

**THE NATIONAL EXAMINATIONS COUNCIL OF TANZANIA**



**CANDIDATES' ITEMS RESPONSE ANALYSIS REPORT  
FOR THE ADVANCED CERTIFICATE OF SECONDARY  
EDUCATION EXAMINATION (ACSEE) 2016**

**153 ACCOUNTANCY**

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**153 ACCOUNTANCY**

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## FOREWORD

The National Examinations Council of Tanzania is pleased to issue the Accountancy Examiners' Report on the Candidates' Items Response Analysis in Advanced Certificates of Secondary Education Examinations (ACSEE) 2016. The report provides feedback to students, teachers, parents, policy makers and the public in general on the performance of the candidates.

The Advanced Certificates of Secondary Education Examinations marks the end of two years of Advanced Secondary Education. It is a summative evaluation which among other things shows the effectiveness of the education system in general and the education delivery system in particular. Essentially, the candidates' responses to the examination questions is a strong indicator of what the education system was able or unable to offer to the students in their two years of Advanced Secondary Education.

The analysis presented in this report intends to contribute towards understanding of some of the reasons behind the performance of candidates. The report highlights some of the factors that made candidates to score high marks in the questions. Such factors include; ability of the candidates to adhere to the demands of the question, identify the task of the questions, express themselves in English Language, acquisition of knowledge of the concepts related to the subject. Few candidates who scored low marks in the examinations failed to adhere to the demand of the question and identify the task of the questions. They also showed inability of expressing themselves in English Language and lack of knowledge of the concepts related to the subject. The feedback provided will enable the educational administrators, school managers, teachers and students to identify proper measures to be taken in order to improve candidates' performance in future examinations administered by the Council.

The National Examinations Council of Tanzania will highly appreciate comments and suggestions from teachers, students and the public in general that can be used for improving future Examiners' Reports.

Finally, the Council would like to thank all those who participated in the preparation of this report.



**Dr. Charles E. Msonde**  
**EXECUTIVE SECRETARY**

## 1.0 INTRODUCTION

This report analyses the performance of the candidates in Accountancy for the Advanced Certificate of Secondary Education Examinations (ACSEE) in 2016. The Accountancy examination adhered to the 2009 syllabus and was set according to the 2011 Examination Format.

The examination comprised of two papers, 153/1 Accountancy 1 and 153/2 Accountancy 2. Both papers consisted of seven (7) questions which were divided into two sections namely A and B. Candidates were required to answer any five (5) questions in each paper, three questions from section A and two questions from section B. Each question carried 20 marks.

A total of 1,429 candidates sat for Accountancy examination. The results show that 92.91 percent passed the examination with the following grades: grade A 1.82 percent, grade B 8.68 percent, grade C 22.25 percent, grade D 32.26 percent, grade E 22.53 percent and grade S 5.04 percent. The general performance of candidates in Advanced Certificate of Secondary Education Examinations (ACSEE) May, 2016 in Accountancy paper was good.

The Accountancy examination results for three consecutive years show that, in the year 2015 results were good compared to those of year 2014, In the year 2016, the results have decreased by 6.9 compared to the year 2015. See the table below:

Sn.	Year	Number of the Candidates sat for Exams.	Passed	Percentage	Failed	Percentage
1	2014	825	819	99.27	6	0.73
2	2015	1,042	1,040	99.81	2	0.19
3	2016	1,429	1,323	92.91	106	7.09

The analysis of individual questions is presented in the next sections. The presentations examine the requirements of each question and the way the candidates answered them. This analysis shows both strengths and weaknesses of candidates in answering questions. Selected extracts of candidates' responses are included to enable stakeholders experience the reality of candidates' responses to the questions. The extracts are based on scripts of candidates who were able to satisfy the requirements of the questions and those who were not able. It is expected that, such detailed analysis will enable the stakeholders to take appropriate measures in improving the teaching and learning of Accountancy.

## 2.0 ANALYSIS OF PERFORMANCE OF CANDIDATES IN EACH QUESTION

### 153/1 Accountancy I

#### 2.1.1 Question 1: Explaining why the following Parties need Accounting Information.

This question consisted of five (5) items drawn from the Nature and Context of Accounting (Users of Accounting Information) of the syllabus. The candidates were required to give explanations as to why Management, Business owners, Creditors, Employees, and Financial Institutions need accounting information. The question intended to measure the candidates' comprehension ability and knowledge on various concepts of accounting and the application of such knowledge in their daily life.

The question was attempted by 62.8 percent of all candidates. The performance in this question was average, as 52.4 percent scored 0 to 6.5 marks, 38.6 percent scored 7 to 11.5 marks and only 9 percent scored from 12 to 20 out of the 20 allotted marks. Figure 1 is a summary of the distribution of the candidates' scores.

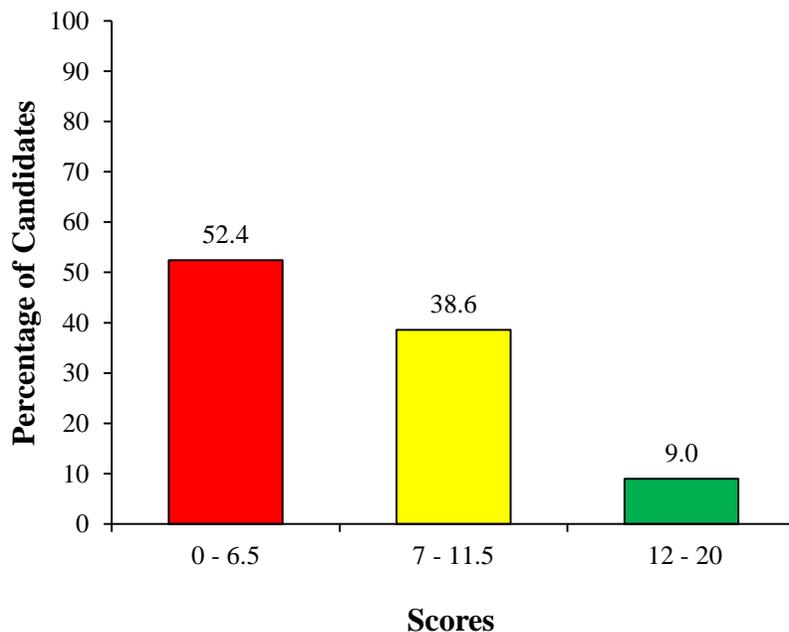


Figure 1 Candidates Performance in Question 1

Some of the candidates who performed well managed to provide explanations on why each of the given parties needed the accounting information. They explained that, Management is interested in the information relating to business like setting up targets for future periods.

Business owners need accounting information relating to amounts of earnings, expenses and profit or loss sustained in business. Creditors need accounting information to know the financial stability of the entity and the ability of the firm or enterprises to settle its obligations. Employees are interested in the performance of the business since their bread and butter depend upon the earnings of the business and assurance of their employment. Financial institutions need accounting information to help them to assess the profitability and financial soundness of the business so as to determine its ability to meet maturing obligations like payment of interest on loans, principal amount and making decisions whether or not to extend credit to the business. Moreover, they provided some examples to support their explanations. A sample of such responses is shown in extract 1.1

### Extract.1.1

1.	a) Management.
	=>The management requires accounting information so as to know the progress of the business and identify in what position their business is in so that an immediate action may be taken into consideration if at all the business is not performing efficiently as it should. Also management requires accounting information so as to know how the dividends will be divided among the shareholders.
	b) Business owners.
	=>These are shareholders and capital contributors or sometimes promoters of the business who require accounting information so as to know the financial position of the firm and to determine whether they will be entitled to a profit or loss during a particular financial period.
	c) Creditors
	=>These are people who lend money to the company or the firm. Such creditors require accounting information so as to know whether the firm is in a position to pay the amounts owed to them or in case of poor performance shown through the statements the creditors would tend to claim for their proceeds before a company is liquidated or wound up.

1.	d) Employees.
	=> They are the ones who are engaged in a company or firm to work as certain professionals specializing in particular fields of expertise in the company. Employees require accounting information so as to they could use them as a basis for claiming more wages when the profits of the company tend to increase and as shown in the statements.
	e) Financial institutions.
	=> Such institutions may be in need of accounting information so as to facilitate various payments such as standing orders, insurance premiums and also they may use accounting information to prepare bank reconciliation statements to offset the differences prevailing between the firm's books and the bank.

Extract 1.1 shows sample of a candidate's correct response to the question. This candidate provided clear explanations on the need for accounting information to various users.

Some of the candidates who had average performance in this question explained the need for accounting information to some of the mentioned users, while others failed to provide clear explanations why the other users need the accounting information. This was attributed by the fact that some of them had poor knowledge of the accounting concepts while others failed to express themselves well in English Language.

On the other hand some of the candidates, who performed poorly in this question, misunderstood the question and explained the mentioned users of accounting information instead of explaining why those users need accounting information. Others had inadequate knowledge about users of accounting information. This made them to provide unrelated responses with few sentences which were characterized by a lot of grammatical errors. A sample of such responses is shown in extract .1.2

## Extract.1.2

### SECTION-A

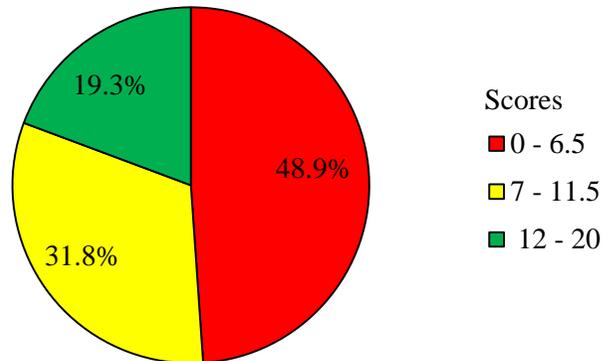
1. (a) Management is the process of organizing in order to take certain activities. Example in school there are management -
- (b) Business owners is the group of people whose own business in a certain organization.
- (c) Creditors is the group of persons to whom owe money to some one.

1. (d) Employees are the people whose employed in office or other place. Example Teachers in school, managers in bank and so forth.
- (e) Financial institution is the organization which deal with money transfer, deposits and other means. Examples Bank, insurance and other institution.

Extract.1.2 shows a sample of incorrect responses extracted from a candidates script. The candidate provided definitions of the users of accounting information instead of giving description on why they need accounting information.

### 2.1.2 Question 2: Entering Transactions in Cash Book and Posting Transactions Directly into Sales Ledger and Purchases Ledger

The question required the candidates to prepare (a) Three Column Cash Book (b) Sales Ledger, and (c) Purchases Ledger. Candidates who attempted the question were 56.8 percent of all the candidates. The performance in this question was average as 48.9 percent scored from 0 to 6.5 marks, 31.8 percent scored from 7 to 11.5 marks and 19.3 percent scored from 12 to 20 marks. Figure 2 is a summary of the distribution of candidates' scores.



