11%) Preference shares of TZS 1,000 each fully paid	3,000,000
Equity shares of TZS 100 each fully paid	2,000,000
General reserve	1,000,000
Income statement balance	1,300,000
Accounts payable	200,000
Total Equity and Liabilities	<u>7,500,000</u>

The directors of Telecom Plc decided to redeem the preference shares at a premium of (10%) subject to the following conditions:

- (a) To sell investments for TZS 1,900,000.
- (b) A minimum balance of TZS 200,000 in the bank account shall be required to meet the working capital requirements.
- (c) To issue sufficient equity shares at a premium of TZS 25 per share.

Using the information provided, prepare Journal entries to record the transactions, Ledger accounts duly balanced and the Statement of Financial Position after redemption of the preference shares.

Step 1: Journal Entries

1. Sale of investments

Bank A/C Dr 1,900,000

Investments A/C Cr 1,900,000

2. Redemption of preference shares

Preference Shares A/C Dr 3,000,000

Premium on Redemption A/C Dr 300,000

Bank A/C Cr 3,300,000

3. Issue of equity shares at a premium

Bank A/C Dr 1,100,000

Equity Shares A/C Cr 880,000

Share Premium A/C Cr 220,000

Calculation for equity shares required:

Opening bank balance = 500,000

Add: Sale of investments = 1,900,000

Total available = 2,400,000

Less: Minimum balance = 200,000 → Available for redemption = 2,200,000

Redemption amount = 3,300,000 → Shortfall = 1,100,000

Equity shares issue price = 125 per share → Number of shares to issue = $1,100,000 \div 125 = 8,800$ shares

Nominal value = $8,800 \times 100 = 880,000$

Share premium = $8,800 \times 25 = 220,000$

Step 2: Ledger Accounts

Bank Account

Balance b/d 500,000

Add: Sale of investments 1,900,000

Add: Issue of equity shares 1,100,000

Less: Redemption of preference shares 3,300,000

Balance c/d 200,000

Preference Shares Account

Balance b/d 3,000,000

Less: Redemption 3,000,000

Balance c/d 0

Premium on Redemption Account

Balance b/d 300,000

Less: Redemption 300,000

Balance c/d 0

Equity Shares Account

Balance b/d 2,000,000

Add: Issue of equity shares 880,000
Balance c/d 2,880,000

Share Premium Account

Add: Issue of equity shares 220,000
Balance c/d 220,000

Step 3: Statement of Financial Position after Redemption

Assets

Non-current assets 5,000,000
Bank balance 200,000
Total Assets 5,200,000

Equity and Liabilities

Equity shares 2,880,000
Share premium 220,000
General reserve 1,000,000
Income statement balance 1,300,000
Accounts payable 200,000
Total Equity and Liabilities 5,200,000

7. The following statement of financial position was prepared from the accounting records of Jibe, Maria and Mwena on 31st December, 2023. The partners shared profits or losses in proportion to their capital:

Jibe, Maria and Mwena Statement of Financial Position as at 31st December 2023

Details	TZS	TZS	TZS
Assets			
Non-current assets			
Factory Building	2,500,000		
Plant and Machinery	850,000		
			3,350,000
Current Assets			
Inventory	800,000		
Accounts receivable	500,000		
Less: provision for doubtful debts	10,000	490,000	
Cash at Bank		550,000	1,840,000

Total Assets			5,190,000
Capital and Liabilities			
Capital accounts:			
Jibe	2,000,000		
Mwena	1,500,000		
Current Liabilities	1,000,000		4,500,000
Accounts payable			
Total Capital & Liabilities			690,000
			5,190,000

Maria retired on 31st December 2023 and the following were agreed upon:

- (a) Inventory is to be depreciated by 6%.
- (b) The provision for doubtful debts is to be brought up to 5% of accounts receivable.
- (c) Provision of TZS 77,000 is to be made in respect of outstanding legal charges.
- (d) The factory building is to appreciate by 20%. (e) The goodwill of the entire firm is fixed at TZS 1,080,000 and Maria shares be adjusted into the accounts of Jibe and Mwena who is going to share future profits or losses in the ratio of 5:3 respectively.
- (f) The assets and liabilities (except cash) were to appear in the statement of financial position at their old figures.
- (g) The capital of the new firm be fixed at TZS 2,800,000 and divided between Jibe and Mwena in the proportions of 5:3. Actual cash be brought in or paid off as the case may be.

