THE NATIONAL EXAMINATIONS COUNCIL OF TANZANIA

CANDIDATES' ITEMS RESPONSE ANALYSIS REPORT FOR THE ADVANCED CERTIFICATE OF SECONDARY EDUCATION EXAMINATION (ACSEE) 2017

153 ACCOUNTANCY

THE NATIONAL EXAMINATIONS COUNCIL OF TANZANIA

CANDIDATES' ITEMS RESPONSE ANALYSIS REPORT FOR THE ADVANCED CERTIFICATE OF SECONDARY EDUCATION EXAMINATION (ACSEE), 2017

153 ACCOUNTANCY

Table of Contents

FOREWORD

The National Examinations Council of Tanzania is pleased to issue the Candidates' Items Response Analysis Report (CIRA) of the Advanced Certificate of Secondary Education Examination (ACSEE) 2017 in 153 Accountancy subject, in order to provide feedback to students, teachers, parents, policy makers and the public in general on the performance of the candidates.

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

This report analyses some of the factors that contributed towards the performance of the candidates in Accountancy subject. Factors that made most of the candidates perform well include; adequate knowledge on the subject matter, ability to identify demands of the questions and clear explanations to the concepts. The poor performance of some of the candidates was due to misinterpretations of the questions, insufficient knowledge on the subject matter, poor organization of ideas and poor mastery of English language. The feedback provided will enable the educational stakeholders to take appropriate measures to improve candidates' performance in future examinations conducted by the Council.

The National Examinations Council of Tanzania will highly appreciate remarks, opinions and recommendations from all stakeholders which will facilitate better preparation of Candidates' Items Response Analysis Reports in future.

Finally, the Council would like to thank the Examiners and 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 who sat for the Accountancy subject for the Advanced Certificate of Secondary Education Examination (ACSEE) in May 2017. The Accountancy examination was set in accordance to the 2011 Examinations format, which was developed from the 2009 syllabus.

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 sections, A and B. The candidates were required to answer any five (5) questions in each paper by choosing three (3) questions from section A and two (2) questions from section B. Each question carried twenty marks.

A total of 1530 candidates sat for Accountancy examination. The results show that 92.42 percent passed the examination with the following grades: grade A 0.52 percent; grade B 5.88 percent; grade C 17.71 percent, grade D 30.52 percent, grade E 29.48 percent, grade S 8.30 percent and 7.58 Percent failed by obtaining grade F.

The Accountancy examination results for two consecutive years show that, in the year 2017, the results have decreased by 0.49 percent compared to the year 2016. See the table below:

sn	Year	Number of the candidates sat for examination	Passed	Percentage	Failed	Percentage
1	2016	1,429	1,323	92.91	101	7.09
2	2017	1,530	1,414	92.42	116	7.58

The report will be useful to teachers, candidates and other stakeholders in the process of improving teaching and learning of Accountancy subject. The presentation examines the requirement of each question and the way the candidates responded. It highlights the strengths and weaknesses observed in the candidates' responses. Selected extracts of candidates' responses are included to enable stakeholders experience the reality of

candidates' responses to the questions. The analysis of candidates' performance on individual questions is presented in the next sections.

2.0 ANALYSIS OF PERFORMANCE OF THE CANDIDATES IN EACH QUESTION

The performance in each question is rated as poor, average or good if the percentage of the candidates who scored 35 percent or above of 20 marks in the range of 0 - 34, 35 - 59 or 60 - 100 respectively. Special colors have been used, whereby green stands for good, yellow for average and red for poor performance as seen in the graphs and appendices.

2.1 PAPER 1: 153/1 ACCOUNTANCY 1

2.1.1 Question 1: The Nature and Context of Accounting

The question had two parts; (a) and (b). In part (a), the candidates were required to give the meaning of the term accounting cycle while in part (b) they were required to describe six chronological steps in the accounting cycle. The question intended to measure the candidates' comprehension ability and knowledge on the concept of accounting cycle.

The question was attempted by 35.4 percent of the candidates. The candidates' performance in this question was poor since the percentage of candidates who scored 0 to 6.5 marks (66.9 %) was higher than the percentage of candidates who scored 7 to 19.5 marks.(33.1 %).

Candidates who performed poorly in this question (66.9%), lacked adequate knowledge on the steps in accounting cycle. Most of them described functions of accounting instead of steps in the accounting cycle. These candidates failed to distinguish the roles of accounting from the steps in the accounting cycle and others lacked mastery of the English Language and thus failed to provide clear explanation of their points. Extract: 1.1 shows an example of a poor response from a candidate.

Extract: 1.1

Accounting cycle
Refers to the way in which the accounting data are passed so that to get those Financial data for the use of outsiders such as Creditors, Shareholders, Government as well as for the use on Internal person like Managers, Employees.

Recording
This is the first stage in accounting cycle in which all the Information related to transaction are recorded.

Classifying

Analysing

Interpreting

Journalise

Postage
Post the to the relevant ledgers Account, In this stage in the accounting cycle the Owner his or her being able to ascretain the profit or loss of the business also the Financial position by preparing the Final accounts and Balance Sheet.

In Extract 1.1, the candidate gave a wrong definition of the term "Accounting Cycle", listed unrelated words "journalize and postage" and three functions of accounting (classifying, analysing and interpreting).

Some of the candidates with average performance in this question (18.9%) were able to define the term "Accounting Cycle" but failed to describe some steps of accounting cycle in chronological order. Most of them wrongly mentioned source documents as a step in accounting cycle. However, source documents are printed forms on the basis of which business transactions are recorded in the books of accounts. These candidates lacked adequate knowledge of distinguishing source documents from the steps in the accounting cycle.

Candidates who had good performance in this question (14.2%) managed to define the given term and described the six chronological steps. They were able to provide appropriate and clear explanations on journalizing as the first step in the accounting cycle. For example, one of the candidates described journalizing as the act of recording financial data from source documents such as sales invoice and receipts into the journal. Other candidates also provided clear explanations on posting, preparation of trial balance, preparation of adjusting entries, preparation of financial statements and preparation of closing entries as steps in the accounting cycle. A sample of a good response is illustrated in Extract 1.2.

Extract 1.2

1. b) i) JOURNALISING.

→ Information of financial nature is moved from the source documents like invoice or vouchers and entered in the journals Example: sales journal, purchases journal, sales return journal, purchases return journal.

ii) POSTING TO LEDGER ACCOUNTS.

→ From the journal books the financial information is taken to the ledger accounts concerned. Various ledger accounts are opened to record the financial statement respectively.

iii) PREPARING A TRIAL BALANCE.

→ A trial balance is an extract that is prepared showing the debit and credit entries of financial information that were posted to the ledger, inorder to check the arthimetical accuracy of double entry.

iv) ADJUSTING ENTRIES.

→ Financial information can require some adjustments which have to be done before proceeding with other

recording procedures. Information which have to be adjusted such as accruals and prepaids are adjusted.

v) PREPARING OF FINANCIAL STATEMENT.

After the financial information have been adjusted, there has to be a preparation of the financial statements such as Income Statement and Statement of Financial Position.

vi) CLOSING ENTRIES.

Once all the financial (entries) statements are prepared, all the accounting information are required to be closed that is closing the entries inorder to show the balance in each book of account.

Extract 1.2 shows one of the candidates' correct responses to the question. The candidate managed to define the accounting cycle and was able to describe the chronological steps in accounting cycle.

2.1.2 Question 2: Correction of Accounting Errors

The question had parts (a) and (b). In part (a), the candidates were required to state with examples, six types of errors which cannot be revealed by the trial balance. In part (b) they were required to use the given information to prepare necessary journal entries to correct errors, suspense account and income statement to show adjusted net profit.

The question was attempted by 87.4 percent of the candidates. The performance of the candidates in this question was good since the total percentage of candidates who scored good and average marks was higher than the percentage of candidates who scored low marks as indicated in Figure 1.
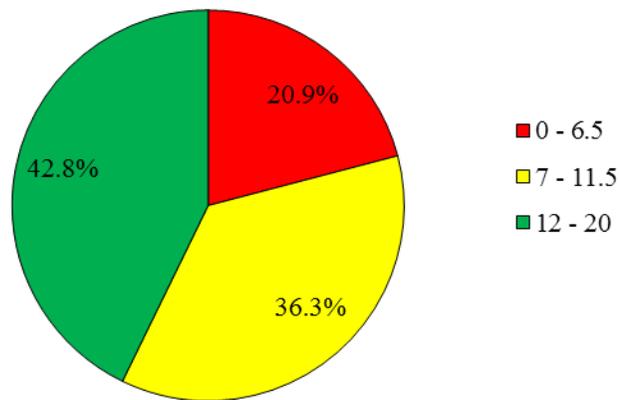
Figure 1: Candidates' Performance in Question 2.

The candidates who scored good marks in part (a), had adequate knowledge on accounting errors which do not affect the agreement of trial balance. They also had good ability to express themselves in English language. They were able to state clearly the types of errors which cannot be revealed by the trial balance and gave relevant examples of each.

In part (b), the candidates were able to make correct entries in the journal, post them to the suspense account and performed the necessary adjustments to the reported net profit. Extract 2.1 is an example of a good response from a candidate.

Extract 2.1

2	vi)	Error of original entry.			
		- This is an error which occurs when digi wrong amount			
		is recorded in the books of account. Example Cash sales			
		of Shs. 6000/= was wrongly recorded in the books			
		of account as Shs. 2500/=.			

IN THE BOOKS OF D. MASS

b)	i)	JOURNAL ENTRIES			
	Date	Details	F/o	DR	CR
	1.	Drawings a/c		840,000	
		To Stock a/c			840,000
		Being drawing of Stock for personal use			
	2.	S. Rock a/c		45,000	
		To Suspense a/c			45,000
		Being credit sales of 94,000 recorded as 49,000 in S. Rock a/c			
	3.	Suspense a/c		10,000	
		To Return outward a/c			10,000
		Being Return outward undercasted by 10,000/=			
	4.	Suspense a/c		22,500	
		To R. Stone a/c			22,500
		Being return inward of 22500 not recorded in R. Stone a/c			
	5.	Motor expenses a/c		147,500	
		To Motor car a/c			147,500
		Being motor expenses debited to motor car a/c			

2(b)	i) DR	Suspense account			CR
		Balance b/d	12,500	S Rock	45000
		Return outward	10,000	S Rock	45000
		R. Stone	22,500		
			45000		45000
	ii)				

Statement of correcting Net profit

In correct net profit	1 717,200
Add: Return outward	10,000
	1 707,200
less: Motor expenses	147,500
Corrected net profit.	1 559,700

Extract 2.1 shows responses from a candidate who had adequate knowledge on the correction of Accounting Errors. The candidate accurately prepared the Journal entries, Suspense Account and the Income Statement.