**Figure 2** Candidates Performance in Question 2

The candidates who performed well in this question opened the three column cash book indicating the columns for Cash Account, Bank Account and Discounts and they were able to enter the relevant transactions into their respective columns correctly. They also showed the Sales Ledger, opened the relevant accounts and posted all the entries in the required accounts correctly. Moreover, they were able to show the Purchases Ledger, open the relevant accounts and post the entries correctly as shown in the extract 2.1.

Extract .2.1

2 Three Column Cash book									
Dr					Cr				
Date	Details	Disc amt	Cash	Bank	Date	Details	Disc amt	Cash	Bank
May 1	Balance b/d	-	29000	654000	May 8	R. Longo	5000	-	95000
2	Kazimoto	3000	-	117,000	25	Office expenses	-	92000	-
16	N. Charles	7000	-	273,000	29	U. Bakari	3000	-	57000
28	D. Shangwe	2000	38000	-	30	A. Alisa	11000	-	429000
31	Balance c/d	-	25000	-	31	Balance c/d	-	-	463,000
			12000	92000			19000	92000	1044,000
1 June	Balance b/d	-	-	463,000	1 June	Balance b/d	-	25000	-
<u>Sales ledger</u>									
Dr					Cr				
B. Kazimoto a/c									
Date	Details		Amount		Date	Details		Amount	
1 May	Balance b/d		120,000		2 May	Bank		117,000	
						Discount allowed		3,000	
			120,000					120,000	
Dr					Cr				
N. Charles a/c									
Date	Details		Amount		Date	Details		Amount	
1 May	Balance b/d		280,000		16 May	Bank		273,000	
						Discount allowed		3,000	
			280,000					280,000	
Dr					Cr				
D. Shangwe a/c									
Date	Details		Amount		Date	Details		Amount	
1 May	Balance b/d		4000		28 May	Cash		38000	
						Discount allowed		2000	
			40000					40000	

Purchases ledger						
Dr			U. Bakari a/c			Cr
Date	Details	Amount	Date	Details	Amount	
29 May	Bank	57000	1 May	Balance b/d	60,000	
	Discount received	3000				
		60,000			60000	
Dr			A. Alisia a/c			Cr
Date	Details	Amount	Date	Details	Amount	
30	Bank	429000	1 May	Balance b/d	440,000	
	D. allowed	11000				
		440,000			440,000	
Dr			R Longo a/c			Cr
Date	Details	Amount	Date	Details	Amount	
8 May	Bank	95000	1 May	Balance b/d	100,000	
	Discount allowed	5000				
		100,000			100,000	

Extract .2.1 shows a sample of the candidates' correct responses to the question. The candidate was able to prepare the Three Column Cash Book, Sales Ledger and Purchases Ledgers correctly.

However, it was observed that, the candidates who performed moderately were able to show the Three Column Cash Book, Sales Ledger and the Purchases Ledger, but some of them were unable to open the relevant accounts in the ledgers while some of them failed to post the entries correctly in the respective accounts. On the other hand, candidates who performed poorly did not understand the requirements of the question and failed to show the Three Column Cash Book and posted irrelevant entries to the Sales Ledger and Purchases Ledger accounts. Moreover, they failed to adhere to the principle of double entry system on how to post the transactions to the appropriate side of the accounts and to balance the accounts in the ledgers. Extract 2.2 shows the sample of incorrect responses.

Extract 2.2

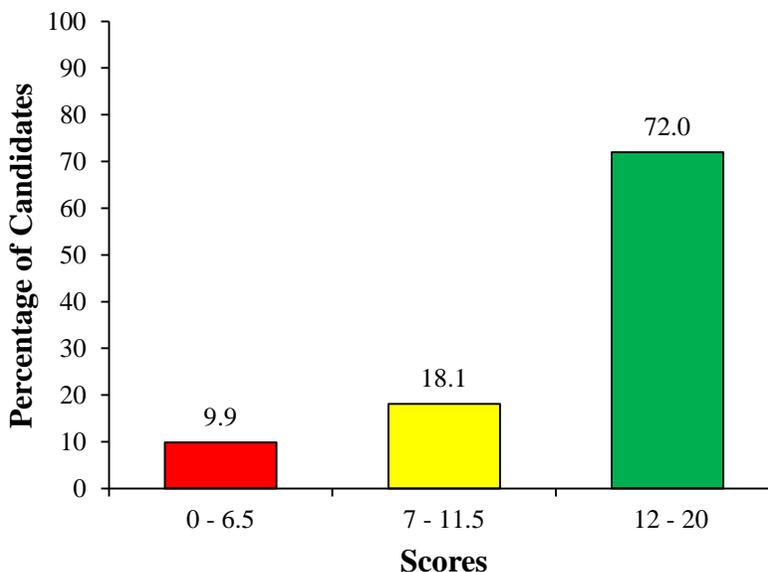
2	DR	CASH	BOOK	CR.
	<u>Receipts</u>		<u>Payments</u>	
	2013 May / Balance b/d		Account receivable	
	Cash	29,000	B. Karimato	120,000
	Bank	654,000	N. Charles	280,000
	Account payable:		B. Shwange	40,000
	U. Bakari	80,000	Payment R. Longo	95,000
	A. Alhaja	440,000	Office expenses	92,000
	R. Longo	100,000	Payment to Bakari	56,000
	Received from bank	117,000	Payment to A. Alhaja	429,000
	Received from Charles	27,000	Balance c/d	578,000
	Received from B. Shwange	38,000		
		<u>1,711,000</u>		<u>1,711,000</u>
	<u>DR</u>	<u>SALLES</u>	<u>WITH CTR</u>	<u>CR</u>
	B. Karimato	120,000	Account closed (Longo)	8000
	N. Charles	280,000	Account closed (U. Bakari)	2000
	B. Shwange	40,000	Account closed (A. Alhaja)	11,000
	Cash (expense)	92,000	Cash receivable	428,000
		<u>532,000</u>	Balance c/d	87,000
	Balance b/d	87,000		<u>532,000</u>
	<u>DR</u>	<u>PURCHASES</u>	<u>WITH CTR</u>	<u>CR.</u>
	Account receivable (Karimato)	3000	Cash - U. Bakari	60,000
	Account receivable (N. Charles)	7000	A. Alhaja	440,000
	Balance c/d	590,000	R. Longo	100,000
		<u>600,000</u>		<u>600,000</u>
			Balance b/d	590,000

Extract 2.2 shows one of the incorrect response from a candidate who failed to prepare the Three Column Cash Book, Sales and Purchases Ledger Accounts. The candidate prepared a Cash Book without columns and opened the Sales and Purchases Ledger Accounts instead of opening the relevant accounts in the ledgers.

2.1.3 **Question 3: Preparation of Bad Debts, Bad Debts Recovered, Allowance for doubtful debts, Water Bills, Salaries, Commission Receivable Accounts and Income Statement.**

The question had two parts (a) and (b). In part (a) candidates were required to prepare, Bad Debts Account, Bad Debts Recovered Account, and allowance for Doubtful Debts Accounts. In part (b) the candidates were required to prepare Water bill, salaries, and commission receivable accounts and income statement.

The question was attempted by 91.1 percent of all candidates. The performance of the candidates in this question is generally good, as only 9.9 percent scored 0 to 6.5 marks, 18.1 percent scored 7 to 11.5 marks and 72. percent scored 12 to 20 marks. Figure 3 is a summary of the distribution of candidates` scores.



**Figure 3** Candidates performance in question 3

The candidates who performed well in this question were able to open the Bad Debts, Bad Debts Recovered and Allowance for Doubtful Debts Accounts as required in part (a) of the question and were able to record the transactions in these accounts correctly. They were also able to make correct computations and balance the accounts properly. In part (b) of the question, the candidates opened the relevant accounts and record the transactions, make correct computations, balance the accounts and

prepare the Income Statement accurately. A sample of correct responses is illustrated in the extract.3.1.

**Extract.3.1**

3 a) Dr		Bad Debts Account		Cr	
31.12.10	Debtor	140,000	31.12.10	Profit and loss	140,000
2011	Debtor	220,000	31.12.11	Profit and loss	220,000
2012	Debtor	380,000	31.12.12	Profit and loss	380,000
Dr		Bad Debts Recovered Account		Cr	
		30.11.2011 (Debtor)			
31.12.11	Profit and loss	21000	31.11.11	Masongo	21000
31.12.12	Profit and loss	320,000	2012	Debtor	320,000
Dr		Allowance for Doubtful Debts a/c		Cr	
31.12.10	Balance b/d	260,000	31.12.10	Profit and loss	260,000
31.12.11	Balance b/d	460,000	1.1.11	Balance b/d	260,000
		460,000	31.12.11	Profit and loss	200,000
31.12.12	Profit and loss	280,000	1.1.12	Balance b/d	460,000
31.12.12	Balance b/d	432,000			
		460,000			
			1.1.13	Balance b/d	432,000

Dr		Water Bill Account		Cr	
1-1-13	Advance b/d	112400	31-12-13	Prepaid %d	69000
	Bank	203800		Profit and loss	247200
		<u>316200</u>			<u>316200</u>
1-1-14	Prepaid b/d	69000			

Dr		Salaries Account		Cr	
1-1-13	Cash	3000,000	1-1-13	Outstanding b/d	61200
31-12-13	Accrued %d	23800	31-12-13	Profit and loss	3022600
		<u>3083,800</u>			<u>3083,800</u>
			1-1-14	Accrued b/d	23800

Dr		Commission Received %c		Cr	
31-12-13	Advance %d	9000	1-1-13	Advance b/d	7200
31-12-13	Profit and loss	539200		Bank	520,000
		<u>548200</u>	31-12-13	Arrears %d	21000
					<u>548200</u>
1-1-14	Arrears b/d	21000	1-1-14	Advance b/d	9000

3b) (Extract) Income Statement for the year ending 31 Dec 2013.	
Gross profit	
less Add: Commission Received	539200
	<u>539,200</u>
less: Expenses	
Salaries	247200
Water Bill	247200
Salaries	<u>3022,600</u>
	<u>3269800</u>

Extract 3.1 shows one of the correct responses from a candidate who managed to prepare the Bad Debts, Bad Debts Recovered, Allowance for Doubtful Debts, water bills, salaries, Commission Receivable Accounts, and the Income Statement correctly.

