THE UNITED REPUBLIC OF TANZANIA

PRESIDENT'S OFFICE,

REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT

NJOMBE REGION

FORM SIX PRE – NATIONAL EXAMINATION

CODE: 153/1 **ACCOUNTANCY 1**

(For Both School and Private Candidates)

TIME: 03: 00 HOURS **WEDNESDAY,13TH March 2024 P.M**

INSTRUCTIONS

1. This paper consists of sections A and B with eight (8) questions.
2. Answer all questions from section A and three (3) questions from sections B
3. Each question in section A carries ten (10) marks and section B carries twenty (20) marks for each question.
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 sheet(s) provided.

SECTION A (40 Marks)

Answer all questions in this section

Each question carries **ten (10 Marks)**

1. Briefly explain on the following terms as used in accounting

(a) Fully disclosure

(b) Prudence

(c) Realization concept

(d) Substance over form

(e) Dual aspect concept

2. Berinda started her business on 1st January, 2013, the following summary depicted in the table reflects the details relating with debtors. The financial year of her firm ends on 31st December each accounting year.

Accounting year	Debtors	Provision for doubtful debts	Provision for discount allowed
2013	4,000,000	200,000	2%
2014	5,000,000	350,000	2%
2015	4,750,000	250,000	2%

Use the information provided above , Prepare the following ledger accounts for three consecutive financial years ends on 31st December, 2013,2014 and 2015

(a) Provision for doubtful debts

(b) Provision for discount allowed

(c) An Income Statement extract

(d) Statement of financial position extract

3. Sajda luxury coach bought motor vehicles as it has shown on the table below:

Date of purchase	cost of asset (TZS)
1st January 2018	80,000
1st July 2019	100,000
1st July 2020	42,000

On 1st April 2019, one of the motor vehicles bought on 1st January 2018 was sold for 20,000, the cost of that asset was 30,000

On 1st October 2020 another motor vehicle which had been bought on 1st January 2018 for 30,000 was disposed for 18,000

Depreciation is provided at the rate of 10% per annum on reducing balance method, the financial accounting period of a firm ends on 31st December.

Using the business information provided above prepare the following accounts:

(a) Motor vehicles account
(b) Accumulated depreciation for each of three accounting years 2018,2019 and 2020.
(c) Motor vehicles disposal account
(d) An Income Statement extract

4. An assistant accountant extracted a trial balance as on 31st December 2015 and found that it did not balance. He posted the difference to the suspense account, late on he detected the following accounting errors:

(i) The total of 365,000 Tzs for discount allowed for the month of July 2015 had been posted to the credit side of discount received account.

(ii) A payment of 210,000 Tzs to a firm from a debtor mr. Ambrose had been posted to the credit side of mr. Ambrise.

(iii) The accountant had paid 2,640,000 wages and supplied materials costing 960,000 his own employees in building a store. No adjustment had been made.

(iv) A payment of 56,000 Tzs for postage had been posted to that account as 65,000 Tzs

(v) A accountant bought new fittings for his factory costing 1,800,000 Tzs but this transaction had been posted to purchases account

(vi) A payment of 96,000 Tzs for an electricity bill had been recorded in the cash book but the double entry had not been completed.

Use the information provided by an assistant accountant you required to:

(a) Prepare journal entries necessary to correct the accounting errors (Ignore narrations)
(b) Prepare a suspense account determining the original difference in the trial balance

SECTION B (60 Marks)

Each question carries **twenty (20 Marks)**

Answer any **three** questions in this section

5. The following is a Trial Balance extracted from the books of a proprietor as at 31.12.2020:

Trial Balance as at 31st December, 2020

Name of Account	DR	CR
Stock on 1st January 2020	50,000	
Free hold premises	240,000	
Bills receivable	30,000	
Purchases	280,000	
Salaries and wages	35,000	
Sales		520,000
Fixtures and fittings	25,000	
Discount allowed	75,000	
Discount received		4,500
Plant and machinery	140,000	
Rates	5,600	
Advertising	10,400	
Insurance	3,800	
General expenses	7,200	
Provision for bad debts		1,800
Sundry debtors	60,000	
Bills payable		15,000
Sundry creditors		43,000
Cash in hand	2,400	18,600
Bank overdraft		
Drawings	6,000	
Capital account		300,000
	902,900	**902,300**

The following additional information also was provided:

(a) Make a provision for depreciation on Plant and Machinery at 10% per annum, Fixtures and Fittings at 15% per annum.
(b) Increase the provision for bad debts to an amount equal to 4% of sundry debtors
(c) Prepaid insurance amount to 500
(d) Rates accrued amount to 400
(e) Closing stock was valued at 60,000
(f) During the financial year the proprietor took goods worth 2,000 Tzs for personal use.