The candidates who scored moderately in this question (36.3%), some were able to explain the types of errors which cannot be revealed by the trial balance, however, they failed to give some examples. Others managed to list types of errors, but failed to explain them. They also managed to open the Journal, Suspense Account and the Income Statement but made some incorrect entries and postings to the Suspense Account and the Income Statement.

The candidates who performed poorly (20.9%), failed to identify the errors which do not affect the agreement of Trial Balance and were not able to open the Suspense Account and the Income Statement. Few of them opened the journal but failed to make correct entries. Some entered incorrect amounts, while others entered wrong narrations. An example of incorrect responses is presented in Extract 2.2.

Extract 2.2.

2i)Number	Details	JOURNAL ENTRY. DR	CR
i/	Drawings Suspense.	7000	7000.
ii/	Suspense Sales. Sale suspense	45,000	45000.
iii/	Return outward Suspenses	10,000	10,000.
iv/	Return Inward Suspenses.	245000	245000
v.	Motor car Motor Expenses	147500	147500

2 ii) DR	SUSPENSE A/c.			CR
Balance b/d	12500.	Drawing		7000
Sales.	45000.	Returnoutward		10000
		Returnward		45,000
	57500			57500

Extract 2.2 shows one of the incorrect responses from a candidate who opened the journal and suspense account but entered only one correct entry in the journal and suspense account, the rest of the entries are not correct.

2.1.3 Question 3: Depreciation and Disposal of Non- Current Assets and Recognition of Revenue and Expenses

The question had two parts, (a) and (b). In part (a), the candidates were required to prepare Accumulated Provision for Depreciation, Machine, Machine Disposal Accounts and Balance Sheet extract. In part (b), they were required to prepare rent, rates and insurance in a combined account and indicate clearly the charge to be made to the income statement.

The question was attempted by 94.0 percent of all candidates. The analysis shows that, the candidates' performance in this question was good as 71.8 percent scored from 12 to 20 marks, 20.7 percent

scored 7 to 11.5 marks and 7.5 percent scored from 0 to 6.5 out of 20 allotted marks. Figure 2 shows a summary of the distribution of the candidates' scores.
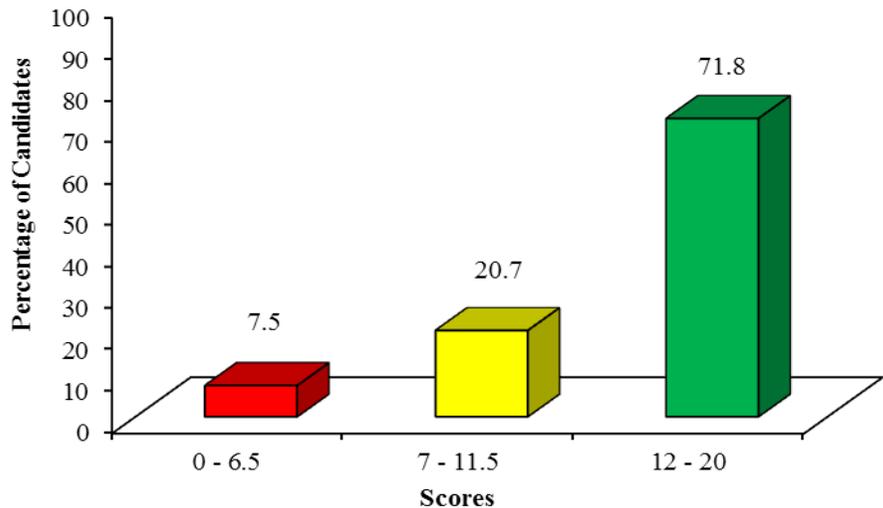
Figure 2: Candidates' Performance in Question 3.

The candidates who scored good marks in this question were able to prepare the Accumulated Provision for Depreciation, Machine, Machine Disposal Accounts and the Balance Sheet extract. Also they were able to make correct entries into the accounts, balance off the accounts and prepared the balance sheet extract as required in part (a). In part (b), they managed to; prepare the combined rent, rates and insurance account, make correct computations and entries in the account and indicate clearly the charge to be made to the Income Statement. Extract 3. 1 shows a sample of the good responses from a candidate.

Extract 3. 1

3a)

		MACHINE ACCOUNT	
DR			CR
01/1/2009 Cash (A) 252000			
01/10/2009 Cash (B) 168000	31/12/2009 Balance %f 420,000		
	420,000		420,000
1/1/2010 Balance b/f 420,000			
		31/12/2010 Balance %f 420,000	
	420,000		420,000
1/1/2011 Balance b/f 420,000			
1/7/2011 Cash (C) 154000	31/12/2011 Balance %f 574000		
	574000		574000
1/1/2012 Balance b/f 574000	30/07/2012 Disposal 252000		
		31/12/2012 Balance %f 322000	
	574000		
1/1/2013 Balance b/f 322000			

DEPRECIATION CHART

Cost	2009	2010	2011	2012	Disposal
A 252000	63000	47250	35438	19934	165622
B 168000	10500	39375	29531	22149	—
C 154000	—	—	19250	33688	—
	73500	86625	84219	75771	

DR	Accumulated provision for depreciation CR
31/12/2009 Balance %f 73500	31/12/2009 Profit and loss 73500
31/12/2010 Balance %f 160125	1/1/2010 Balance b/f 73500
	31/12/2010 Profit and loss 86625
160125	160125
31/12/2011 Balance %f 244344	1/1/2011 Balance b/f 160125
	31/12/2011 Profit and loss 84219
244344	244344
30/9/2012 Disposal 165622	1/1/2012 Balance b/f 244344
31/12/2012 Balance %f 154493	31/12/2012 Profit and loss 75771
320115	320115
	1/1/2013 Balance b/f 154493

DR	MACHINE DISPOSAL ACCOUNT	CR
30/09/2012 Machine 252000	30/9/2012 Accumulated	
	Provision for depreciation 165622	
	Cash 77000	
	Loss 9378	
252000	252000	

Balance sheet as at 31st Dec

Assets:

2009   Machine   420,000
   Less: provision for depreciation 73500   346500

2010   Machine   420,000
   Less: provision for depreciation 160125   259875

2011   Machine   574000
   Less: Provision for depreciation 244344   329656

2012   Machine   ·32000·
   Less: Provision for depreciation 154493   167507

DR	RENT, RATES AND INSURANCE ACCOUNT	CR
1/1/2009 Balance b/f	1/1/2009 Balance b/f 400	
(Rates) 600	(Rent)	
(insurance) 800		
	Income statement 6900	
Cash (Rates) 3000		
Cash (Rent) 2400		
Cash (Insurance 1400	31/12/2009 Balance c/f	
	(Insurance) 500	
	(Rent) 400	
8200	8200	
1/1/2010 Balance b/f		
(Insurance) 500		
Rent 400		

In Extract 3.1, the candidate prepared the relevant accounts, made correct computations and accurately recorded the transactions into the accounts.

The candidates who performed moderately (scored 7 to 11.5) in part (a), managed to open the relevant accounts and made correct entries in Machine Account. However, they failed to compute accurately some of the annual depreciation and made wrong postings into the Accumulated Provision for Depreciation Account. Others failed to prepare the Balance Sheet extract in its proper format. In part (b)

they were able to prepare the rent, rates and insurance in a combined account.

On the other hand, the candidates who performed poorly failed to open the required accounts and made wrong computations of the annual depreciation on the machines. This shows that, they had inadequate knowledge and practical skills in the topic of Depreciation and Disposal of Non-Current Assets. They also lacked knowledge and competence on the topic of Recognition of Revenue and Expenses as they opened separate rent, rates and insurance accounts contrary to the requirement of the question. It was also noted that most of them made inaccurate computations, wrong entries into the accounts, while others failed to indicate clearly the charge to the income statement. Extract 3.2 shows one of incorrect responses.

Extract 3.2

3 (a) (i)

DR	MACHINE ACCOUNT			CR
DETAILS		AMOUNT	DETAILS	AMOUNT
Cash/Bank 'A'		252,000	31/12/2009 Balance b/d	420,000
1/1/09 Cash/Bank 'B'		168,000		
		420,000		420,000
1/1/010 Balance b/d		420,000	31/12/010 Balance b/d	420,000
1/1/011 Balance b/d		420,000	1/7/011 Disposal 'A'	77,000
1/7/011 Cash/Bank 'C'		154,000	31/12/011 Balance b/d	497,000
		574,000		574,000
1/1/2012 Balance b/d		497,000		

(ii)

DR	MACHINE DISPOSAL ACCOUNT			CR
DETAILS		AMOUNT	DETAILS	AMOUNT
Balance b/d		77,000	Machine	154,000
Profit/Loss a/c		77,000		
		154,000		154,000

(i) ACCUMULATED PROVISION FOR DEPRECIATION ACCOUNT

DETAILS	COST	2009	2010	2011	2012	TOTAL
Machine "A"	252,000	63,000				
Machine "B"	168,000	42,000				
Machine "C"	154,000	—	—	9625	14,4375	24062.5

3 (a)

(iii) Balance Sheet extracts as at 31/12/2012

Net profit	77,000	Current Assets		
		Machine	574,000	
Current liabilities				
		Non Current Assets		
Non-Current liabilities		Bank	24062.5	

In extract 3.2, the candidate prepared a table which is not relating to the provision for Depreciation Account and entered only three correct entries in machine account; the rest of the entries in the Machine, Machine Disposal and Balance Sheet are not correct.

2.1.4 Question 4. Investment Accounts

In this question, the candidates were required to prepare a 6% Government Stock Investment Account.