The candidates who had average performance in this question were able to open the Bad Debts Account, Bad Debts Recovered Account, and Allowance for Doubtful Debts Account, but were unable to post the entries properly. In part (b) candidates managed to open the required accounts and prepare the Income statement accurately.

On the other hand, some candidates who performed poorly, failed to identify the required accounts while others were unable to make correct entries in the accounts.

Furthermore others had poor knowledge in preparing the Income Statement as per requirements of the International Accounting Standard one (IAS1) which requires the Income Statements to be presented in vertical format. Extract 2.3.2 shows a sample of incorrect responses.

**Extract 3.2**

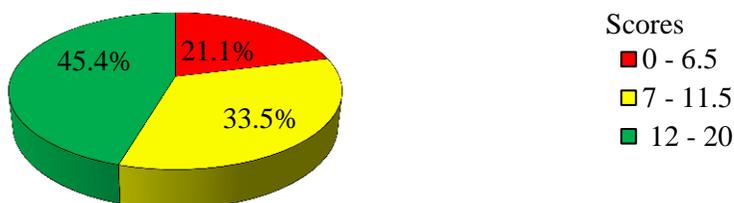
MANENGE FURNITURE	
3 (a) (i) Dr Bad debt A/C	CR
outstanding debts of 92000	written off debts 22,000
Outstanding debt of 720,000	written off 21,000
	written off 380,000
(ii) Dr Bad debts Recovered A/C	CR
	Recovered debt 320,000
(iii) Dr Allowance for doubtful debt A/C	CR
Balance 31.12.2010 260,000	
Balance 460,000	
3 (b) (i) WATER BILL, SALARIES & Commission RECEIVABLE A/C	
Water bill advance of 11,200	Water bill advance of 11,200
Water bill advanced of 11,200	Salaries outstanding 6,200
Water bill by stand order 203,200	Commission received in advance 7200
Cash -300,000	31.12. prepaid chf water bill 69,000
Commission Received Bank 52000	
Appears Commission 21,000	
Dr INCOME STATEMENT 31-12-2012 Cr	
Expense	Commission
Salaries 300,000	Received 520,000
Water bill 203,000	
Add Salaries accrued 83,800	

**Extract.3.2.** Shows one of the incorrect responses provided by a candidate who presented poorly the Bad debts, Bad debts Recovered, Commission Receivable, Water Bills, Salaries accounts and Income Statement.

2.1.4 **Question 4: Preparation of Investment Account valuing closing stock by using LIFO Method.**

The question required the candidates to prepare Investment Account Valuing Closing Stock by using LIFO Method.

The question was attempted by 84 percent of all candidates. The performance of the candidates in this question was good as: 21.1 percent scored 0 to 6.5 marks, 33.5 percent scored 7 to 11.5 marks and 45.4 percent scored 12 to 20 marks. Figure 4 is a summary of the distribution of candidates' scores



**Figure 4** Candidates performance in question 4

The candidates who performed well managed to prepare the investment account by showing clearly the columns for recording the nominal, income and cost value of the investment. They also managed to compute the cum-div purchase price, ex-div purchase price, cum-div sales, ex-div sales dividend income and the value of closing stock by using LIFO method accurately. One of such responses is shown in extract 4.1.

**Extract.4.1**

6% Government Stock Investment a/c									
Dr	Details	Nominal	Income	Capital	Cr	Details	Nominal	Income	Capital
	1/4 purchases	40,000	600	37,400	30/6 Interest			1200	
	1/8 purchases	25,000		23,250	Income 'C'			625	
	Income 'C'				31/12 Interest			1200	
	31/3/07 Profit made (to Profit and loss)			750	1/2 Sales	15,000	75		15,075
	Investment income		3250		Adjusted Interest				
					31/3/2007 balance c/d	50,000	750		46,950
		65,000	3850	62025		65,000	3850		62025
	1/4/2007 bal b/d	50,000	750	46,950	30/4 Sales	40,000			38,280
	Income 'C'		400		Income 'C'				400
	31/3/08 Profit			1080	30/6 Interest			1500	
	Investment income		800		31/12 Interest			300	
					31/3/08 bal c/d	10,000	150		9350
		50,000	1950	48,030		50,000	181950		18030
	1/4/2008 balance b/d	10,000	150	9350					

4		Working	
1/4	: purchases	$40000 \times \frac{94}{100} =$	37600
	+ brokerage charges		400
			38000
	- Accrued interest	$40,000 \times 6\% \times \frac{3}{12} =$	600
			<u>38600</u> 37400
30/8	: Interest	$= 40,000 \times 6\% \times \frac{6}{12} =$	1200
1/8	: Net purchases	$= 25,000 \times \frac{92}{100} =$	23000
	+ brokerage		250
			23250
	+ Unexpired interest	$(25000 \times 6\% \times \frac{5}{12})$	625
			<u>23875</u>
31/12	Interest	$= 40000 \times 6\% \times \frac{4}{12} =$	1200
1/2/07	Net sales	$= 15000 \times 102\% =$	15300
	- brokerage		150
			15150
	- Accrued interest	$(15000 \times 6\%)$	375 75
			<u>15075</u>
31/3/07	: Profit or Loss: Sales Proceeds		15075
	- Cost: 15000	$\times 23875$	14325
		25000	
	Profit on sale		<u>750</u>
	Accrued interest 4d	$: 50,000 \times 6\% \times \frac{3}{12} =$	750

4	30/4/2007 : Net sales = $40,000 \times 97\% = 38800$
	- brokerage <u>520</u>
	38280
	+ Unexpired interest $(40,000 \times 6\% \times \frac{3}{12}) = 400$
	<u>38680</u>
	30/6/2007 Interest = $50,000 \times 6\% \times \frac{1}{12} = 1500$
	31/12/07 Interest = $10,000 \times 6\% \times \frac{6}{12} = 300$
	31/3 : Profit or loss :
	Sales <u>38680</u>
	- Cost : $10,000 \times 9550 = 9550$
	10,000
	$30,000 \times 37400 = 28040$
	40,000
	Profit <u>1080</u>

Extract 4.1 shows one of the correct responses from a candidate who had adequate knowledge on Investment Account and valuing of closing stock by using LIFO method.

On the other hand, the candidates who performed moderately managed to open Investment Account but they failed to make proper posting entries, and were not able to use the LIFO method in the computation of closing stock.

The candidates who performed poorly in this question lacked the practical knowledge on how to apply accounting principles on posting entries and making adjustments as well as application of LIFO method of valuing closing stock. An example of such incorrect responses is shown in the extract 4.2.

#### Extract.4.2

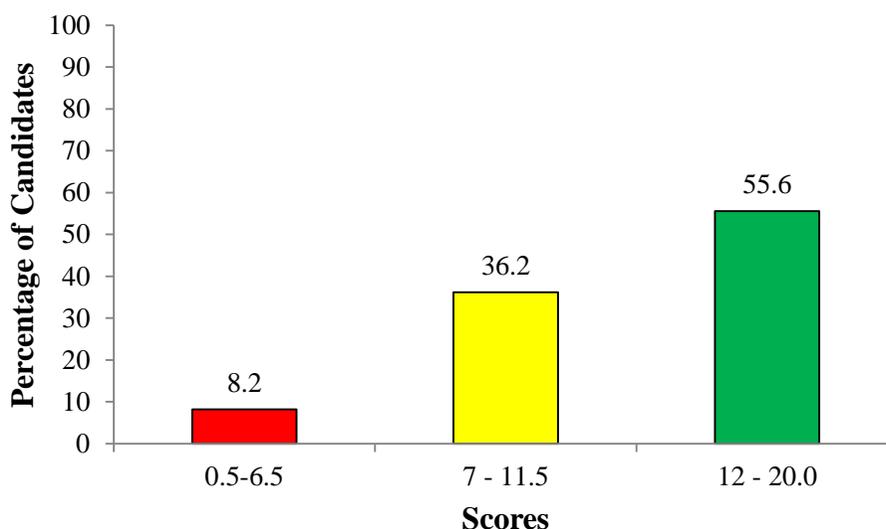
	11/3 Purchases at ex-dis	
	NV $25,000 \times 400$	10,000,000
	Add: Brokerage charges	250
	Add: Interest for remaining period	10,000,250
	$10,000,000 \times \frac{6}{100} \times \frac{5}{12}$	250,000
		<u>10,250,250</u>
	Interest received for 6 months	
31/6	$10,000,000 \times \frac{6}{100} \times \frac{6}{12}$	300,000
	11/2/2007 Sales at an dis	
	$15,000 \times 102$	15,300
	100	

Extract.4.2 shows response of a candidate who failed to open the Investment Account and valuing closing stock by using LIFO method. The candidate prepared a table of irrelevant items instead of presenting Investment Account.

### Question 5: Preparation of Journal Entries to Correct Errors, Statement of Corrected Net Profit and Branch Accounts

This question had two parts (a) and (b). In part (a), the candidates were required to show the Journal Entries to Correct the accounting errors and prepare a Statement of Corrected Net Profit while in part (b) the candidates were required to prepare Branch Stock Account, Goods sent to Branch Account, and Branch Stock Adjustment Account.

The question was attempted by 81 percent of all the candidates. The performance in this question was generally good as only 8.2 percent scored 0 to 6.5 marks, 36.2 percent scored 7 to 11.5 marks and 55.6 percent scored 12 to 19 marks. Figure 5 is a summary of the distribution of candidates` scores



**Figure 5** Candidates performance in question 5

The candidates who performed well in part (a) were able to exhaust knowledge on making entries in the journal and prepared well statement of corrected net profit. Moreover the candidates managed to prepare Branch Stock Account, goods sent to Branch Account as demanded in the question. A sample of such responses is shown in extract .5.1.

Extract .5.1

JOURNAL ENTRIES				
5a)(i)	Slno	Particulars	Debit	Credit
	(1).	Suspense	8800.	
		to commission received		8800
		Being errors of wrong side and undercasted in commission.		
	(+)(2).	Purchases a/c	15200	
		to suspense a/c		15200
		Being ommission in purchases a/c		
	3.	Sales	2800	
		to suspense.		2800
		Being overcast of sales journal		
	4.	Sundry debtor	1800	
		1 to Bad debts recovered		1800
		Bank BANK	1800	
		to sundry debtor		1800.
		Being ommission of bad debts received / recovered		

5a(i) CONTINUE JOURNAL ENTRIES				
S/no	Particulars	Debit	Credit	
5	Repairs a/c	14000		
	to equipment a/c			14000
	Being error of posting equipment account in stead of repairs			
6.	Suspense	100,000		
	to capital			100,000
	Being capital balance not rectified brought forward			
5a(ii) STATEMENT OF CORRECT NET PROFIT				
	Uncorrected / Reported profit			440,000
	Add: commission received	8800		
	pro. for Bad debts received	1800		10600
				450600
	less: purchases undercasted	15200		
	Sales overcasted	2800		
	Repairs undercasted	14000		32000
	Corrected net profit			418600



The candidates who performed poorly in part (a) were unable to prepare Journal Entries to Correct Errors and Net Profit. They also failed to prepare accurately the Branch Stock, Goods sent to Branch Stock and Branch Stock Adjustment Accounts as shown on Extract.5.2.