Using the information of a firm you have been given above;

You are required to prepare: (i) An Income Statement for the year end 31st December, 2020
(ii) Statement of Financial Position as at 31st December, 2020

6. On 1st January, 2021 Juma had 20,000 ordinary shares in Vodacom PLC of face value 10 Tzs each share with the cost of 16 Tzs per share. On 1st June, 2021 Juma purchased more 5000 ordinary shares in Vodacom PLC at a premium of 4 per share. On 30th June 2021, the directors of Vodacom PLC announced bonus shares and right issue, Bonus shares were declared at the rate of one share for every five shares held on 30th June 2021 and these shares were received on 2nd August 2021.

The terms of right issue shares were:

- Right to be issued to the existing shareholders on 10th August 2021
- Right issue would entitle to the shareholder to subscribe additional ordinary shares in the company at the rate of one share for every three shares held on 10th August 2021 at 15 Tzs per share and the whole sum being payable on 15th September 2021
- Juma exercised his option under the rate of 50% of the entitlement and the balance he sold to Mayele for 1.5 Tzs per share

Dividends for the year-end 31st December 2021 at the rate of 15% was declared by Vodacom PLC and received by Juma on 20th October 2021. On 1st November 2021 Juma sold 20,000 ordinary shares at a premium of 3Tzs per share.

Use the information provided above; Prepare Vodacom PLC ordinary shares investment account in the books of Juma for the year-end 31st December 2021.

7. You have been provided the following financial accounting ratio for KLM firm for the year end 31st March 2021

Category of accounting ratio	result calculated for each ratio
current ratio	2:5
Quick ratio	1:5
Gross profit margin	20%
Debtors collection period	40 days
Working capital	6,000,000 Tzs
Drawings	5% of the cost of goods sold

Furthermore, you have been provided with the following additional information on KLM for the year end 31st March 2021:

(a) Total debtors during the year amount to 4,000,000 Tzs

(b) Working capital amount to 6,000,000 Tzs

(c) Non- current assets costing 35,000,000Tzs with the total accumulated depreciation of Tzs 5,000,000 Tzs during the year depreciated at 5% by reducing balance basis

(d) Electricity, postage as well as stationeries paid during the year amount to 1,000,000 Tzs; 250,000 Tzs and 3,000,000 Tzs respectively.

(e) The amount of KLM share capital is 34,410,000

You required to prepare:

(i) KLM Income Statement for the year end 31st March 2021

(ii) KLM Statement of Financial position as at 31st March 2021

8. (a) Kilombero Sugar Co. ltd whose head office is in Morogoro operates branch in Pwani. All goods are purchased by head office and invoiced and sold by the branch at cost plus 50 percent, Other than sales ledger kept in Pwani, all transactions are recorded in the books in Morogoro.

The following particulars are given of the transactions at the branch during the year-end 30th June 2016

Particulars	Amount (Tzs)
stock on hand 1st July 2015 at invoice price	26,400,000
Debtors on 1st July 2015	23,676,000
Stock on hand on 30th June 2016 at invoice price	23,688,000
Goods sent from Morogoro during the year at invoice price	148,800,000
Credit sales	126,000,000
Cash sales	14,400,000
Returns to head office at invoice price	6,000,000
Invoice value of goods stolen	3,600,000
Bad debts written off	888,000
Cash from debtors	134,400,000
Normal loss at invoice price due to wastage	600,000
Cash discount allowed to debtors	2,568,000

You are required to prepare the branch stock account and Branch total debtors account for year-end 30th June 2016, as it would appear in the head office book of accounts, showing clearly any abnormal wastage

(b) The following accounts were approved in the books of BEONCY showing a balance brought down on 01st January 2020.

(i) Insurance paid in advance 16,400 Tzs
(ii) Wages outstanding 15,600 Tzs
(iii) Rent receivable received in advance 8,000 Tzs

During the year 2020 BILNANCY had the following transactions:

(iv) Insurance paid 35,000 Tzs
(v) Wages paid 60,000 Tzs
(vi) Rent received by cheque from the tenant 120,000 Tzs

On 31st December 2020 the balances in the books of accounts were as shown below:

(vii) 3000 Tzs prepayment on insurance
(viii) 10500 Tzs accrued for wages
(ix) 7700 Tzs arrears on rent receivable

Use the information provided above prepare Insurance, Wages and Rent receivable accounts for the year-end 31st December 2020