The question was attempted by 79.5 percent of the candidates. Figure 3 shows the distribution of the candidates' scores.
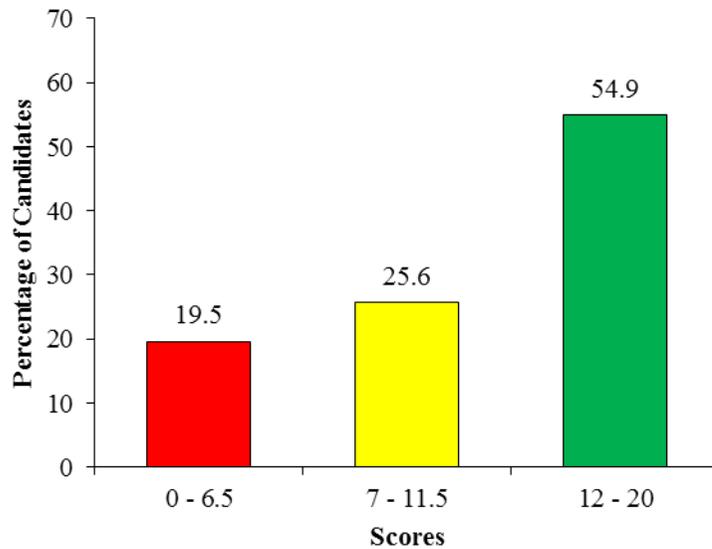
Figure 3: Candidates' Performance in Question 4.

As indicated in figure 3, the performance in this question was good as 54.9 percent of the candidates scored from 12 to 20 marks and 25.6 percent scored 7 to 11.5 marks. Only 19.5 percent scored 0 to 6.5 marks.

The candidates who scored good marks in this question (54.9%), were able to draw the Investment Account clearly showing the columns for recording the nominal, income and cost values of the investments. They also managed to accurately compute the loss on sale of investments, income from investments, nominal and cost values of the Investments. Moreover, they were able to correctly record transactions relating to the purchase, disposal and revenue from investments into the account. Extract 4.1 shows a correct response from a candidate.

Extract 4.1

4					TUJENGE Ltd				
	INVESTMENT	ACCOUNT,	6%	GOVERMENT	STOCK				
Dr	(31st March	30th	June,	30th	Sept, 31st December)			Cr	
Date	Details	N	I	C	Date	Details	N	I	C
2007					2007				
1/1	Bank				30/9	Bank	–	120	–
	(Purchase)	8,000	–	7360	31/12	Bank	–	120	–
2008					2008				
30/6	Income				31/3	Bank	–	120	–
	to Profit				30/6	Bank	–	120	–
	and Loss	–	480	–		Balance c/d	8000	–	7360
		8000	480	7360			8000	480	7360
1/7	Balance b/d	8000	–	7360	1/8	Bank(Sale)	2000	10	1890
1/8	Profit on				30/9	Bank	–	90	–
	Sales	–	–	50	1/12	Bank	4000	–	3420
1/12	Cost 'I'	–	20	–		Interest c'	–	–	20
					1/12	Loss on			
						Sales	–	–	240
					31/12	Bank	–	90	–
2009					2009				
30/6	Income				31/3	Bank	–	30	–
	to Profit				30/6	Bank	–	30	–
	and Loss	–	230	–		Balance c/d	2000	–	1840
		8000	250	7410			8000	250	7410
1/7	Balance b/d	2000		1840	30/9	Bank	–	180	–
1/8	Bank	10,000	50	8690	31/12	Bank	–	180	–
1/12	Bank	2000	90	1800	2010				
2010					31/3	Bank	–	210	–
30/6	To Income				30/6	Bank	–	210	–
	Statement	–	780	–		Balance c/d	14000	–	12330
		14000	780	12330			14000	780	12330

Extract 4.1 shows a response from a candidate who opened the Investment Account, made correct computations and recorded the transactions accurately.

The analysis shows that most of the candidates who performed moderately (25.6%) were able to open the Investment Account and compute the income from investment. However some of them failed to compute the Loss on Sale of Investments and Cost Values of the Investments, while others were unable to apply the principles of Double Entry in recording some of the transactions into the account.

On the contrast, the candidates who performed poorly in this question (19.5%), most of them lacked knowledge and were not competent enough in the preparation of investment accounts. They made inaccurate computations of the income, sales and cost values of the investments. Furthermore, some of them failed to draw the account properly and others entered wrong amounts in the wrong columns of the account. Sample of a poor response is shown in extract 4.2.

Extract 4.2.

Extract 4.2 shows incorrect responses from one of the candidates. The candidate made inaccurate computations of the cost values of the investment and entered wrong amounts into the income and cost columns of the account.

2.1.5 Question 5: Preparation of Financial Statements

This question had two parts; (a) and (b). In part (a), the candidates were required to prepare an Income Statement for the year ending 31st March 2010 while in part (b), they were required to prepare a Statement of Financial Position as at 31st March, 2010.

The question was attempted by 86.8 percent of the candidates. The performance of the candidates in this question was good since the percentage of candidates who scored 35percent or above (7 to 20 marks) was 72.6 and very few (27.4%) failed as indicated in figure 4.
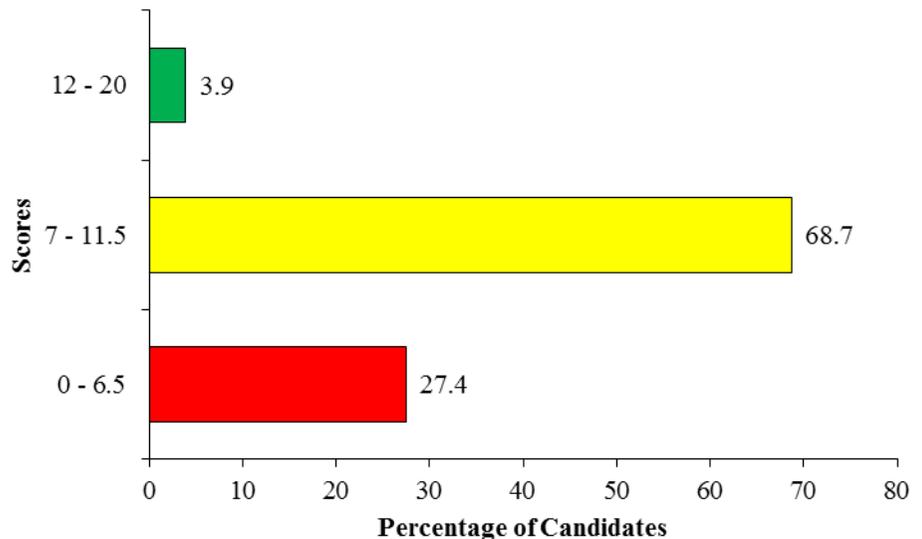
Figure 4: Candidates' Performance in Question 5.

The analysis reveals that, the candidates with good performance in this question (3.9%) were able to draw the Income statement in its proper format as per International Accounting Standard 1. They accurately computed the amount of revenue and expenses. Furthermore, they were able to make proper classification of the information; as Revenue, Cost of Sales, Gross Profit, Operating Expenses and Net Profit. They also managed to present the elements of Statement of Financial Position by making proper classification of them as Non-Current Assets, Current Assets, Non-Current Liabilities, Current Liabilities and Capital. Extract 5.1 is an example of a good response from one of the candidates.

Extract 5.1

5. Income statement for the year ending 31st march 2010			
	shs	shs	shs
Sales			356430
Less: Returns inwards			2784
			353650
Less: Cost of sales			
Opening stock		89680	
Purchases	256590		
Add: Wages	39770		
		296360	
Cost of good available for sale		386040	
Less: Closing stock		128960	
			257080
Gross profit			96570
Commission received		5640	
		600	
			6240
Expenses:			
Provision for doubtful debts		575	
Salaries		11000	
Rent and rates		5620	
Interest and discounts	5870		
Add: Accrued interest	500		
		6370	
Bill receivable written off		500	
Bad debts		3620	
Repairs and maintainance		3370	
Travelling expenses		1880	
Interest on capital		11940	
Insurance	400		
Less: Prepaid	150		
		250	

5.	Depreciation:		
	Plant and machinery	4500	
	Fittings	897	50522
	Total expenses:		~~50342~~
			52288
	Net profit for the year		~~52464~~

Statement of financial position as at 31st march 2010

		shs	shs
Fixed asset			
Fixture and fittings		8970	
Less: Provision for depreciation on fittings		897	
			8073
		30000	
Machinery and plant		~~28800~~	
Less: Provision for depreciation on plant and [machinery]		4500 ~~4320~~	
			25500 ~~24480~~
Current assets:			
Stock		128960	
Debtors	61500		
Less: Provision for doubtful debts	3075		
		58425	
Bill receivable		9500	
Cash at hand		3030	
Cash at bank		18970	
Insurance prepaid		150	
Commission received		600	
			219635 ~~219485~~
			253208 ~~253058~~
Financed by:			
Kimbove's capital			119400
Add: Interest in capital			11940
Add: Net profit			52288
			183628 ~~171688~~
less: Drawings			10550

Long term debts		
15% loan		20000
Current liabilities		
Sundry creditors	59630	
Interest accrued	500	
~~Interest on capital~~		60130
		253208

In extract 5.1, the candidate prepared the Financial Statements in accordance with the IAS 1.

The candidates who had average performance (68.7%) were able to draw the Financial statements in their proper formats. The analysis shows that, some of them failed to compute some of the amounts of revenues, expenses, assets and liabilities, while others failed to make proper classification of the elements in the Financial Statements.

However, the candidates who performed poorly (27.4%), failed to compute the amounts of most of the elements of Financial Statements and to present the Financial Statements as per requirement of the International Accounting Standard 1 (IAS 1). Moreover, they were unable to make proper classification of Revenue, Expenses, Assets, Liabilities and Capital in the Financial Statements. Extract 5.2 presents a sample of a poor response from one of the candidates.