**Extract.5.2.**

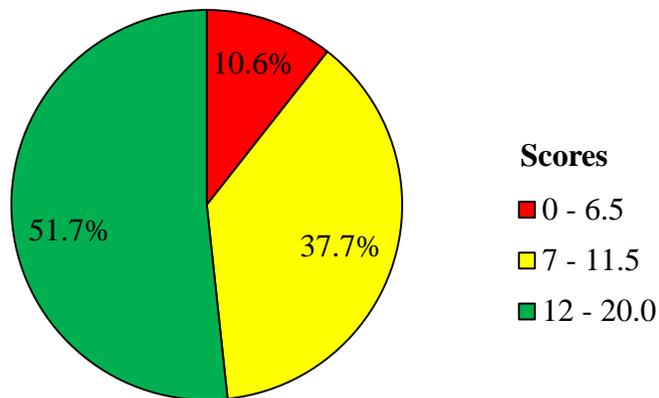
56/	DR.	BRANCH STOCK ACCOUNT	CR.
	Balance b/d 31 Dec. 2009	192,000	Cash from debtor
	Goods returned by debtor	25,600	Goods sent to branch
			Returned to H/o
			Balance c/d
			128,000
<hr/>			
	DR.	BRANCH STOCK ADJUSTMENT ACCOUNT	CR.
			Balance b/d 31 Dec. 2009
			Goods sent
			Returned
			64,000
			128,000
			25,600

Extract.5.2 shows response from a candidate who failed to show the Journal Entries to Correct the Errors, prepare a Statement of Corrected Net Profit and Branch Accounts. The candidate entered wrong figures in the Branch Stock and Branch Stock Adjustment Accounts and some of the entries on the wrong side of the accounts.

### 2.1.6 Question 6: Preparation of Income Statement and Statement of Financial Position

The candidates were required to prepare the Income Statement and Statement of Financial Position.

The question was attempted by 48.4 percent of all candidates, out of which 10.6 percent scored 0 to 6.5 marks, 37.7 percent scored 7 to 11.5 marks and 51.7 percent scored 12 to 17.5 marks. The performance of the candidates in this question was generally good. Figure 6 is a summary of the distribution of candidates' scores



**Figure 6** Candidates performance in question 6

The candidates who performed well in this question were able to identify accounting data provided in the question and present them in the Income Statement. Moreover, they managed to classify the components of income and expenses properly. They also managed to present the Statement of Financial Position accurately as shown in extract.6.1

Extract.6.1

6a)		WORKINGS	
DR		PROVISION for bad debts A/c	
			CR
Balance b/d	(535 + 310) = 3935	Balance b/d	800
Balance b/d	(300 + 990) = 1290	Profit and loss	3135
	<u>          </u>		<u>          </u>
DR		Rent A/c	
			CR
Cash	7600	Profit and loss	6000
		Prepaid Exp	1600
	<u>7600</u>		<u>7600</u>
DR		Wages A/c	
			CR
Cash	37000	Profit and loss	37400
Owing b/d	400		
	<u>37400</u>		<u>37400</u>
DR		Light and power A/c	
			CR
Cash	1027	Profit and loss	1387
Owing b/d	360		
	<u>1387</u>		<u>1387</u>
DR		Telephone A/c	
			CR
Cash	900	Profit and loss	1000
Owing	100		
	<u>1000</u>		<u>1000</u>
Depreciation charges:			
Leasehold premises (70,000 x 5%) = 3500			
Delivery van (18,000 - 3600) x 25% = 3600			
Office furniture (3000 x 10%) = 300			

6b	Statements of Financial position as at 31st March 2014		
	<u>Non-current Assets</u>		
	Leasehold premises		70,000
	less: Provision for depreciation (5000 + 3500)		<u>8500</u>
			61500
	Office furniture	3000	
	less: Provision for depreciation (1500 + 300)	<u>1800</u>	1200
	Delivery van	18000	
	less: Provision for depreciation (3600 + 3600)	<u>7200</u>	10800
	<u>add: Current Assets</u>		
	Stocks	8000	
	Debtors (19800 - 3935)	15865	
	Bank	1245	
	Rent prepaid	<u>1600</u>	
		26710	
	<u>less: Current Liabilities</u>		
	Creditors	7200	
	Wages owing	400	
	Light & power owing	360	
	Telephone owing	100	<u>8060</u>
			18650
	<u>Financed by:</u>		
	Capital		50,000
	add: Net profit		
	less: Drawings		<u>20446</u>

Extract.6.1 shows a sample of correct responses from a candidate who managed to prepare well the Income statement and Statement of Financial Position.

The candidates who performed poorly in this question failed to present the Income Statement and Statement of Financial Position in accordance with the IAS1. A sample of such responses is illustrated in extract.6.2.

Extract.6.2

6. TRADING, PROFIT & LOSS A/c		FOR THE YEAR ENDED 31 MARCH 2014	
Purchases		Sales	206,000
opening stock	4,000	less R. inward.	9,240
Add purchases	\$4,000		
	<u>\$8,000</u>		
Add carriage inward	1,840		
	<u>\$9,840</u>		
less R. outward	5,112		
Goods Available for sale	<u>84,728</u>		
less closing stock	5,000		
cost of goods sold	<u>79,728</u>		
Gross profit %	117,032		
	<u>196,760</u>		<u>196,760</u>
carriage outward	1220		117,032
Rent	7600	Dis. Received	24,800
less prepaid	6000		
wages	37,000		
Add only	400		
	<u>37,400</u>		
power exp.	1,027		
Add only	360		
	<u>1,387</u>		
postage & stationery	359		
prov. for doubtful			
D. Allowed.	6011		
Telephone			

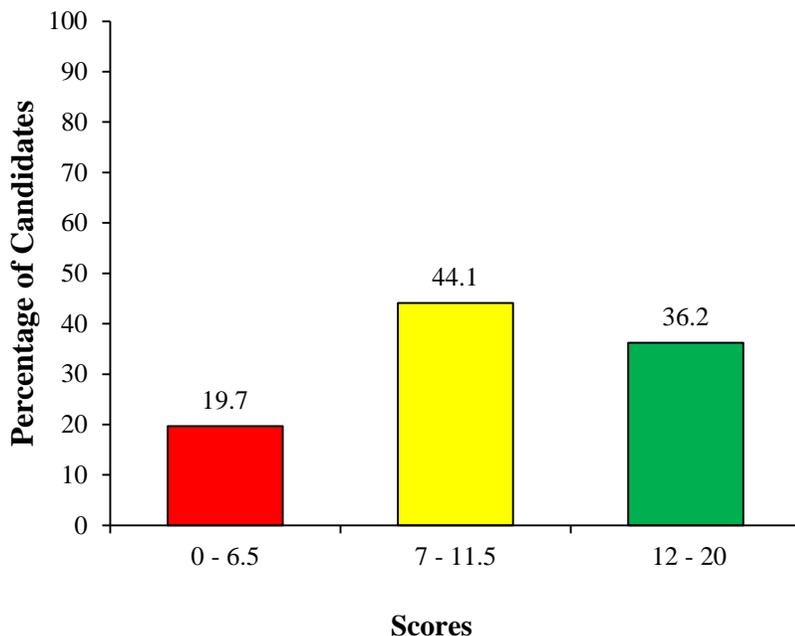
Extract.6.2 shows a sample of incorrect responses to the question. The candidate failed to present the Income Statement in the format requested by International Accounting Standard 1 (IAS1) some of the figures are also incorrect.

2.1.7 **Question 7: Preparation of Asset, Provision for depreciation, Statement of Financial Position and calculation of Accounting Ratios**

The question comprised of part (a) and (b). In part (a), the candidates were required to prepare Asset, Provision for depreciation accounts and Statement of Financial Position while in part (b), candidates were required to calculate the following accounting ratios ; Gross Profit, Net Profit, Expenses as percentage

of sales, Gross profit as a percentage of purchases, Stock turnover, Rate of return of net profit on capital employed (use the average of the capital account), current ratio, acid test ratio, debtors sales ratio and creditors purchases ratios.

The question was attempted by 69.1 percent of all candidates. The performance of the candidates in this question was good as only 19.7 percent scored 0 to 6.5 marks, 44.1 percent scored 7 to 11.5 marks while 36.2 percent scored 12 to 20 marks. Figure 7 a summary of the distribution of candidates` scores



**Figure 7** Candidates performance in question 7

The candidates who performed well in this question managed to prepare the Machinery Account, Office Furniture Account, provision for depreciation on machinery account, office furniture account, provision for depreciation machinery, and provision for depreciation on office furniture account and in part (b) the candidates managed to calculate the ratios using the appropriate formulae accurately. Extract.7.1 shows a sample of responses from a candidate who prepared the accounts and calculated the ratios correctly.



7 B

v. Stock turnover ratio

$$= \frac{\text{Cost of goods sold}}{\text{Average stock}}$$

$$= \frac{120,000}{(5000 + 3000) \div 2} = 3$$

$\therefore$  3 times

vii) Rate of return of net profit on Capital employed

$$= \frac{\text{N.E Profit}}{\text{Capital employed}} \times 100$$

$$= \frac{20,000}{(76000 + 24000) \div 2} \times 100 = 25\%$$

$\therefore$  25%

viii) Current ratio

$$= \frac{\text{Current assets}}{\text{Current liabilities}}$$

$$= \frac{90,000}{10,000} = 9:1$$

$\therefore$  9:1

ix) Acid test ratio

$$\frac{\text{Current assets} - \text{Stock}}{\text{Current liabilities}} = \frac{(90000 - 30000)}{10000} = 6:1$$

$\therefore$  6:1

784 v Gross profit as a percentage of Sales

$$= \frac{\text{Gross profit} \times 100}{\text{Sales}}$$

$$= \frac{40,000 \times 100}{160,000} = 25\%$$

$\therefore 25\%$

ii) Net profit as a percentage of Sales

$$= \frac{\text{Net profit} \times 100}{\text{Sales}}$$

$$= \frac{20,000 \times 100}{160,000} = 12.5\%$$

$\therefore 12.5\%$

iii) Gross profit as percentage of purchases

$$= \frac{\text{Gross profit} \times 100}{\text{Purchases}}$$

$$= \frac{40,000 \times 100}{100,000} = 40\%$$

$\therefore 40\%$

iv) Expenses as a percentage of Sales

$$= \frac{\text{Expenses} \times 100}{\text{Sales}}$$

$$= \frac{20,000 \times 100}{160,000} = 12.5\%$$

$\therefore 12.5\%$

7. B
1x) Debtors Sales ratio.
$= \frac{\text{Debtors} \times 365}{\text{Sales}} = 114.06 = \frac{50000 \times 365}{160000}$
$\therefore 114.06 \text{ days}$
2x) Creditors purchases ratio
$\frac{\text{Creditors} \times 365}{\text{Purchases}}$
$= \frac{10000 \times 365}{100,000} = 36.5$
$\therefore 36.5 \text{ days}$

Extract.7.1 shows sample of correct responses from a candidate who prepared the accounts and computed the ratios correctly.