Use the information provided to prepare the Memorandum Profit or Loss Adjustment Account, Partners' Capital Accounts in columnar form and the Statement of Financial Position of the new firm.

MEMORANDUM PROFIT OR LOSS ADJUSTMENT A/C

DETAILS	TZS	DETAILS	TZS
---------	-----	---------	-----

Inventory	43,000	Factory building	500,000
Provision for doubtful debts	15,000	Inventory	480,000
Provision for outstanding legal charge	77,000	Provision for doubtful debt	15,000
Capital A/c		Provision for outstanding legal charge	77,000
Jibe	160,000	Capital A/c	
Maria	120,000	Jibe	225,000
Mwena	80,000	Mwena	135,000
	500,000		500,000

GOODMILL A/C

DETAILS	TZS	DETAILS	TZS
Capital A/c		Capital A/c	
Jibe	480,000	Jibe	675,000
Maria	360,000	Mwena	405,000
Mwena	240,000		
1,080,000	1,080,000		1,080,000

DETAILS	TZS	DETAILS	TZS
Balance b/d	550,000	Balance c/d	830,000
Jibe's capital	10,000		
Mwena's capital	270,000		
830,000	830,000		
Balance b/d	830,000		

8. Millenium boutique is a business along Samora Avenue in Dar es Salaam. The business has four employees in its payroll namely: Wilien, Xulfer, Yana and Zibwe.

The employees have 10 working hours for 20 days in a month. The employees are paid overtime at $1\frac{1}{2}$ times their basic earnings for hours worked in excess of the normal working hours. The following information is available about the employees for the month ending 31st December, 2020.

(a) Employee's details

Employee Name	Hours Worked	Rate per Hour
Wilien	180	5000
Xulfer	220	5000
Yana	200	4500
Zibwe	240	6000

(b) All employees' earnings are subject to income tax as follows: Salary above TZS 800,000 but not exceeding TZS 1,000,000, 7.5% of the excess of TZS 800,000; Salary above TZS 1,000,000 up to TZS 1,500,000, TZS 1,750 plus 10 per cent of the amount in excess of TZS 1,000,000; Salary above TZS 1,500,000 up to TZS 2,000,000; TZS 2,250 plus 20 per cent of the amount in excess of TZS 1,500,000; salary above TZS 2,000,000, TZS 3,750 plus 25% of the amount in excess of TZS 2,000,000.

(c) All employees are entitled to the following:

- (i) Transport allowance at 20 per cent of the basic salary.
- (ii) Meal allowance at 20 per cent of the basic salary;
- (iii) NSSF at 5 per cent of basic salary to be contributed by employee and 15% of basic salary to be contributed by employer.
- (iv) Twenty per cent of basic salary deduction for house mortgage loan.
- (v) $1\frac{1}{2}$ per cent of basic salary deduction car loan.
- (vi) Both Xulfer and Zibwe receive TZS 200,000 each as responsibility allowance.

Using the information provided, prepare the Salary Slips for each employee for the month ending 31st December 2020.

8. Millenium Boutique employees' salaries are to be computed for the month ending 31st December 2020. The solution is presented in **listing format**, showing step-by-step calculations for basic salary, overtime, allowances, deductions, and net pay for each employee.

Step 1: Compute Basic Salary

Normal working hours = $10 \text{ hours/day} \times 20 \text{ days} = 200 \text{ hours}$

Wilien: Hours worked = 180 → No overtime

Basic salary = $180 \times 5,000 = 900,000$

Xulfer: Hours worked = 220 → Overtime = $220 - 200 = 20 \text{ hours}$

Basic salary = $200 \times 5,000 = 1,000,000$

Yana: Hours worked = 200 → No overtime

Basic salary = $200 \times 4,500 = 900,000$

Zibwe: Hours worked = 240 → Overtime = $240 - 200 = 40 \text{ hours}$

Basic salary = $200 \times 6,000 = 1,200,000$

Step 2: Compute Overtime Pay

Overtime rate = $1.5 \times \text{basic rate}$

Xulfer: $20 \times 5,000 \times 1.5 = 150,000$

Zibwe: $40 \times 6,000 \times 1.5 = 360,000$

Wilien and Yana: No overtime

Step 3: Compute Allowances

Transport allowance = 20% of basic salary

Meal allowance = 20% of basic salary

Wilien: $900,000 \times 0.2 = 180,000 \text{ (transport)} + 180,000 \text{ (meal)}$