Extract 5.2

S@	DR	TRADING, PROFIT & LOSS AS AT 31st MARCH 2010		CR
	Opening stock 89,680		Sales	386,430
	Add Purchases 256,590 3		Less Return inward	2,780
	346,270			383,650
	Less: Return outward ---			
	346,270			
	Less: Closing stock 128,960			
	Cost g goods sold	217,310		
	Gross profit c/d	136,340		
		353,650		383,650
	Provision g bad debts 500		Gross profit	136,340
	Depreciation fixture and fittings 897		Bills receivable	9,500
	Prov depc Plant & Machinery	4200	Commission received	
	Wages (40970+1,200)	42,170	(8,640) + commission prepaid	
	Salaries	11,000	(8,640 ∓ 600)	6,240
	Rent and Rates	8,620		5,040
	Interest & discount			
	(8,870+500)	6,370		
	Travelling expenses	1,860		
	Repairs and Maintainance	3,370		
	Interest on capital	11,940		
	Bad debts	3,620		
	Insurance 400			
	Less: Prepad 300	100		
	Provision for doubtful debt	575		
	Net profit c/d	59,156		
		150,880		150,880
			Net profit b/d	59,156

S(B)	BALANCE SHEET (EXTRACT) AS AT 31 MARCH 2010			
Capital	119,400	Current fixed assets		
Add: Net profit	59,156	Fixture and fittings	8,970	
	178,556	Less Provision for depreciation 897		8,073
Less: Drawings	10,550	Machinery & Plant	28,800	
	168,006	Less: Provision for depreciation 4200		24,600
Commission Insurance prepaid	600 300			
Creditor	59,630	Current Asset		
loan	20,000	Cash at hand	3,030	
Interest owing	500	Cash at bank	18,970	
		Insurance prepaid	300	
		Debtors	61,500	
		Less: Provision for debts 575		60,925
		Closing stock	128,960	
	248,738			244,858

Extract 5.2 the candidate presented the Financial Statements in a horizontal format contrary to the requirement of International Accounting Standard 1 (IAS 1).

2.1.6 Question 6: Financial Statements Analysis and Interpretation

The question comprised of parts (a) and (b). In part (a), the candidates were required to compute working capital, quick, rate of stock turn, net profit to capital employed as percentage, debtors collection period in months, net profit as percentage of sales, return on total assets, expenses as percentage of sales, creditors payment period in days and gross profit to sales ratios. All answers were to be given in two decimal places. In part (b), the candidates were required to calculate gearing ratio for C Ltd and X Ltd and give comments to the ordinary share investors of each company.

The question was attempted by 74.4 percent of the candidates out of which 46.3 percent scored 7 to 18 marks and 53.7 percent of them scored 0 to 6.5 marks. This indicates that, the candidates' performance in this question was average.

The candidates who performed poorly in this question (53.7%) had various weaknesses. Some failed to identify appropriate formulas

useful in the computation of accounting ratios, some were able to identify the formulas but failed to extract the relevant data from the Financial Statements while others applied wrong data in wrong formulas. Moreover, other candidates confused the formulas for different accounting ratios and made inaccurate computations of the required accounting ratios. While some provided inappropriate comments, others did not provide the comments to the ordinary share investors in C Ltd and X Ltd. Extract 6.1 shows an incorrect response.

Extract 6.1

6 i) Working capital ratio:
$= \dfrac{\text{Current Asset}}{\text{current liabilities}}$
$= \dfrac{15,660}{5,020}$
$= 3:1:1$
ii) Quick ratio $= \dfrac{\text{Current Asset} - \text{Stock}}{\text{current liabilities}}$
current asset $= 15660$
less stock $= \underline{4290}$
$11,370$
$= \dfrac{11,370}{5020}$
$= 2:3:1$
iii) Rate of stock turn
$= \dfrac{\text{cost of good sold}}{\text{average stock}} \times 100$
Average Stock $= \dfrac{\text{opening stock} + \text{closing stock}}{2}$
$= \dfrac{5160 + 4290}{2}$
$= 4,725$
Rate of stock turn $= \dfrac{23,160}{4725} \times 100$
$= 492 \text{ times}$

In extract 6.1 the candidate was only able to identify one correct formula for working capital ratio, the rest of the formulas and the computed accounting ratios are incorrect.

The analysis also shows that, the candidates who had an average performance in this question (37.9%) managed to identify the formulas used in the computation of accounting ratios, but they failed to extract the required data from the Financial Statements which led to the computation of incorrect ratios. Furthermore, their comments to the ordinary share investors in the two companies were not appropriate.

On the other hand, the candidates who had good performance in this question (8.4%), had adequate knowledge and computational skills as they managed to compute the required accounting ratios and provided appropriate comments to the ordinary share investors in C and X Ltd respectively. Extract 6.2 shows a response from a candidate who calculated the ratios and provided appropriate comments to the ordinary share investors in the two companies.

Extract 6.2

6a. i) working Capital ratio

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

$$= \frac{15660}{10640}$$

$$= 1.47.$$

∴ working capital ratio is 1.47:1.

ii) Quick ratio

$$= \frac{\text{Current assets} - (\text{stock} + \text{prepaid})}{\text{Current liabilities}}$$

$$= \frac{15660 - (4290 + 180)}{10640}$$

$$= \frac{11190}{10640}$$

$$= 1.05.$$

∴ Quick ratio is 1.05:1.

iii) Rate of stock turn.

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

$$= \text{Average stock} = \frac{\text{opening stock} + \text{closing stock}}{2}$$

$$= \frac{5160 + 4290}{2}$$

$$= 4725$$

$$= \frac{23160}{4725}$$

$$= 4.90$$

∴ Rate of stock turn is 4.90:1.

6a

ix) Net profit to capital employed

$$= \frac{\text{Net profit}}{\text{Capital employed}} \times 100$$

$$= \frac{3580 \times 100}{7900}$$

$$= 45.32\%$$

∴ Net profit to capital employed is 45.32%

v) Debtors period

$$= \frac{\text{Debtors}}{\text{Cr. sales}} \times 12$$

$$= \frac{11100 \times 12}{41160}$$

$$= 3.24 \text{ months}$$

∴ Debtors period is 3.24 months.

vi) Net profit margin

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

$$= \frac{3580 \times 100}{41160}$$

$$= 8.70\%$$

∴ Net profit margin is 8.70%

vii) $ROA = \frac{\text{Net profit}}{\text{total assets}} \times 100$

$$= \frac{3580 \times 100}{18540} = 19.31\%$$

∴ Return on asset is 19.31%.

6a (viii) Expenses as percentage sale.

$$= \frac{\text{expenses} \times 100}{\text{sales}}$$

$$= \frac{15350 \times 100}{41160}$$

$$= 37.29\%$$

∴ expenses as percentage is 37.29%.

(ix) Creditors period.

$$= \frac{\text{Creditors} \times 365}{\text{cr. purchase}}$$

$$= \frac{6060 \times 365}{22290}$$

$$= 99.23 \text{ days.}$$

∴ Creditors period is 99.23 days.

x) Margin

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

$$= \frac{18,000 \times 100}{41160}$$

$$= 43.73\%$$

∴ Margin is 43.73%.

6b. Gearing ration = $\frac{\text{borrowed Capital} \times 100}{\text{Capital employed}}$

C ltd	X ltd.
$\frac{(10,000 + 20,000) \times 100}{200,000}$	$\frac{(100,000 + 50,000)}{200,000}$
$= 15\%$	$= 75\%$

∴ The gearing ratio of C ltd is 15% which is very low rate because its capital depend on the business or contributed by the owners and only small party by outsider while The large party of X ltd's Capital is from the outside thus why the gearing ratio is high which is 75%.

In extract 6.2, the candidate computed the required accounting ratios accurately and provided reasonable comments to the ordinary investors in the two companies.

2.1.7 Question 7: Branch Accounts

This question had two parts; (a) and (b). In part (a), the candidates were required to open Kigwe Branch Current Account, Goods sent to Kigwe Branch Account, and Bank Account in the head office records. In part (b), they were required to prepare Head Office Current Account, Bank Account, Premises Account, Motor Van Account, and Purchases Account in the branch records.

The question was attempted by 34.1 percent of the candidates. The performance in this question was good as the total percentage of candidates (61.1%) who scored 7 to 20 marks is higher than the percentage of candidates (38.9%) who scored 0 to 6.5 marks. Figure 6 shows the details of the candidates' performance.
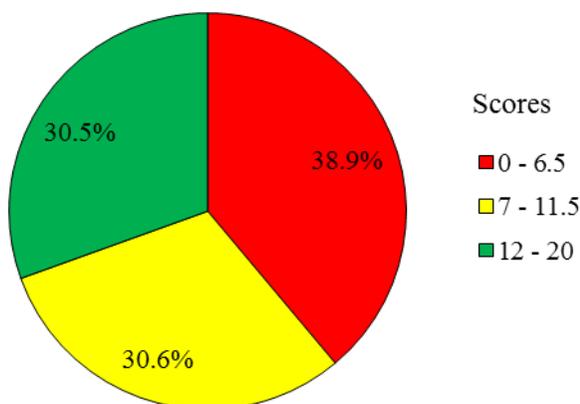
Figure 6: The candidates' Performance in Question 7.

The candidates who scored from 12 to 20 marks in this question (30.5%), were able to open the required accounts, made correct entries into the relevant accounts and balanced off the accounts properly. Extract 7.1 presents one of the good responses.

Extract 7.1

7. b) Branch Records.

i) Head Office Current Account

Dr.	HEAD OFFICE CURRENT ACCOUNT			Cr.
Remittance to Head office	1,800,000	Bank		1,000,000
Returns	100,000	Bank - Premises		500,000
Balance %d	330,000	Goods Received		250,000
		Net Profit		480,000
	2,230,000	01/02/2014		2,230,000
		Balance b/d		330,000

ii) Bank Account

Dr.	BANK ACCOUNT		Cr.
Mbeya Account (H/o)	1,000,000	Motor Van	40,000
Head Cash Sales	1,500,000	Purchases	240,000
		Head office Current Account	1,800,000
		Balance %d	420,000
01/02/2014	2,500,000		2,500,000
Balance b/d	420,000		

iii) Premises Account

Dr.	PREMISES ACCOUNT		Cr.
Bank 01/02/2014	500,000	Balance %d	500,000
Balance b/d	500,000		

iv) Motor Van Account

Dr.	MOTOR VAN ACCOUNT		Cr.
Bank 01/02/2014	40,000	Balance %d	40,000
Balance b/d	40,000		

Extract 7.1 shows a candidate who opened the required accounts, made correct entries and balanced off the accounts properly.

The candidates who performed moderately in this question (30.6%), were able to open the relevant accounts but most of them made wrong entries in some of the accounts and others failed to balance off the accounts. On the other hand, the candidates who performed poorly (38.9%), some were able to identify some of the required accounts but most of the entries into the accounts were not correct. Others failed to balance off the accounts properly. Extract 7.2 shows an incorrect response from a candidate.