The candidates who had average performance in part (a) opened the required accounts but failed to make correct entries in the relevant accounts. In part (b), the candidates managed to identify the relevant formulae and calculated the required accounting ratios while a few of them failed to use the appropriate formulae in their computations.

Those who performed poorly were not able to prepare the required accounts correctly and their computations of the accounting ratios were inaccurate. Extract.7.2 shows a sample of incorrect responses to the question.

Extract .7.2.

Dr	Assets A/c (machinery & office furniture)	Cr
	Bal b/d machinery 945000	Disposal 16000
	Off. Furniture 32000	
	Cash (machinery) 16000	
	(office furniture) 4600	Bal c/d 1125600
	<u>1141600</u>	<u>1141600</u>
DR	Depreciation A/c	CR
	Bal b/d machinery 283500	
	Off. Furniture 12800	
	For Machinery 164700	
	Off. furniture 2380	<del>Profit and Loss A/c 1666800</del>
		Bal c/d 462980
	<u>462980</u>	<u>462980</u>
	Bal b/d 462980	

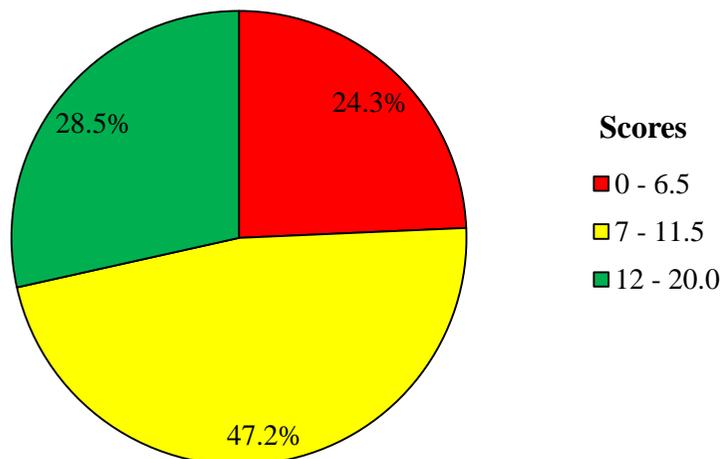
Extract.7.2 illustrates sample of incorrect responses from a candidate who entered information related to machinery and office furniture in a combined asset account instead of separate account for each asset.

## 153/2 Accountancy II

### 2.2.1 Question 1: Brief Explanations on the Accounting Concepts.

This question consisted of five (5) items drawn from two topics of the syllabus namely Company Accounts and Hire Purchase Accounts. The candidates were required to give brief explanations on the following accounting concepts; General reserve, Hire Purchase Price, Secret Reserve, Reserve Capital and Capital Reserve. The question intended to measure the candidates' comprehension ability and knowledge on the various Accounting concepts and the application of such knowledge in their daily life.

The question was attempted by 60.5 percent of all candidates. The performance of the candidates in this question was generally good as only 24.3 percent scored 0 to 6.5 marks, 47.2 percent scored 7 to 11.5 marks and 28.5 percent scored 12 to 19. Figure 1 is a summary of the distribution of the candidates' scores



**Figure 1** Candidates performance in question 1

The candidates who performed well in this question managed to provide clear explanations of each concept as used in the accounting discipline and tried to show the functions, features and applications of these concepts. Moreover, they provided some examples to support their explanations. A sample of such responses is shown in extract 2.1.

## Extract.2.1.

(a) General reserve refers to the amount that is set aside out of the company's or firm's profit for the purpose of strengthening the business financial position and also to meet any unexpected expenditure that may arise at future dates. This amount is normally not for a specific purpose but for the main aim of meeting any expenditure that may arise at future dates unknowingly or unexpected. These reserves are also termed as "Free reserves". Hence in general, the general reserve enables the business to strengthen its business financial position.

(b) Hire purchase price this is the amount that is charged on an item that is sold or bought on hire purchase terms or instalment system. This price includes the portion of cash price of the item together with the interest charged on it after a given period of time. This price also normally is paid on installment terms, that it may be one year, half yearly or quarterly in a year. Hence hire purchase price can be obtained by the formulas shown below;

$$\text{Hire purchase price} = \text{Cash price} + \text{Interest}$$

OR

$$\text{Hire purchase price} = \text{Down payment} + \text{Total installments.}$$

Hence the hire purchase price is generally less than the higher than the cash price.

(c) Secret reserve These are types of reserves that are normally created on secret manner as are not portrayed in the records of the business. These reserves are normally not shown in the balance sheet of the business. In this case, it means that the financial position of the business is more stronger than what is shown in the balance sheet at the end of the accounting period. These reserves can be created in many ways such as treating the contingent liabilities as actual liabilities, excessive and permanent depreciation on the asset and also including the capital expenditures as revenue expenditures.

(d) Reserve capital is the amount of money which is set aside in the business to be used for various purposes. This amount is not specifically set aside for a specific purpose but instead is used for any expenditure that may arise in the business. This reserve is normally preferred for the capital expenditures that may arise in the business.

The business is likely to create a reserve capital in the business out of various sources such as the profit of the business or from other sources in order to finance the business.

Capital reserve is the amount of money or a kind of reserve that is created out of the capital profits of the business. This kind of reserve can not be utilized as a distributable profit to the members of the business. It may be created out of various sources such as profit on revaluation of the assets, share premium from the issue of shares, profit from forfeited shares, and also profit on the sales of the capital assets of the business. Hence these kind of reserves are normally of capital nature and can not be utilized as a distributable profit.

Extract .2.1. Presents sample of correct responses from a candidate who managed to provide clear explanations on the accounting concepts.

However, most of the candidates who performed moderately in this question managed to provide clear explanations on some of the concepts but failed to explain clearly other concepts. This was attributed by the fact that some of the candidates lacked sufficient knowledge on concepts and inability to express themselves in English. Candidates who performed poorly lacked knowledge on the concepts and had problems in expressing themselves in English as well as providing irrelevant examples to support their arguments. Extract 1.2. Illustrates a sample of incorrect responses.

## Extract .1.2

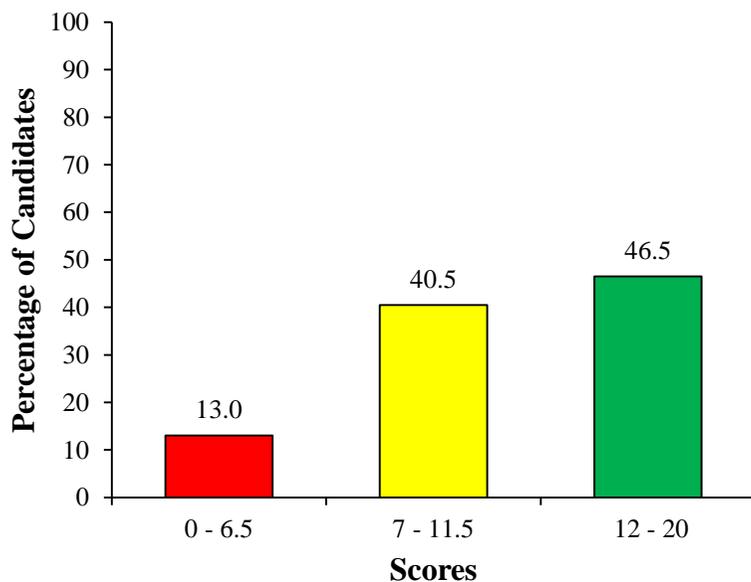
1.	
(a)	<p><u>General Reserve</u></p> <p>this refers to one of the types of Reserves which are usually abstracted by large firms or sometimes the government. it is common to the whole economy. Example The central bank of Tanzania (BoT) has a policy that commercial banks should allocate a reserve of 10 billion to establish the financial institution.</p>
(b)	<p><u>True purchase price</u></p> <p>this refers to the price which the seller and the buyer agree on when the buyer has complete possession of the goods bought. The price that is agreed between them on the payment is known as True purchase price added by interest.</p>
(c)	<p><u>Secret reserve</u></p> <p>These are reserves which a firm has on its own just in case of emergencies. This is usually recommended by the firm's board of directors. Example when a firm expands or dissolves then it has to use an alternative reserve known as Secret reserve which is usually not used in any case but there is.</p>
(d)	<p><u>Reserve capital</u></p> <p>This refers to the type of reserve which is a form of capital. The firm may either store some amount of money in the capital amount as a reserve or it is needed by the firm for continuity.</p>
(e)	<p><u>Capital reserve</u></p> <p>This is a reserve which is stored by the firm as capital. it is for the purpose of the business not to fluctuate or capital. Thus it just goes to its reserve and take an amount of money.</p>

Extract .2.2 shows sample of incorrect responses from a candidate who provided incorrect explanations on the accounting concepts.

### 2.2.2 Question 2: Preparation of Cases Stock Account at Standard Book Value Cases Suspense Account at Return Price and Cases Income Statement.

The candidates were required to prepare Cases stock account at standard book value, Cases suspense account at return price and Cases income statement.