Xulfer: $1,000,000 \times 0.2 = 200,000$ (transport) + 200,000 (meal) + responsibility allowance 200,000

Yana: $900,000 \times 0.2 = 180,000$ (transport) + 180,000 (meal)

Zibwe: $1,200,000 \times 0.2 = 240,000$ (transport) + 240,000 (meal) + responsibility allowance 200,000

Step 4: Compute Deductions

NSSF employee contribution = 5% of basic salary

House mortgage loan = 20% of basic salary

Car loan = 1.5% of basic salary

Wilien:

NSSF = $900,000 \times 0.05 = 45,000$

House = $900,000 \times 0.2 = 180,000$

Car loan = $900,000 \times 0.015 = 13,500$

Total deductions = $45,000 + 180,000 + 13,500 = 238,500$

Xulfer:

NSSF = $1,000,000 \times 0.05 = 50,000$

House = $1,000,000 \times 0.2 = 200,000$

Car loan = $1,000,000 \times 0.015 = 15,000$

Total deductions = $50,000 + 200,000 + 15,000 = 265,000$

Yana:

NSSF = $900,000 \times 0.05 = 45,000$

House = $900,000 \times 0.2 = 180,000$

Car loan = $900,000 \times 0.015 = 13,500$

Total deductions = 238,500

Zibwe:

NSSF = $1,200,000 \times 0.05 = 60,000$

House = $1,200,000 \times 0.2 = 240,000$

Car loan = $1,200,000 \times 0.015 = 18,000$

Total deductions = 318,000

Step 5: Compute Income Tax

Wilien: Basic salary 900,000 → Salary above 800,000 but \leq 1,000,000

$$\text{Tax} = 7.5\% \text{ of } (900,000 - 800,000) = 7.5\% \times 100,000 = 7,500$$

Xulfer: Basic salary 1,000,000 → Tax = 7.5% of (1,000,000 – 800,000) = 7.5% × 200,000 = 15,000

Yana: Basic salary 900,000 → Tax = 7.5% × 100,000 = 7,500

Zibwe: Basic salary 1,200,000 → Salary above 1,000,000 up to 1,500,000

$$\text{Tax} = 1,750 + 10\% \text{ of } (1,200,000 - 1,000,000) = 1,750 + 20,000 = 21,750$$

Step 6: Compute Net Pay

Net pay = Basic salary + Overtime + Allowances – Deductions – Income Tax

$$\text{Wilien: } 900,000 + 0 + 360,000 - 238,500 - 7,500 = 1,014,000$$

$$\text{Xulfer: } 1,000,000 + 150,000 + 600,000 - 265,000 - 15,000 = 1,470,000$$

$$\text{Yana: } 900,000 + 0 + 360,000 - 238,500 - 7,500 = 1,014,000$$

$$\text{Zibwe: } 1,200,000 + 360,000 + 680,000 - 318,000 - 21,750 = 1,900,250$$

Step 7: Salary Slips Listing

Wilien

Basic Salary: 900,000

Overtime: 0

Transport Allowance: 180,000

Meal Allowance: 180,000

Total Earnings: 1,260,000

Deductions: NSSF 45,000, House 180,000, Car 13,500, Tax 7,500 = 238,500

Net Pay: 1,014,000

Xulfer

Basic Salary: 1,000,000

Overtime: 150,000

Transport Allowance: 200,000

Meal Allowance: 200,000

Responsibility Allowance: 200,000

Total Earnings: 1,750,000

Deductions: NSSF 50,000, House 200,000, Car 15,000, Tax 15,000 = 280,000

Net Pay: 1,470,000

Yana

Basic Salary: 900,000

Overtime: 0

Transport Allowance: 180,000

Meal Allowance: 180,000

Total Earnings: 1,260,000

Deductions: NSSF 45,000, House 180,000, Car 13,500, Tax 7,500 = 238,500

Net Pay: 1,014,000

Zibwe

Basic Salary: 1,200,000

Overtime: 360,000

Transport Allowance: 240,000

Meal Allowance: 240,000

Responsibility Allowance: 200,000

Total Earnings: 2,240,000

Deductions: NSSF 60,000, House 240,000, Car 18,000, Tax 21,750 = 339,750

Net Pay: 1,900,250