Extract 7.2

In extract 7.2, the candidate made incorrect entries in Kigwe Branch Current, Goods sent to Kigwe Branch and Bank Accounts.

2.2 PAPER 2: 153/2 ACCOUNTANCY 2

2.2.1 Question 1: Partnership Accounts

The question had parts (a) and (b). In part (a), the candidates were required to briefly explain four essential characteristics of Partnership. In part (b), they were required to describe the term Partnership Deed.

The question was attempted by 77.2 percent of the candidates out of which 69.1 percent scored 7 to 16 marks and only 30.9 percent of the candidates scored 0 to 6.5 marks. This indicates that, the candidates' performance in this question was good.

The candidates who scored good marks in this question (6.3%) comprehended well on the concepts of Partnership and Partnership Deed. They were able to provide reasonable explanations on the essential characteristics of Partnership such as; mutual agency, contribution of capital, profit or loss sharing and combination of talents. Also, they were able to describe the term Partnership Deed, as a written document containing the provisions of the partnership agreement made by the partners. However, no candidate in this category scored all the twenty marks in this question due to limited ability of the candidates to express themselves in English Language. Extract 8.1 is an example of a good response from a candidate.

Extract 8.1

1 (a) Characteristics of partnership

i) Agreement. A partnership must be of the agreement between two people to twenty forming a business every partner is required by law to fulfil the agreements of the partnership. In this way the partners form a partnership deed which show the rights and duties of all partners and every thing concerning the company.

(ii) Sharing of profit. This is among the characteristic of partnership when the

(ii) Sharing of profit and loss. This is among the characteristics of partnership where the partners are require to share wether the profit or loss made by the business during a particular period of time. The partners share profit and loss in regarding of their profit sharing ratios

(iii) Collective management. The partnership business is managed by partners themselves the active partner is paid salary by this must be stated on the partnership deed. In absence of partnership deed there is no salary for the active partners. The partners therefore are the one who take control of their business

(iv) Membership. A partnership business is not formed by one person it is the business of more than two people. According to the law the partnership business must have members ranging from two to twenty, this members may be active, dormant, guess partners. The business also is controlled by those members.

34

Extract 8.1 presents the candidate's response who provided a clear explanation on the essential characteristics of Partnership and described well the term Partnership Deed.

On the other hand, the candidates who scored moderately in this question (62.8%), managed to provide proper description of the given term and identified some of the essential characteristics of Partnership. However, because of poor mastery of English Language and inadequate knowledge, their explanations on the essential characteristics of Partnership were inappropriate.

The candidates who scored low marks (30.9%), lacked knowledge and comprehension skills on the topic of Partnership. Their explanations on the essential characteristics of Partnership were incorrect and lacked clarity. It was revealed that, some of them provided no description while others were unable to express

themselves in English language. Extract 8.2 shows an example of incorrect response from a candidate.

Extract 8.2

1	Partnership refer as a system of grouping together for the aim or purpose
(a)	of maintain a certain goal towards production activities or availabilities activities as example partnership A and B. the following are the essentials of partnership
	It is the source of saving: partnership usually maintain the higher level of saving towards the different level where by combined together perform a certain activity.
	It increases the sales: partnership usually determine the higher level of increasing sales towards the situation of having the dividing of profits.
	It prorate the divide of profit: Partnership usually maintain the higher level of dividing the profit towards the sharing moments and other measures concern partnership.
	Burden appears to all members: partnership usually determine the higher level of risks towards the partnership moment where by there is some works include losses should be concerned to all members towards partnership moments.

In extract 8.2 the candidate failed to identify the essential characteristics of Partnership, instead he/she provided unrelated explanations and did not describe the term Partnership Deed.

2.2.2 Question 2: Partnership Accounts

In this question, the candidates were required to prepare Journal Entries, Partners' Capital Accounts and Statement of Financial Position on the assumption that the new values have not to be recorded in the books.

The question was attempted by 82.1 percent of the candidates. The performance in this question was poor since 72.5% of the candidates scored low (0 - 6.5) marks as shown in figure 7.
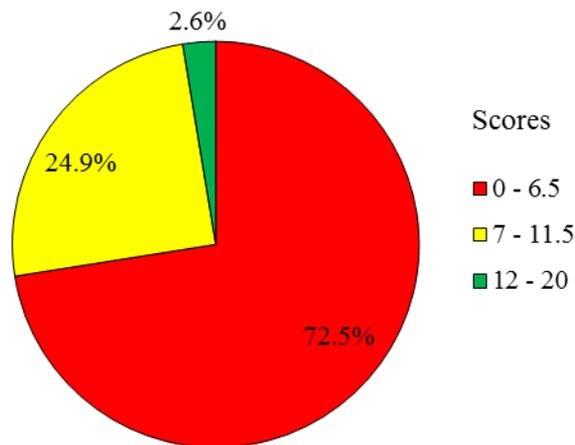
Figure 7: The candidates' Performance in Question 2.

The candidates who performed poorly in this question (72.5%), most of them failed to adhere to the requirements of the question as they omitted some of the required accounts. Moreover, others opened some of the required accounts but their entries contained either wrong amounts or incorrect narrations. Others made wrong entries in the journal and posted some of the entries to the wrong sides of the Ledger Accounts. Also, it was noted that, most of the values of the assets, liabilities and capital presented in the Statement of Financial Position by some candidates were not correct. Extract 9.1 presents one of incorrect responses from a candidate.

Extract 9.1

2	Dr	)		PARTNERS	CAPITAL	ACCOUNT				Cr
date	detail	othman	Beatro	chnstna	date	details	othman	Beatra	christna
2012-31-3	Balance 4/d	302000	168000	100,000	2012	Bal 4/d	30,000	100,000	
						Bank	-	-	102,000
						Goodwill	30,000	20,000	
						Revaluat	72,000	48,000	
							302,000	168,000	100,000
					1-4 2012	Bal 4/d	302,000	168,000	100,000

2	m)		STATEMENT	OF FINANCIAL POSITION	
Fixed Assets				
	Buildings		300,000	
	plant		70,000	
				370,000
Current Assets				
	Debtors	50,000		
	Cash	100,000		
		150,000		
less current liabilities				
	Creditors	100,000		
	owing	20,000		30,000
				400,000
Financed by				
capital:	othman	302000		
	Beatrce	168000		
	christina	100,000		570,000

In extract 9.1 the candidate entered wrong amounts in the Journal, Goodwill and Revaluation accounts, only three entries in the Partner's Capital Accounts are correct and the Values of Assets, Capital and Liabilities in the Statement of Financial Position are not correct..

The candidates who scored moderately in this question (24.9%), made some correct entries in the journal. However, most of their entries in the Partners' Capital Accounts were not correct, although some of the Values of the Assets, Liabilities and Capital Accounts in the Statement of Financial Position were correct.

On the other hand, the candidates who had good performance in this question (2.6 %), managed to prepare the Journal Entries and were

able to post the entries to the Partners' Capital Accounts and accurately prepared the Statement of Financial Position. Extract 9.2 is one of the correct responses.

Extract 9.2

2.	JOURNAL ENTRIES			
s/n	Details		DR	CR
1	Cash a/c		100,000	
	Christina's capital a/c			100,000
2	Goodwill a/c		50000	
	Othman's capital a/c			30000
	Beatrice's capital a/c			20000
3.	Othman's capital a/c		20000	
	Beatrice's capital a/c		20000	
	Christina's capital a/c		10000	
	Goodwill a/c			50000
4.	Revaluation a/c		20000	
	Creditor's a/c			20000
	Building a/c		100000	
	Plant a/c		20000	
	Revaluation a/c			120000
5	Revaluation a/c		100000	
	Beatrice's capital			40000
	Othman's capital			60000
6	Othman's capital		40000	
	Beatrice's capital		40000	
	Christina's capital		20000	
	Revaluation a/c			100000

39

2.

DR   PARTNER'S CAPITAL A/c   CR

Details	Othman	Beatrice	Christina	Details	Othman	Beatrice	Christina
Revaluation	4000	4000	2000	Bal b/d	20000	10000	–
Goodwill	2000	2000	10000	Cash	–	–	100,000
1/4/2012 Balance c/d	23000	100,000	7000	Profit on revaluation A/c	6000	4000	–
	29000			Goodwill A/c	3000	2000	–
	29000	160000	100,000		29000	16000	100,000
				31/5/2013 Balance b/d	230000	10000	7000

Statement of Financial position as on 31 December 2013

Non - Current Asset

Building	200,000	
Plant	50,000	250000

Add Current Asset

Cash	15000	
Debtor	10000	25000
		500,000

Less Current Liabilities

Creditor	100,000

Financed by

Capital account: Othman   230000

                 Beatrice   100,000

                 Christina   70,000   400,000

                                  500,000

Extract 9.2 presents a sample of correct responses from a candidate who managed to prepare the Journal Entries, post the entries to Partners' Capital Accounts and prepared the Statement of Financial Position accurately.

2.2.3 Question 3: Company Accounts and Payroll Accounts

The question had two parts; (a) and (b). In part (a), the candidates were required to prepare necessary accounts for the redemption of preference shares and a Statement of Financial Position as at 31st December 2013 while in part (b) they were required to prepare salary slips for Batuli and Majambo for the month of October 2013.

The question was opted by 83.4 percent of the candidates. Figure 8 presents the performance of the candidates in details.
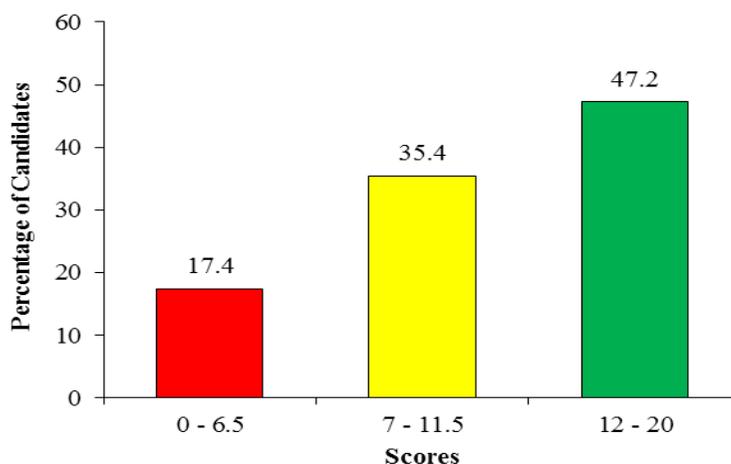
Figure 8: The candidates' Performance in Question 3.