The question was attempted by 97.5 percent of all candidates out of which only 13 percent scored 0 to 6.5 marks, 40.5 percent scored 7 to 11.5 marks and 46.5 percent scored 12 to 20 marks. The performance in this question was generally good. Figure 2 is a summary of the distribution of the candidates' scores



**Figure 2** Candidates performance in question 2

Most of the candidates who performed well in this question demonstrated sufficient practical knowledge in preparing the Cases Stock, Cases Suspense Accounts and Cases Income Statement correctly. Moreover, they were able to employ appropriate rates to arrive at the values of the cases in the relevant accounts and proper presentation of the Cases Income Statements. A sample of such responses is shown in extract.2.1

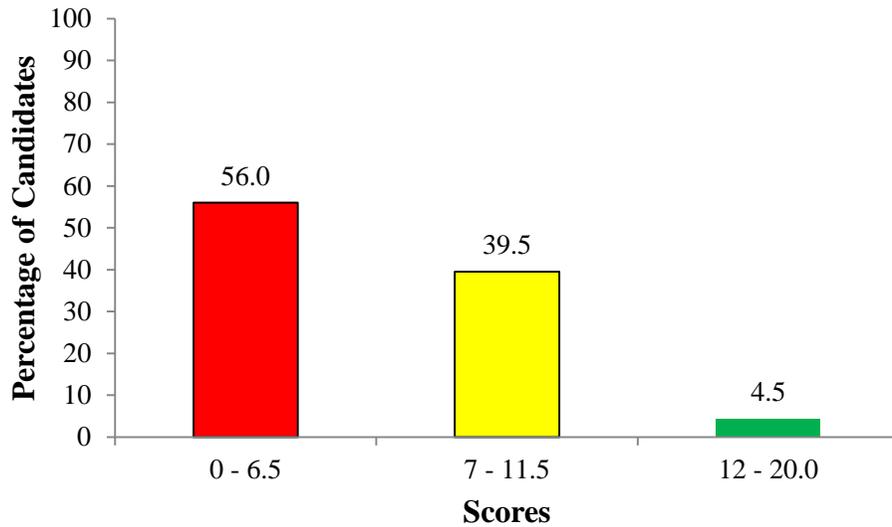
Extract .2.1

02.	PR = 6							
	VR = 5							
	COR = 10							
	RR = 8							
Dr Cases stock Account Cr								
	Details	Qty	Rate	Amount	Details	Qty	Rate	Amount
	Bal b/f - warehouse	1000	5	5000	Cases kept	1500	5	7500
	- customer	3000	5	15000	Cases damaged beyond			
	Cases purchased	2000	6	12000	repair	100	5	500
					Cases damaged sold	50	5	250
					Depreciation	-	-	2000
					Bal c/f - warehouse	850	5	4250
					- customer	3500	5	17500
		6000		37000		6000		39000
	Bal b/f - warehouse	250	5	1250				
	- customer	3500	5	17500				
Dr Cases suspense Account Cr								
	Details	Qty	Rate	Amount	Details	Qty	Rate	Amount
	Case returned	23000	8	184000	Bal c/f - customer	3000	8	24000
	Cases kept	1500	8	12000	Cases sent	25000	10	250000
	Hiring charge	-	-	3000				
	Bal c/f - Customer	3500	8	28000				
		28000	-	274000		28000	-	274000
					Bal c/f - customer	3500	8	28000

02.	Cases Income Statement for the year ended 31 <sup>st</sup> March 2013	
	Tshs	Tshs.
	Hiring charge [(10 - 8) 20000]	50000
	Profit on container kept [(8 - 5) 1500]	4500
	Income from cases damaged sold (50 x 2)	100
	Total Income	54600
	Less: Expenses / Cost	
	Repairing cost	1400
	Value of cases damaged beyond repair (10 x 5)	500
	Value of cases damaged sold (50 x 5)	250
	Depreciation	2000
	Profit on container deal.	50,450

Extract .2.1 shows sample of correct responses from a candidate who prepared the required accounts and presented the Cases Income Statement correctly.





**Figure 3** Candidates performance in question 3

Few candidates who performed well in this question adhered to the requirement of the question by opening the appropriate accounts in the books of Hire Purchaser and Donbosco Ltd as well as recording the transactions accurately. Extract.3.1 illustrates a sample of a correct response.

Extract 3.1

Machinery A/c			
3.	H-P Vendor	Amount	Amount
	H-P Vendor	10000	Balance 9/d
			10000
		10000	
	Balance 9/d	Amount	Amount
		10000	To H-P Vendor
			Balance 9/d
		10000	6000
			4000
			10000
DON BOSCO LTD (Vendor) 2011			
		Amount	Amount
1/1	Bank (down pay)	6000	Machine
30/6	Bank (1 <sup>st</sup> install)	6000	Interest suspense
	Balance 9/d	24000	26000
DON BOSCO LTD (Vendor) 2011			
		Amount	Amount
1/01	Bank (down pay)	6000	Machine
30/6	Bank (1 <sup>st</sup> install)	6000	Interest suspense
31/12	Bank (2 <sup>nd</sup> install)	6000	26000
	Balance 9/d	18000	
		36000	36000

H-P Vendor Don Bosco LTD - 2012			
	Amount		Amount
3. 30/6 Bank (2 <sup>nd</sup> install)	6000	Balance b/d	18000
repossession (Machine)	6000		
Balance c/d	12000		
	18000		18000
in The Books of Don BOSCO LTD (Vendor)			
Pachoto Account (Vendee)			
	Amount		Amount
Machine	10000	Bank (down Pay)	6000
Interest suspense	26000	Bank (1 <sup>st</sup> install)	6000
		Balance b/d	6000
		Balance c/d	18000
	36000		36000
Balance b/d	18000	repossessed goods	6000
		Balance c/d	12000
	18000		18000
Repossessed goods - A/c			
	Amount		Amount
Balance b/d			
H-P Vendor	6000	Installation received	12000
repair cost	200	depreciation	700
Profit on repossessed goods	6370	Bank	4500
	12570		12570

Extract.3.1 illustrates sample of a correct response from a candidate who prepared the required accounts correctly.

The candidates who had average performance in this question opened the required accounts but failed to record the required transactions due to lack of practical knowledge in recording the transactions in the relevant accounts and were unable to apply the principles of double entry system. The candidates who performed poorly in this question failed to open the required accounts while

others were unable to apply the principle of double entry in recording the transactions in the relevant accounts. Extract .3.2 illustrates a sample of incorrect responses.

Extract.3.2

3- IN THE BOOK OF HIRE PURCHASER				
Dr		MACHINERY A/c		Cr.
2011	Fixed Assets Purchases vendor	10000	2011	Depreciation
				1000
				Balance c/d
				9000
		10100		10000
2012	Balance b/d	9000	2012	Depreciation
				900
				Balance c/d
				8100
		9000		9000
2013	Balance b/d	8100	2013	Depreciation
				8100
Dr		HIRE PURCHASES VENDOR A/c (PARTIAL)		Cr
2011	Down payment	6000	2011	Jan Machinery
				10000
June 1 <sup>st</sup>	instalment	6000	June	Interest
				500
Dec 2 <sup>nd</sup>	instalment	600	Dec 1 <sup>st</sup>	Interest
				500
	Balance b/d	7600		
		20400		20400
2012	Retained	6000	2012	
Dec 4 <sup>th</sup>	instalment	6000	Jan	Balance b/d
				7600
	Balance b/d	8000	Jan	Interest
				500
				Dec interest
				500
		12800		12800
2013	5 <sup>th</sup> instalment	6000	2013	Balance b/d
				8000
				Balance b/d
				8000
				Interest
				500
		6000		6000

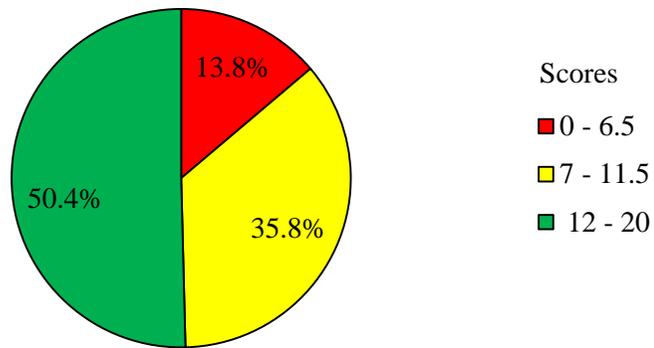
Dr		Depreciation A/c		Cr	
2011 Machine	1000	2011 P&L		1000	
2012 Machine	900	2012 Profit and Loss		900	
2013 Machine	810	2013 Profit and Loss		810	
Dr		HIRE PURCHASES INTERESTS		Cr	
2011		2011			
June Hire Vendor	500	Dec Profit and Loss		10400	
Dec Hire Vendor	520				
	10400			10400	
2012		2012			
Dec Hire Vendor	520	Dec Profit and Loss		5200	
2013		2013			
Dec Hire Vendor	500	Dec Profit and Loss		5200	
GOODS REPOSED A/c					

Extract.3.2 shows sample of incorrect responses from a candidate who opened Depreciation and Hire Purchases Interest accounts contrary to the requirements of the question. and also post incorrect entries in the Machinery Account.

#### 2.2.4 Question 4: Preparation of Journal Entries, Revaluation Account and Statement of Financial Position

The candidates were required to pass Journal Entries and prepare Revaluation accounts as well as Statement of Financial Position

The question was attempted by 96.8 percent of all candidates. The performance of the candidates was good as only 13.8 percent scored 0 to 6.5 marks, 35.8 percent scored 7 to 11.5 marks and 50.4 percent scored 12 to 20 marks Figure 4 is a summary of the distribution of the candidates' scores



**Figure 4** Candidates performance in question 4

The candidates who performed well in this question managed to open the Journal Proper and record the entries correctly. They were also able to prepare the Revaluation account and the Statement of Financial Position in its proper format. A sample of such responses is shown in extract.4.1



STATEMENT OF FINANCIAL POSITION - As at 31 <sup>st</sup> MARCH 2013.			
NON CURRENT ASSET		sh.	sh.
Stock		142500	
Prepaid Insurance		15000	
Debts	94000		
less: Provision	5000	89000	
4 STATEMENT OF FINANCIAL POSITION AT AT 31 <sup>st</sup> MARCH 2013			
NON CURRENT ASSETS.		sh.	sh.
Machinery		199000	
Building		400000	
Furniture		450000	635000
Add: WORKING CAPITAL			
CURRENT ASSETS.			
Stock		142500	
Prepaid Insurance		15000	
Debts	94000		
less: Provision for bad debt.	5000	89000	
Cash		180000	
		426500	
less: CURRENT LIABILITIES			
Outstanding liabilities	400000		
Creditors	385000	425000	1500
NET ASSET.			636500
Financed by.			
Capital			
	CITIKAMBO	311000	
	ULAVI	164600	
	CITITUKU.	160900	636500

Extract.4.1 shows sample of a correct response from a candidate who passed Journal Entries and prepared the Revaluation Account as well as the Statement of Financial Position correctly.

The candidates who performed moderately in this question prepared the Journal Entries and Revaluation Account but failed to make accounting adjustments on Buildings, Stock and Furniture accounts. They were also unable to prepare the Statement of Financial Position.



