THE UNITED REPUBLIC OF TANZANIA

PRESIDENT'S OFFICE,

REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT

NJOMBE REGION

FORM SIX PRE – NATIONAL EXAMINATION

CODE: 153/2 ACCOUNTANCY 2

(For Both School and Private Candidates)

TIME: 03: 00 HOURS **THURSDAY,14TH 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. Explain briefly on the following accounting terms

(a) Share premium
(b) Calls in arrears
(c) Hire purchase price
(d) Minimum rent.
(e) Auditor's opinion

2. Njombe Express Bus ltd has four employees in its payroll. The table below is a summary of information for the month end on January 2023

Name of employees	Basic pay per month	Responsibility allowance per month (non - taxable)	Other information relates to employees
Kibe	300,000	80,000	Monthly deduction of 20,000 for insurance premium to NIC
Kiju	450,000	60,000	Took mid–month salary advance amount at 40,000
Kimu	250,000	25,000	
Kibo	480,000	10,000	Monthly deduction for car loan amount at 50,000

Employee's monthly contribution and allowance:

(a) All employees contribute 10% of their basic salary to NSSF and employer contribute the same rate
(b) All employees contribute 5% of their basic salary to Njombe Express Bus ltd SACCOS
(c) Meals allowance amount at 50,000 given to the employees
(d) Transport allowance amount at 100,000 provide to the employees
(e) The employees' benefits are subjected to PAYE except responsibility allowance as income tax table below;
An extract of Income Tax Table

Salary rank (TZS)	Income 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 Tzs 400,000
601,000 – 800,000	Tzs 90,000 plus 5% of pay above Tzs 600,000

Using the information provided, prepare the Salary Slip of employees for the month end on January 2023.

3. Magazeti had insured his stock for 110,000 to the Insurance Corporation of Tanzania. His store caught fire on 12th March 2022 and most of the stock and accounting records were destroyed by fire. After some investigation, the following information was found from the strong room.

DETAILS	**TZS**
Stock on 31st December, 2021	310,000
Debtors on 31st December, 2021	430,000
Creditors on December, 2021	270,000
Transactions for the period form 1st Jan, to 12th March, 2022:	
Receipts from debtors	285,000
Cash sales	15,000
Cash purchases	60,000
Discount allowed to creditors	5000
Payment to creditors	256,000
Discount received from creditors	9000
Stock donated daily (for 30 consecutive days)	1000 per day
Stock salvaged from fire	30,000
Debtors on 12th March, 2022	325,000
Creditors on 12th March 2022	245,000
Consistent Gross profit on sales	10%

Use the information, you have been provided, determine the following:

(a) The amount of Purchases and Sales
(b) The value of Stock destroyed by fire on 12th March, 2022 (a statement is required)
(c) The amount to be claimed for compensation by Insurance Company

4. AKILI a Manufacturer produce three products; the following are unit cost and selling price estimates for the accounting year end September. 2021

ITEMS	PRODUCT A (TZS)	PRODUCT B (TZS)	PRODUCT C (TZS)
Materials	340	450	270
Direct labour	240	230	110
Packing materials	20	20	20
Selling price per unit	750	820	625

Total fixed costs for the year estimated at Tzs 2,250,000. Due to the market pressure, the Manufacturer find it necessary to concentrate only on one product and stop manufacturing the other two.

You are required to:

(a) Calculate the Breakeven point (BEP) of each product
(b) Which product should the Manufacturer concentrate on, why?
(c) How many units must be produced and sold in order to yield a profit of 20% on product B above?

SECTION B (60 Marks)

Answer any **three (3)** questions in this section.

Each question carries **twenty (20)** marks.

5. The company sell its product in wooden containers which are returnable, The boxes are bought at 10 Tzs each and charged to customers on sales or return within six months at 20 Tzs each. Provided the containers are returned within six months period they are credited at 15 Tzs each. At the end of the accounting year the Company valued all returnable cases in the customer hands and cases held in stock at standard book value (SBV) at 8 Tzs each.
The transactions regarded to containers during the year end 31st December 2022 were as follows:

DETAILS	AMOUNT **(TZS)**
Containers in the warehouse on 1st January, 2022	64,000
Containers in the hands of customers on 1st January, 2022	80,000
Containers sent to customers	100,000
Containers returned by customers within three months	525,000
Wages paid for containers damaged and repaired cost at 2Tzs each	10,000
Valuation of containers disposed for proceeds of 8.50 Tzs each	16,000
Depreciation through containers usage	20,000
Valuation of containers lost and there was no information available	8,000

At 31st December 2022, all containers in the warehouse had been issued to customers amount to 300,000 at a refund price of containers in the hands of customers of which the return period unexpired.
Use the information provided to Prepare Containers stock and Suspense Account as well as Statement pf profit or Loss on containers for the year end 31st December 2022

6. The following is a balance sheet of P and S trading as P & S CO ltd on 31 st December 2020, profit being shared by the ratio 3/5 and 2/5 to P and S respectively.

Liabilities	**Amount (Tzs)**	**Assets**	**Amount (Tzs)**
P's Capital	7000	Debtors	4400
S's Capital	4000	Building	3000
Sundry creditors	3000	Plant	5000
		Bank	1600
	14,000		**14,000**

They agreed to admit a new partner B on 1st January 2021 and the following agreement were made:

(a) Goodwill to be created amount to Tzs 3,500 and credited to P and S capital accounts
(b) The building and plant are valued at Tzs 3,500 and 6,000 respectively
(c) B had to bring Tzs 4,000 cash as his capital

Adjustment after admission of B

(d) All partners to be credited with 5% interest per annual on capital and be charged 5% interest on drawings of Tzs 200 a month withdrawn by each partner at the end of each month which was made via bank
(e) Profit to be shared in the proportion of P 5, S 3 nad B 2. The profit to 30th June 2021 before allowing interest was Tzs 15,000

You are required to prepare Partners Capital account, Bank account, Profit or Loss appropriation account to 30th June 2021.

7. Geita Gold Mine (GGM) leased a quarry from STAMICO for extracting gold under the agreement which is under the following provisions:

(i) A royalty of Tzs 100 per ton extracted
(ii) A minimum royalty of Tzs 300,000 per year
(iii) The recoupment of short workings within two years from the year in which it occurred. The table below provides a summary of gold extracted

YEAR OF EXTRACTION	**OUTPUT IN TONNAGE**
2005	2400
2006	2900
2007	3450
2008	2860
2009	3300

You are required to; Prepare the relevant accounts in the books of STAMICO

8. A Company issued for public subscription 40,000 equity shares of 1000Tzs each, payable as under:

Tzs 200 on application

Tzs 500 on allotment

Tzs 200 on first call (including premium)

Tzs 200 on second call

Applications were received for 60,000 shares, allotment was made on pro rata basis to the applicants for 48,000 shares, the remaining applications being refused and refunded in full. Money over paid on application was utilized towards sums due on allotment. Job to whom 1800 shares were allotted failed to pay for first and second calls money and Siya to whom 4000 shares were allotted failed to pay for the final call. These shares were subsequently forfeited after the second call. All forfeited shares were sold as fully paid up, at Tzs 800 per share.

You are required to prepare:

(i) Ledger accounts to record the above transactions

(ii) Statement of financial position extract.