The candidates who scored good marks (47.2%), were able to open the necessary accounts for the redemption of preference shares, made correct computation of the amount of the redeemable preference share capital, made correct entries into the required accounts and presented the Statement of Financial Position accurately. Moreover, they accurately computed the basic salary, overtime pay, gross salary, deductions from salaries and the net pay for Batuli and Majambo. Finally, they prepared correct salary slips for Batuli and Majambo respectively for the month of October 2013. Extract 10.1 shows a correct response from a candidate.

Extract 10.1

3(a)

DR | REDEEMABLE PREFERENCE SHARE CAPITAL A/c | CR

Details	Amount	Details	Amount
Preference shareholder	50,00	Balance b/d	50000

DR | PREFERENCE SHARE HOLDER A/c | CR

Details	Amount	Details	Amount
Bank	50000	Red. Preference capital	50000

DR | Bank A/c | CR

Details	Amount	Details	Amount
Balance b/d	10000	Pref. shareholder A/c	50000
Share holder applicant A/c	40000		
	50000		50000

DR | Share Applicant A/c | CR

Details	Amount	Details	Amount
Ordinary share capital	40000	Bank	40000

DR | General Ordin Reserve | CR

Details	Amount	Details	Amount
CRRF A/c	10000	Bal b/d	48000

42

3(a)

DR   ORDINARY SHARE CAPITAL A/c   CR

Details	Amount	Details	Amount
Balance c/d	140000	Bal b/d	100,000
		Share Applicant	40000
	140000		140000
		Balance b/d	140000

DR   GENERAL RESERVE A/c   CR

Details	Amount	Details	Amount
CRRF A/c	10000	Balance b/d	48000
Bal c/d	38000		
	48000		48000
		Balance b/d	38000

DR   CAPITAL REDEMPTION RESERVE FUND A/c   CR

Details	Amount	Details	Amount
Balance c/d	10000	General reserve A/c	10000
		Balance b/d	10000

STATEMENT OF FINANCIAL POSITION AS AT 31/DEC/2013

Non current Asset		200,000
Less Current Liabilities		
General reserve	38000	
Creditors	12000	
Capital redemption reserve fund	10000	60000
Financed by		
Ordinary share capital		140000
		200,000

31th October 2013		
Salary Slip		
Details	Batuli	Mayambo
Basic pay	64 000	8000
Add Overtime payment	8000	2000
Allowance		
Transport	1800	18000
Meal	1500	1500
Gross pay	105000	33000
Less Deductions		
PAYE	4250	7050
NSSF	3200	4000
R AAWU	1280	1600
Housing	12800	16000
Net pay	83470	104350

In extract 10.1, the candidate accurately prepared the necessary accounts for the redemption of preference shares, Statement of Financial Position and the salary slips.

The candidates who performed moderately (35.4%), were able to open the necessary accounts for redemption of preference shares and made correct computations but some of the entries in the relevant accounts and the Statement of Financial Position were not correct. Also, some of the computation and entries in the salary slips were not correct, hence could not score good marks.

On the other hand, the candidates who performed poorly in this question (17.4%), most of them failed to adhere to the requirement of the question. The analysis shows that, they did not open some of the required accounts, while some of them made inaccurate computations, others prepared tables which are not related to the salary slips. Extract 10.2 shows a candidate's incorrect response.

Extract 10.2

```
3. b/ Workings.
   Mashanga
   Basic Salary    150 × 400    = 60,000
   PAYEE = (60,000 - 50,000) 5%.
          = 500
   NSSF   = 5% × 60,000        Overtime = 60,000
          = 3000               240      160
   Contribution = 2% × 60,000 = 1200
```

SALARY SLIP FOR BATULI AND MAJAMBO	BATULI	MAJAMBO
Basic pay	68000	90,000
Overtime	7650	268
Gross Salary	75650	90268
PAYEE	900	2750
NSSF	3400	4500
Contribution	1360	1800
Housing	13600	18000

SALARY SLIP FOR BATULI AND MAJAMBO	BATULI	MAJAMBO
Basic pay	27200	90,000
Over time	61200	286,875
Transport	216,000	216,000
Meal	180,000	180,000
Gross Pay	484,400	772875
PAYEE		
NSSF	1360	4500
Contribution	544	1800
Housing	5440	18000
NET PAY	477056	748,575

Extract 10.2 presents a sample of incorrect response of a candidate who made inaccurate computations and the salary slips presented contain incorrect figures.

2.2.4   **Question 4: Hire Purchase Accounts**

In this question, the candidates were required to prepare Machine, Vender, Interest Payable Accounts and a Statement of Financial Position as at 31st December 2009, 2010 and 2011.

The question was attempted by 56.2 percent of the candidates. The analysis shows that, most of the candidates scored good marks in this question as shown in figure 9.
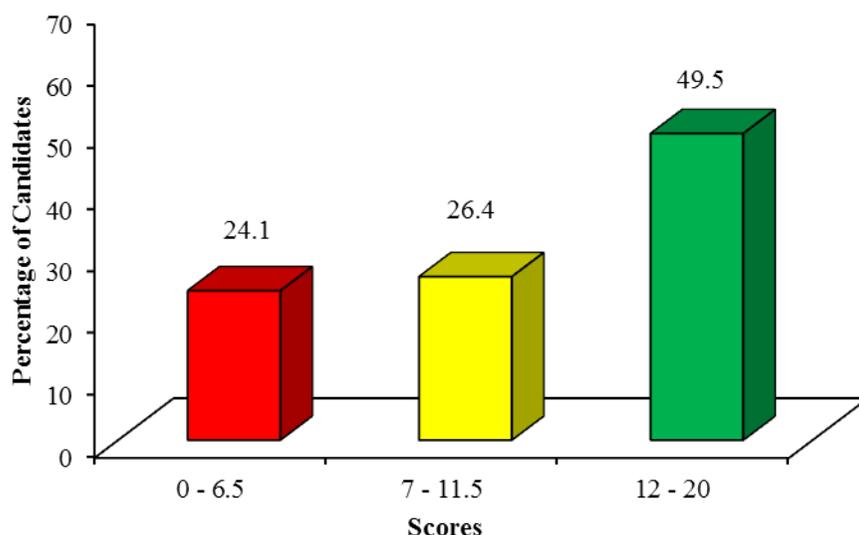
Figure 9: Candidates' Performance in Question 4.

The candidates who scored 12 to 20 marks (49.5%) were able to compute accurately the amount of total hire purchase interest, provision for depreciation on machinery and hire purchase interest payable per instalment. They opened and made correct entries in the relevant accounts and prepared the Statement of Financial Position, making proper presentation of assets, provision for depreciation on machinery and liabilities at the end of the years 2009, 2010 and 2011. Extract.11.1 is a good response from one of the candidates.

Extract.11.1

04. **New Method.**

(a)

	Dr.			Machine A/c.			Cr.
Date	Details	Folio	Amount	Date	Details	Folio	Amount
1.01.09	Vendor.		300,000	31.12.09	Balance	c/d	300,000
01.01.10	Balance	b/d	300,000	31.12.10	Balance	c/d	300,000
			300,000				300,000
01.01.11	Balance	b/d	300,000	31.12.11	Balance	c/d	300,000
			300,000				300,000
01.01.12	Balance.	b/d	300,000				

(b)

	Dr.			Hire purchase vendor A/c.			Cr.
Date	Details.	Folio	Amount	Date	Details	Folio	Amount
31.12.09	Cash (1st installmen)		120,600	1.01.09	Machine.		300,000
31.12	Balance	c/d	209,400	31.12	Interest payable		30,000
			330,000				330,000
31.12.10	Cash (2nd install)		120,600	01.01.10	Balance.	b/d	209,400
31.12	Balance	c/d	109,740	31.12	Interest payable		20,940
			230,040				230,340
31.12.11	Cash (3rd install)		120,600	01.01.11	Balance	b/d	109,740
				31.12.	Interest payable		10,860
			120,600				120,600

(c)

	Dr.			Interest payable A/c.			Cr
Date	Details	Folio	Amount	Date	Details	Folio	Amount
31.12	Vendor		30,000	31.12.09	Profit and loss		30,000
31.12	Vendor		20,940	31.12.10	Profit and loss		20,940
31.12	Vendor		10,860	31.12.11	Profit and loss		10,860

11 (b)	Statement of financial position as at 31st Dec.		
	Fixed Asset.	kh.	kh.
	2009. Machine.	300,000	
	Less: Prov for depreciation	39,000	270,000
	2010 Machine.	300,000	
	Less: Provision for depr.	57,000	243,000
	2011. Machine.	300,000	
	Less: Provision for depr.	81,300	218,700

In extract 11.1 the candidate prepared the required accounts correctly and made proper presentation of the Statement of Financial Position.

On the other hand, the candidates who performed moderately (26.4%), made accurate computation of amounts of total HP interest, HP interest payable, but most of them failed to open the required accounts and others made incorrect entries in the relevant accounts. Few of them managed to prepare the Statement of Financial Position.

However, the candidates who performed poorly (24.1%), most of them made wrong calculation of interest on hire purchase and incorrect entries in the relevant accounts. The analysis revealed that, most of the values of assets, liabilities and provision for depreciation on machinery presented in the Statement of Financial Position were not true. It was also noted that, other candidates failed to adhere to the requirement of the question by omitting the Statement of Financial Position. This shows that, they lacked knowledge and computational skills related to the calculation of hire purchase interest. One of the incorrect responses is presented in Extract 11.2.