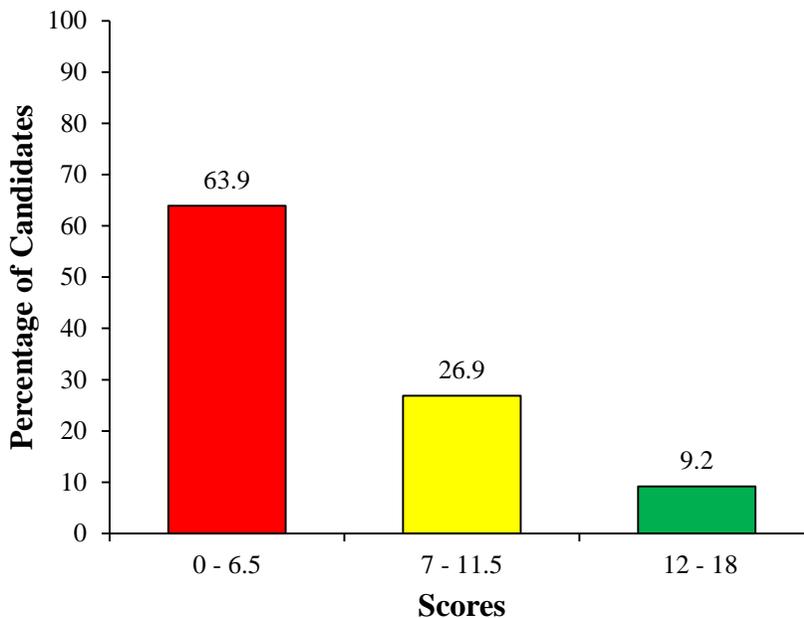
4. Statement of Financial position as at 31 March 2013.			
Financed by:		shs	shs.
Capital accounts			
Chikambo	278,750		
Ulawi	143,250		
Chihuku	155,500		577,500
Current liabilities			
Outstanding liabilities			
Creditors	40,000		
	385,000		425,000
			<u>1,002,500</u>
Non-current assets			
Machinery	190,000		
Buildings	400,000		
Furniture	45,000		635,000
Current assets.			
Cash	20,000		
Stock	142,500		
Prepaid insurance	15,000		
Debtors	90,000		
less Provision for bad debts	5,000	85,000	
			262,500
			<u>897,500</u>
JOURNAL ENTRIES.			
Debits		DR	CR
Partner's capital a/c:			
Chikambo		11,250	
Ulawi		6,750	
Chihuku		4,500	
Revaluation a/c:			
Chikambo			11,250
Ulawi			6,750

Extract.4.2. Shows sample of incorrect responses from a candidate who failed to adhere to the requirements of the question and made incorrect entries in the Journal proper, Revaluation account and the Statement of Financial Position.

## 2.2.5 Question 5: Preparation of Journal Entries and Statement of Financial Position

The candidates were required to prepare Journal Entries and Statement of Financial Position.

The question was attempted by 8.3 percent of all candidates. The performance of the candidates in this question was weak since 63.9 percent scored 0 to 6.5 marks, 26.9 percent scored 7 to 11.5 marks and 9.2 percent scored 12 to 18 out of 20 allotted marks. Figure 5 is a summary of the distribution of the candidates' scores



**Figure 5** Candidates performance in question 5

Few candidates who performed well in this question were able to adhere to the requirements of the question as they managed to prepare the Journal Entries correctly and the Statement of the Financial Position accurately. The candidates computed the amounts receivable on application, allotment, first and final calls correctly. The amount of Calls in arrears, Calls in advance and share premium correctly. Extract.5.1 shows correct responses to the question.

Extract.5.1

5 IN THE BOOKS OF PANGU RAKAVU Com. Ltd				
JOURNAL ENTRIES				
DATE	DETAILS	Dr	Cr	
23 <sup>th</sup> Apr.	Bank (317000x1)	317000		
	Share applicants			317000
	(Being application money received)			
	Ordinary share applicants £c (31000x1)	31000		
	Bank 9c			31000
	(Being money of application refunded to rejected applicants)			
	Ordinary share applicants £c (200000x1)	200000		
	Ordinary share Capital 9c			200000
	(Being shares allotted to successful applicants)			
	Ordinary share applicants (86000x1)	86000		
	Allotment account			86000
	(Being excess money in application stage transferred to allotment.)			
	Allotment £c (20000x1)	60000		
	Ordinary share Capital (200000x1)			200000
	Share premium (20000x1)			40000
	(Being money due at allotment stage)			

5		Dr	Cr
	Bank (60000 - 8600)	51400	
	Allotment		51400
	(Being allotment money received)		
	Balance advance Bank (80000 - 8)	64000	
	Calls in advance		64000
	(Being calls first 8000) paid in advance)		
	Calls in advance	64000	
	First call (80000 - 4)		32000
	Second call (80000 - 4)		32000
	(Being call in advance transferred to respective calls)		
	First call (20000 - 4)	20000	
	Ordinary share Capital		20000
	(Being first calls money due)		
	Bank (80000 - 32000)	76800	
	First call 90		76800
	(Being first calls money received)		
	Second calls (20000 - 4)	8000	
	Ordinary share Capital		8000
	(Being second calls money due)		
	Bank (80000 - 32000) (76800 - 400)	76760	
	Calls in advance (10000 - 4)	400	
	Second call 90		76800
	(Being second call money received)		

5		Dr	Cr
	Ordinary share capital (100x10)	1000	
	Forfeited %		1000
	(Being cancellation of forfeited shares)		
	Forfeited share %	400	
	Reserve share % Calls in excess		400
	(Being calls in excess transferred to forfeited %)		
	Reserve share a/c (100x10)	1000	
	Ordinary share capital		1000
	(Being reserve of forfeited shares)		
	Forfeited share %	600	
	Reserve share %		600
	Being paid amount of forfeited shares transferred to reserve account.		
	Bank (100x9)	900	
	Reserve %		900
	(Being reserve money received)		
	Reserve share a/c	500	
	Share premium		500
	(Being reserve transferred to share premium)		

Extract.5.1 illustrates one of the correct responses extracted from a candidate who managed to prepare Journal Entries and make correct computations of amounts.

The candidates who performed moderately in this question managed to prepare some of the Journal Entries correctly while others failed to adhere to the requirements of the question as they prepared Ledger Accounts instead of Journal Entries. Most of them did not prepare the Statement of Financial Position.

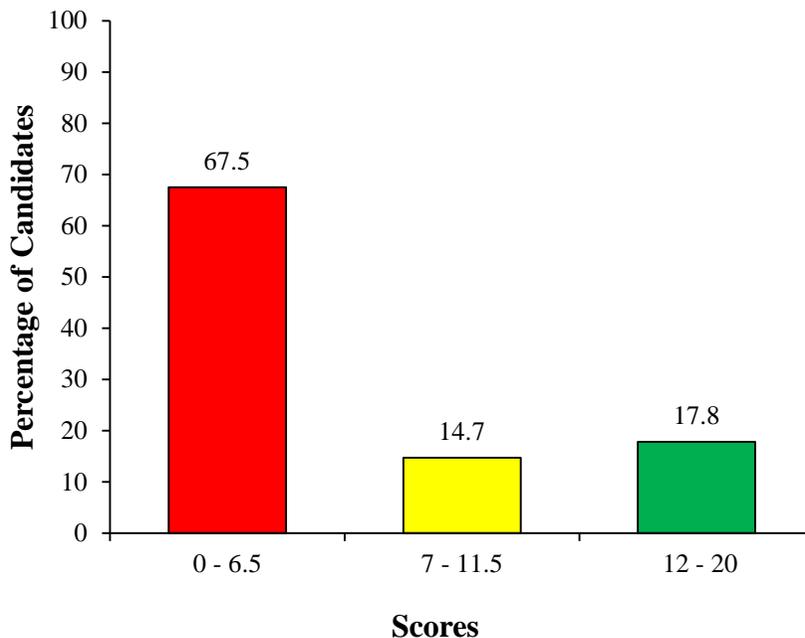
However, majority of the candidates who performed poorly in this question misconceived the question whereby they prepared Ledger Accounts instead of Journal Entries. Some of them lacked the practical knowledge and skills necessary in the preparation of Journal Entries such that after opening the Journal proper they failed



## 2.2.6 Question 6: Preparation of Journal Entries

The candidates were required to prepare Journal Entries to record the transactions, Irrecoupable Short Workings Written Off and the Closing Entries of the royalties payable account.

The question was attempted by 93.7 percent of all candidates. The candidates' performance in this question is poor as 67.5 percent scored from 0 to 6.5 marks, 14.7 percent scored from 7 to 11.5 marks and 17.8 percent scored from 12 to 20 out of 20 allotted marks Figure 6 is a summary of the distribution of the candidates' scores



**Figure 6** Candidates performance in question 6

The candidates who performed well in this question managed to make correct computations of amounts of the royalties payable, actual royalties, minimum rent and Short Workings Irrecoupable. Moreover, they were able to prepare the required Journal entries correctly. The candidates also successfully showed the Journal entries to Write Off Irrecoupable Short Workings as well as the Closing Entries for royalties payable account. A sample of such responses is shown in extract.6.1.

**Extract.6.1.**

6. In Books of the mining company							
Working Note:							
ROYALTIES PAYABLE CHART at sh. 5 per tonne							
Year	Output	Royalties	Minimum rent	Short-workings	Short-recovered	Short-workings irrecoverable	Payments to landlord
2008	1000	5000	15000	10000	-	-	15000
2009	1500	7500	15000	7500	-	-	15000
2010	2000	10000	15000	5000	-	-	15000
2011	2800	14000	15000	1000	-	10000	15000
2012	3000	15000	15000	-	-	7500	15000
JOURNAL PROPER							
DATE	PARTICULARS			F	DEBIT (sh)	CREDIT (sh)	
31/12/08	Royalties Payable a/c		Dr.		5000		
	Short-workings a/c		Dr.		10000		
		Charanje Veteran Ltd. a/c					15000
	(Being royalties and short-workings created)						
31/12/08	Charanje Veteran Ltd. a/c		Dr.		15000		
		Cash/Bank a/c					15000
	(Being payment of minimum rent to landlord)						
31/12/08	Manufacturing a/c		Dr.		5000		
		Royalties Payable a/c					5000
	(Being royalties payable transferred to manufacturing a/c)						
31/12/09	Royalties Payable a/c		Dr.		7500		
	Short-workings a/c		Dr.		7500		
		Charanje Veteran Ltd. a/c					15000
	(Being liability to landlord created)						
31/12/09	Charanje Veteran Ltd. a/c		Dr.		15000		
		Cash/Bank a/c					15000
	(Being payment of minimum rent to landlord)						
31/12/09	Manufacturing a/c		Dr.		7500		
		Royalties Payable a/c					7500
	(Being royalties payable a/c closed)						

