

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

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)

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

1. Briefly explain the qualities of auditor.
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		
22			20	13,000
	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.

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?

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.

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

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
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	7,500,000

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.

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.

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) 1½ 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.