Extract 11.2

4.	IN THE BOOKS OF BUYER			
a) DR	MACHINE ACCOUNT			CR
	DETAILS	AMOUNT	DETAILS	AMOUNT
2009 HP Vendor		361800	Bal c/d	361800
		361800		361800
2010 HP Vendor		361800	Bal c/d	361800
		361800		361800
2011 HP Vendor		361800	Bal c/d	361800
		361800		361800
Bal b/d		361800		

b)				
DR	VENDOR ACCOUNT			CR
DETAILS		Amount	DETAILS	AMOUNT
2009: 1st installment		120600	2009· machine	361800
31/12/2009 Balance c/d		247380	Interest	6180
		367980		367980
2010· 2nd installment		120600	1/1/2010 Bal b/d	247380
Bal c/d		151518	Interest	24738
		272118		272118
2011 3rd installment		120600	Balance b/d	151518
		46070	Interest	30418
		16674		166734
		16674		
		166670		166670
			2012 Bal b/d	46070

c) DR	INTEREST PAYABLE ACCOUNT			CR
DETAILS		Amount	DETAILS	Amount
2009: HP Vendor		6180	2009 To P&L	6180
2010 HP Vendor		2473	2010 To P&L	24738
2011 HP Vendor		15152	2011 To P&L	15152

In extract 11.2 the candidate made incorrect entries in the Machine, Vendor and Interest Payable Accounts.

2.2.5 Question 5: Stock Valuation

This question had parts (a) and (b). In part (a), the candidates were required to calculate the value of closing stock by using FIFO method. In part (b), they were required to find the amount of sales and purchases, write up a statement showing the value of closing stock on 10th May 2013 and compute the amount to be compensated by insurance company.

The question was attempted by 58.3 percent of the candidates. The candidates had good performance in this question as 81.2% of them scored high (7-20) marks. Figure 10 shows the performance in detail.
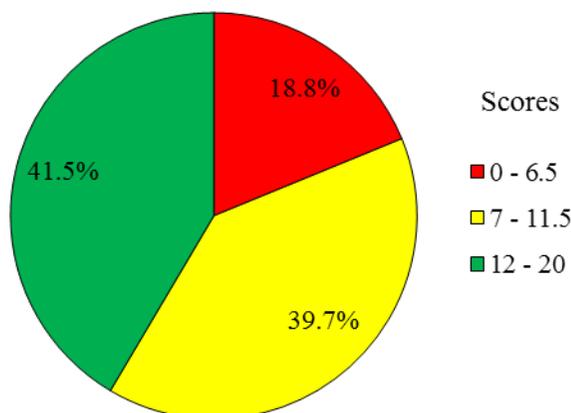
Figure 10: The Candidates' Performance in Question 5.

The candidates who had good performance (41.5%), accurately computed the Values of Purchases and Sales of Stock and made correct entries in the stores ledger to determine the value of closing stock using FIFO method. They were also able to use the Debtors and Creditors Control Accounts to determine the correct amount of sales and purchases. Similarly, they well prepared the statement to show the value of closing stock and accurately computed the amount to be compensated by the insurance company. One of the correct responses is shown in Extract 12.1.

Extract 12.1

05(a)

STOCK VALUATION A/c.

Date	Details.	Purchase Qty	Purchase Rate	Purchase Tsh.	Issue Qty	Issue Rate	Issue Tsh	Balance Qty	Balance Rate	Balance Tsh.
January	Purchases.	1000	30	30,000	–	–	–	1000	30	30,000
April.	Purchases	1000	34	34,000	–	–	–	1000	30	30,000
								2000	32	64,000
May	Issue.	–	–	–	800	–	–	2000		64,000
					800	30	24,000	1200		40,000
October	Purchases	2000	40	80,000	–	–	–	1200		40,000
								3200		120,000
November	Issue	–	–	–	2400	–	–	3200		120,000
					2400 200	30	6000			
					1000	34	34000			
					1200	40	48000	800	40	32,000

The value of closing stock is Tsh. 32,000

05(b)

i. Dr.   Debtors Control A/c.   Cr.

Date	Details	Folio	Amount.	Date	Details	Folio	Amount.
31.12	Balance	b/d	920,000		Cash collected		1,140,000
	Credit sales.		1,540,000		D. allowed		20,000
				10.05	Balance	c/d	1,300,000
			2,460,000				2,460,000
	Balance.	b/d	1,300,000				

Amount of sales is Tsh. 1,540,000.

Dr.			Creditors Control A/c.		Cr.	

i,

Date	Details	Folio	Amount	Date	Details	Folio	Amount
	Payment		1,024,000	31.12	Balance	b/d	977,000
	D. received		36,000		Credit purchases		1,063,000
10.05	Balance	c/d	980,000				
			2,040,000				2,040,000
					Balance	b/d	980,000

Amount of purchase Tsh. 1,063,000.

05 (b) ii,

Statement showing value of C. stock on 10th 05.2013.

	Tsh.	Tsh.
Stock on 31st Dec 2012.		1,240,000
Add: Purchase.		1,063,000
		2,303,000
Less: Stock drawn personal use.		68,000
Cost of goods available sale.		2,235,000
Less: Cost of good sold.		
Sales.	1,540,000	
Less: Gross profit.	385,000	1,155,000
		1,080,000
Less: Salvage stock.		180,000
Closing stock destroyed on 10th may		900,000

iii,

Insurance claim = $\dfrac{\text{Sum insured}}{\text{stock at date of accident}} \times \text{actual loss}$

$= \dfrac{840,000}{1,080,000} \times 900,000$

Amount to be compensated = Tsh 700,000

In extract 12.1 the candidate computed accurately the required values and amounts.

The candidates who performed moderately in this question (39.7%), were able to compute the accurate Values of Purchases and Sales of Stock, but some of their entries in the Stores Ledger were not correct and the Value of Closing Stock determined using FIFO method was not correct. Similarly, some of the adjustments in the Statement of Value of Closing Stock and the amount to be

compensated by the insurance company were not correct as they were either lower or higher than the true values which were sh. 1,080,000 and 700,000 respectively.

The analysis shows that, most of the candidates who performed poorly in this question (18.8%), failed to compute accurately the Value of Purchases and Sales of Stock. Also, others did not prepare the Stores Ledger, the Statement to show Closing Stock and the computation of Amount to be Compensated by the Insurance Company, while others entered inaccurate figures in the Stores Ledger and as a result, the Value of Closing Stock determined using FIFO method was not correct. This is an indication that the candidates lacked adequate computational skills and competence in the topic of Stock Valuation. One of the poor responses is presented in Extract.12.2.

Extract 12.2

5. a) By FIFO Method.			
Unit purchased − Unit sales			OR 1000 − 800 = 200
4000 − 3200			
= 800 .			
Unit	Price	'Amount	
200	30	6000	
1000	34	34000	
2000	40	80000	
3200		120,000	
∴ Closing Stock = 120,000/= .			
b) &			
b) DR	DEBTORS CONTROL A/c.		CR
Bal b/d	9200	Receipt from debtors	1,140,000
Sales	2,450,800	Discount allowed	20,000
		Bal c/d	1,300,000
	2460,000		2,460,000

Extract 12.2: The candidate prepared a table of Unit, Price and Amount instead of a Stores Ledger and only three entries in the Debtors Control Account are correct.

2.2.6 Question 6: Containers Accounts

In this question, the candidates were required to prepare Cases Stock Account, Cases Trading Account, and Cases Income Statement.

The question was attempted by 87.1 percent of the candidates. The performance of the candidates in this question was good as the percentage of the candidates who scored 7 -20 marks was higher than those who scored 0 - 6.5 marks. Figure 11 presents the candidates' performance in more details
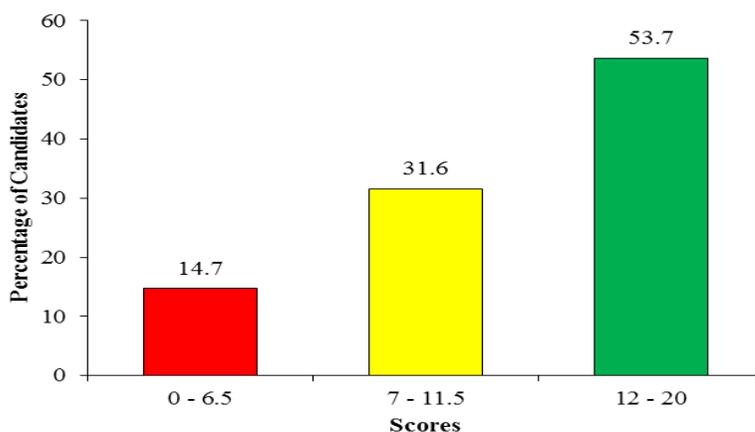

Figure 11: The candidates' Performance in Question 6.

The candidates who scored 12 to 20 marks (53.7%), were able to apply the principles of Double Entry to record transactions relating to the movement of containers in Chilindima Company Ltd. They opened the required accounts, made accurate computation of hiring profit and profit on retained cases. They also made correct entries in the cases stock account, cases trading account and presented well the cases Income Statement. This shows that, the candidates had adequate knowledge and competence in the topic of *Containers Accounts*. Extract 13.1 shows one of the good responses from a candidate.

Extract 13.1

6 (i)

DR				CASES STOCK ACCOUNT			CR
Details	Qty	Rate	Amount	Details	Qty	Rate	Amount
Balance b/d				Cases destroyed	200	14	2800
Warehouse	5000	14	70,000	Cases sold	50	14	700
Customer	6800	14	95,200	Depreciation	–	–	165,000
Purchases	165050	15	2,475000	Cases Kept	9300	14	130,200
				Balance c/d			
				Warehouse	162,650	14	2,277,100
				Customer	4600	14	64,400
	176,800	–	2,640,200		176,800	–	2,640,200
Balance b/d							
Warehouse	162,650	14	2,277,100				
Customer	4600	14	64,400				

(ii)

DR				CASES TRADING ACCOUNT			CR
Details	Qty	Rate	Amount	Details	Qty	Rate	Amount
Cases returnable	3400	18	61,200	Balance b/d			
Cases kept	9300	14	130,200	Customer	6800	18	122,400
Depreciation	–	–	165,000	Cases sent	10,500	22	231,000
Cases destroyed	–	–	2800	Loss on cases	–	–	89,000
Loss on Cases sold	–	–	400				
Balance c/d (Customer)	4600	18	82,800				
	17,300	–	442,400		17,300	–	442,400
				Balance b/d	4600	18	82,800

6 (iii)

CASES INCOME STATEMENT		
Hiring charge		42,000
Add: Profit on Cases Kept		37,200
		79,200
Less : Depreciation	165,000	
: Loss on Cases Sold	400	
: Cases destroyed	2,800	168,200
Loss on Cases trading		(89,000)

Extract 13.1 presents correct responses from a candidate who correctly prepared the Cases Stock Account, Cases Trading Account, and the Cases Income Statement.