6.	DATE	PARTICULARS	F	DEBIT (£/k)	CREDIT (£/k)
	31/12/10	Royalties Payable a/c	Dr.	10000	
		Short workings a/c	Dr.	5000	
		Chorambe Veteran Ltd. a/c			15000
		(Being royalties and short-workings known)			
	31/12/10	Chorambe Veteran Ltd. a/c	Dr.	15000	
		Cash/Bank a/c			15000
		(Being payment of minimum rent to landlord)			
	31/12/10	Manufacturing a/c	Dr.	10000	
		Royalties Payable a/c			10000
		(Being royalties transferred to manufacturing a/c)			
	31/12/11	Royalties Payable a/c	Dr.	14000	
		Short workings a/c	Dr.	1000	
		Chorambe Veteran Ltd. a/c			15000
		(Being liability to landlord created)			
	31/12/11	Chorambe Veteran Ltd. a/c	Dr.	15000	
		Cash/Bank a/c			15000
		(Being payment of minimum rent to landlord)			
	31/12/11	Profit and loss a/c (Income statement)	Dr.	10000	
		Short workings a/c			10000
		(Being irrecoverable shortworkings written off)			
	31/12/11	Manufacturing a/c	Dr.	14000	
		Royalties Payable a/c			14000
		(Being royalties payable a/c closed off)			
	31/12/12	Royalties Payable a/c	Dr.	15000	
		Chorambe Veteran Ltd. a/c			15000
		(Being royalties payable to landlord created)			
	31/12/12	Chorambe Veteran Ltd. a/c	Dr.	15000	
		Cash/Bank a/c			15000
		(Being royalties paid to landlord)			

Extract.6.1 shows sample of a correct response from a candidate who prepared the required Journal Entries, made correct computations of amounts of actual royalties, minimum rent, Short Workings, Irrecoverable, royalties payable and prepared the Journal Entries.

However, some of the candidates who performed moderately in this question managed to calculate the amounts of actual royalties, minimum rent, short workings, irrecoupable short workings and royalties payable but failed to make correct entries in the Journal. Others made incorrect computations of some of the amounts of royalties and some incorrect Journal entries. This was attributed to the fact that the candidates lacked practical knowledge and skills necessary in the computation of royalties amounts and preparation of Journal Entries.

The majority of the candidates who performed poorly in this question misunderstood the task of the question which required them to prepare Journal Entries, instead they prepared Ledger Accounts. Some of the candidates failed to compute the amounts of Actual Royalties, Minimum Rent, Short Workings, Irrecoupable Short Workings and royalties payable. Furthermore, others were unable to make accurate Journal Entries. Extract .6.2 illustrates a sample of an incorrect response.

**Extract.6.2**

G.				
JOURNAL ENTRES				
	Y/No	Details	Debit	Credit
	2008	Bank	15000	1
		Royalty payable		5000
		Shortworking		10,000
	2009	Bank	15000	
		Royalty payable		7500
		Shortworking		7500
	2010	Bank	15000	
		Royalty payable		10,000
		Shortworking		5000
	2011	Bank	15000	
		Royalty payable		14000
		Shortworking		1000
	2012	Bank	15000	
		Royalty payable		15000

6. Royalty Table							
Year	Units	Royalty	Min. rent	Short working	Shrtw. reoup	P&L	Bank
2008	1000	5000	15000	10,000	-	-	15000
2009	1500	7500	15000	7500	-	-	15000
2010	2000	10,000	15000	5000	-	-	15000
2011	2800	14,000	15000	1000	-	-	15000
2012	3000	15000	15000	-	-	-	15000

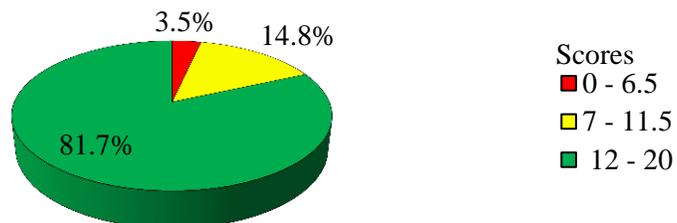
Dr Royalty payable account Cr			
Details	Amount	Details	Amount
2008: Landlord	5000	2008: Manufacturing	5000
2009: Landlord	7500	2009: Manufacturing	7500
2010: Landlord	10,000	2010: Manufacturing	10,000
2011: Landlord	14,000	2011: Manufacturing	14,000
2012: Landlord	15,000	2012: Manufacturing	15,000

Extract 6.2 is a sample of response from a candidate who made incorrect computations of amount of Short Workings, incorrect Journal Entries and prepared royalties payable account which is contrary to the requirement of the question

### 2.2.7 Question 7: Preparation of the Employee's Salary Slips

The candidates were required to prepare the salary slips of the employees

The question was attempted by 96.9 percent of all candidates. The performance of the candidates in this question was generally good as only 3.5 percent scored from 0 to 6.5 marks, 14.8 percent scored from 7 to 11.5 marks while 81.7 percent scored from 12 to 20 out of the 20 allotted marks. Figure 7 is a summary of the distribution of the candidates' scores



**Figure 7** Candidates performance in question 7

The candidates who performed well in this question managed to make accurate computations of amounts of Basic Salaries, Allowances, Gross Salaries,



correct computations of Gross salary, PAYE-tax, total deductions and Net salary while some of them failed to present the data in the employees respective salary slip. Extract 7.2 illustrates a sample of incorrect responses.

**Extract.7.2**

SALARY SLIPS		A/C			
Details		Saniel	Immaculate	Fayez	Gabriel
7.	Basic pay/salary.	93600	72000	108000	56000
	add: Overtime.	10800	-	<del>3600</del> 32400	-
	Gross pay.	104400	72000	140400	56000
	Less: Deductions salary advance			5000	
	House allowance.	14040	10800	16200	8400
	Transport allowance.	10000	10000	1000	1000
	Meal allowance.	8000	8000	8000	8000
	SACCOS	2808	2160	3240	1680
	NHIF.	<del>8820</del> 4620	68400	<del>102600</del> 57600	53200
	PAYE.	4127	43908	5104	614
		127895	74908	136144	72894
7.	WORKINGS:				
	PAYE. 123768 = 2500 = 121268				
	41268	12126.8			
	JOHN:				
	Basic Pay 136 x 600 . Saniel	93600			
	144 x 500 Immaculate.	72000			
	180 x 600 Fayez	108000			
	140 x 400 Gabriel	56000			
	(144) Overtime = 600 x 12 x 1.5 = Fayez 3600 10800 Saniel				
	= 600 x 36 x 1.5 = Fayez 32400				

Extract.7.2 illustrates some of the incorrect responses extracted from a candidate's script. The candidate failed to compute the correct amount of Gross salary of employees' deductions and Net salary payable to each employee.

**3.0 CONCLUSION AND RECOMMENDATION**

**3.1 CONCLUSION**

The analysis provided in this report has shown some of the potentials that the candidates had in Accountancy subject. The most notable strengths shown include: the candidates to adhere to the Principle of Double Entry and International Accounting Standards (IASs), ability of the candidates to adhere to the requirements of the questions, candidates to express well in English Language, skills in identifying the task of the questions and adequate knowledge of the concepts related to the subject and

practical computational skills in problem solving. The analysis shows that, most of the candidates who performed well in the examination excelled in the topics of *Payroll Accounting, Accounting for Containers, Branch Accounts , Correction of Accounting Errors, Reserves and Provisions and Recognition of Revenue and Expenses.*

Candidates who had average performance in the examination failed to confer to the requirements of the question and could not identify the task of the questions. They were also unable to express well in English Language and had lack of the practical knowledge on the concepts related to the subject. The candidates revealed weaknesses in the topics of *Company Accounts, Accounting for Royalties and The Nature and Context of Accountancy.* The analysis shows that most of the candidates who performed poorly in question six (6) and five (5) of paper two of the examination, failed to adhere to the requirements of the questions and had serious problems in *the Preparation of Journal Entries* since both questions required practical skills necessary in making *Journal Entries*. Furthermore it has been observed that the candidates who performed poorly in question one (1) in both papers had problems in expressing themselves in English Language since the questions required them to provide explanations on the Accounting concepts. (See Appendix A)

### 3.2 RECOMMENDATION

- (a) Teachers should be provided with seminars and workshops to update their teaching and learning process including changes occurring in the International Financial Reporting Standards (IFRS<sub>S</sub>) and International Accounting Standards (IAS<sub>S</sub>). This will improve candidates' performance in the topic of preparation of financial statements in future examinations.
- (b) Teachers should guide the students to identify specific tasks of the questions and emphasize in details the application of Double Entry Principle when recording transactions. They should also emphasize more on how to prepare Journal Entries for transactions related to the topics of Company Accounts and Accounting for Royalties.
- (c) Students should be encouraged to solve as many questions as possible as this will help them learn different techniques of solving problems and tackling examination questions.
- (d) Students should have enough time to practice using English Language. They should be given a lot of tasks which will help them write, speak, read and listen to various English texts. This will eventually help them to improve the English language skills which were contributing to their poor performance in the questions requiring explanations and descriptions of accounting concepts.
- (e) The candidates should be given more exercises such as weekly or monthly tests apart from the classroom tests, end of term tests and mock examinations. This will encourage them to gain practical skills and knowledge and therefore improve their performance in their future examinations.

## Appendix A

### Summary of Analysis of Performance of Candidates in Each Question

Sn.	Topic	Number of Questions	Percentage of the Candidates who scored an average of 35% or above	Remarks
1.	Payroll Accounting	1	96.5	Good
2.	Correction of Accounting Errors and Branch Accounts	1	91.8	Good
3.	Reserves and Provisions. And Recognition of Revenue and Expenses	1	90.1	Good
4.	Preparation of Financial statements	1	89.4	Good
5.	Containers Accounts	1	87.0	Good
6.	Partnership Accounts	1	86.20	Good
7.	Depreciation and Disposal of Non –Current Assets and Financial Statements Analysis and Interpretation	1	80.3	Good
8.	Investment Accounts	1	78.5	Good
9.	The Nature and Context of Accounting.	2	49.4	Average
10.	Hire Purchase Accounting.	1	44.0	Average
11.	Company Accounts	2	55.9	Average
12.	Accounting for Royalties	1	32.5	Poor

**THE NATIONAL EXAMINATIONS COUNCIL OF TANZANIA**



**CANDIDATES' ITEMS RESPONSE ANALYSIS REPORT  
FOR THE ADVANCED CERTIFICATE OF SECONDARY  
EDUCATION EXAMINATION (ACSEE) 2016**

**153 ACCOUNTANCY**