The candidates who had an average performance (31.6%), were able to open the required accounts but failed to compute accurately the Hiring Profit, Profit on Retained Cases, Depreciation on Cases and some of their entries in the relevant accounts were not correct. Also, the loss reported on the Cases Income Statement was not correct as was either lower or higher than the true loss of sh. 89.000.

On the other hand, the candidates who performed poorly (14.7%), did not adhere to the requirement of the question by omitting some of the required accounts. Moreover, they entered wrong rates of containers into the rate columns of the accounts, incorrect entries into the amounts columns of the accounts and the loss reported on the cases income statement was lower or higher of the actual loss of sh. 89,000. This failure is due to lack of computational skills and knowledge on the Principles of Double Entry System and competence on the topic of *Containers Accounts*. Extract 13.2 shows an incorrect response from a candidate.

Extract 13.2

6. i) Dr				CASES STOCK ACCOUNT			Cr
Details	Qty	Rate	Amount	Details	Qty	Rate	Amount
Cases returned	3,400	18	61,200	Balance b/d	6800	18	122,400
Hiring charge	—	—	42,000				
Cases kept	9,300	18	167,400	Cases Invoiced	20,500	22	231,000
Balance b/d							
= Customer	4600	18	82,800				
	17,300	—	353400		17,300	—	353400
				Bal b/d - Customer	4,600	18	82,800

CHILINDIMAS COMPANY LTD.

ii) CASES INCOME STATEMENT FOR THE YEAR ENDING 31. MARCH 2011

Profit on Cases kept		167,400
Hiring Charges		42,000
Profit on Sales Cases kept collection		300
less:		
Cost of cases damaged ye	2800	
Cost of Cases sold	700	
Depreciation	165,000	168,500
Profit on cases deal.		41 200

In extract 13.2 the candidate entered inaccurate amounts in the Cases Stock Account and Cases Income Statement except the Values of Hiring Charge, Cost of Damaged Cases and Depreciation.

2.2.7 Question 7: Accounting For Royalties

In this question, the candidates were required to prepare Peter Donkoa Account, Royalty Payable Account and Short Workings Recoverable Account.

The question was attempted by 52.8 percent of the candidates. The candidates' performance was poor; the details of which is presented in figure 12.
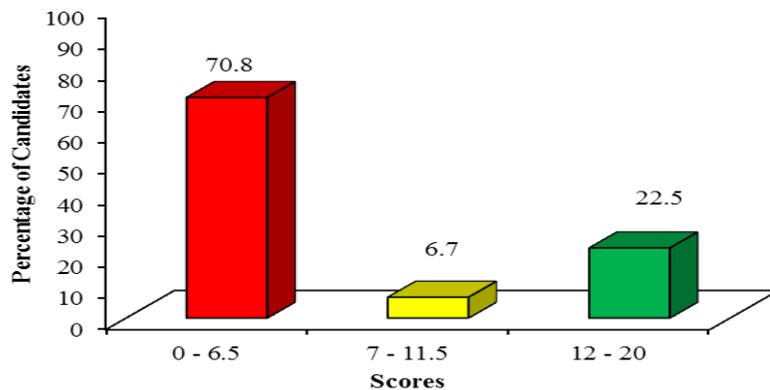

Figure 12: Candidates' Performance in Question 7.

The candidates who performed poorly (70.8%), failed to compute accurately the amounts of short workings and irrecoupable short workings. Some of them opened unrelated accounts and made wrong entries in them, while others failed to identify the amount of minimum rent and entered wrong figures. Others were unable to open the Royalties Recoverable Account. Those who opened the required accounts, made incorrect entries in them. These failures indicate that, the candidates lacked knowledge, application and computational skills in the topic of Accounting For Royalties. Extract 14.1 shows one of the incorrect responses.

Extract 14.1

7 a) DR	Peter Dankoci			Account			CR
Date	Details	fl	Amount	Date	details	fl	Amount
2002	Bank		400,000	2002	Royalty payable		40,000
					Shortworking		360,000
			400,000				400,000
2003	Bank		400,000	2003	Royalty payable		250,000
					Shortworking		150,000
			400,000				400,000
2004	Bank		400,000	2004	Royalty payable		810,000
	Shortworking recoup		410,000				
			810,000				810,000
2005	Bank		1005006.25	2005	Royalty payable		1005006.25
			1005006.25				1005006.25
2006	Bank		1440000	2006	Royalty payable		1440000
			1440000				1440000

7 b) DR	Royalty payable account						CR
Date	Details	fl	Amount	Date	Details	fl	Amount
2002	Peter Dankoci		40,000	2002	Manufacturing		40,000
2003	Peter Dankoci		250,000	2003	Manufacturing		250,000
2004	Peter Dankoci		810,000	2004	Manufacturing		810,000
2005	Peter Dankoci		1005006	2005	Manufacturing		1005006
2006	Peter Dankoci		1440,000	2006	Manufacturing		1440000

In extract 14.1 the candidate entered inaccurate amounts of short workings and all the entries in the royalties payable account are not correct.

The candidates who had an average performance (6.7%), managed to calculate accurately the Values of Actual Royalties, Short Workings, Short Workings Irrecoupable and Short Working payable to landlord. They opened the required accounts but some of their entries were not correct.

However, the candidates who scored good marks (22.5%), managed to calculate accurately the Values of Actual Royalty, Short Workings, Short Working Irrecoupable and Royalties actually payable to landlord. They also made correct entries in the relevant accounts as Extracts 14.2 shows.

Extracts 14.2

7a	DR.	ROYALTY PAYABLE A/c.				CR.
	2002	Peter Donkoa,	100	2002	Trading a/c	100
	2003	Peter Donkoa	250	2003	Trading a/c	250
	2004	Peter Donkoa	450	2004	Trading a/c	450
	2005	Peter Donkoa	501	2005	Trading a/c	501
	2006	Peter Donkoa.	600	2006	Trading a/c'	600

7b	DR.	PETER DONKOA A/c				CR
	2002.	Bank	400000	2002	Royalty payable	100
					Short Working	399900
			400000			400000
	2003	Bank	400000	2003	Royalty Payable	250
					Shortworking.	399,750
			400000			400000
	2004	Bank	400000	2004	Royalty Payable.	450
					Short Workings	399550
			400000			400000
	2005	Bank	400000	2005	Royalty Payable.	501
					Short Working	399499
			400000			400000
	2006	Bank.	400000	2005	Royalty Payable	600
					Shortworking	399400
			400000			400000

7c	DR	SHORT WORKING recoverable A/c.				CR.
	2002	Peter Donkoa,	399,900	2002	Balance c/d	399900
	2003	Balance b/d	399,900	2003	Balance c/d	799650
		Peter Donkoa.	399,750			
			799650			799650
	2004	Balance c/d.	799650	2004	Balance c/d.	1199200
		Peter Donkoa	399,550			
			1199200			1199200

Extract 14.2: The candidate opened the required accounts and made correct entries.

3.0   ANALYSIS OF CANDIDATES' PERFORMANCE PER TOPIC

This section presents the analysis of the candidates' performance in various topics. The performance is categorized as good, average or poor if the percentage of the candidates who scored 35 percent or above lies in the interval of (60 to 100%), (35 to 59%) or (0 to 34%) respectively. The analysis shows that, the candidates had good performance in the topics of Depreciation and Disposal of Non-current Assets and Recognition of Revenue and Expenses, Containers Accounts, Company Accounts and Payroll Accounting, Stock Valuation, Investment Accounts, Correction of Accounting Errors, Hire Purchase Accounts, Preparation of Financial Statements, Partnership Accounting and Branch Accounts. The reasons for good performance on these topics is attributed to adequate knowledge and computational skills of the candidates in the tested topics, ability of the candidates to express themselves in English Language and proper presentation of the Ledger Accounts and Financial Statements.

The analysis further shows that, the candidates had an average performance in the topic of Financial Statements Analysis and Interpretation. The average performance in this topic has been due to the candidates' limitation in analysis and evaluation skills and competences in the topic.

Further analysis shows that, candidates' weak performance was on the topics of Accounting for Royalties and the Nature and Context of Accounting. The poor performance on these topics was caused by the candidates' misconception and misinterpretation of the requirements of the questions, inability to apply the Principles of Double Entry in recording and posting Financial Business Transactions into the relevant accounts, lack of knowledge, comprehension and computational skills, incompetence on some of the concepts in the topics and lack of English Language proficiency.

The comparison of the candidates' performance in each topic for the year 2017 is presented in *Appendix A* while *Appendix B* shows the comparison of performance in each topic tested across the years 2016 and 2017.

4.0 CONCLUSION

The analysis of candidates' performance in the Advanced Certificate of Secondary Education Examination (ACSEE) 2017 in Accountancy subject indicates that, there is a decrease of 0.49 percent in the general performance of the candidates from 92.91percent in the year 2016 to 92.42 percent in the year 2017. However, further analysis indicates that, in the year 2017, there has been a noticeable improvement in the candidates' performance in the topics of Containers Accounts, Investment Accounts and Hire Purchase Accounts compared with the performance of candidates in the same topics in the year 2016. See Appendix B

5.0 RECOMMENDATIONS

In order to more improve the good performance of the candidates in Accountancy subject in future examinations, the following are recommended:

(a) Teachers should guide the students to identify different types of accounting ratios using Library and Internet search.

(b) Teachers should demonstrate to students how to compute the relevant accounting ratios.

(c) Teachers should guide the students to discuss on the interpretation of the results of computed accounting ratios by using prepared questions

(d) Teachers should guide the students to discuss on the proper description of the terms Landlord, Tenant (lessee), Sub tenant, Actual Royalties, Minimum Rent, Short Workings, Short Workings Recouped, Irrecoupable Short Workings and Royalties Payable to Landlord through information search from library.

(e) Teachers should demonstrate to students how to prepare the relevant accounts in the books of landlord such as Royalty Receivable, Tenant, and Short Workings Accounts and the relevant accounts in the books of tenant such as Royalties Payable, Landlord, Sub Tenant, Royalties Receivable and Short Workings Accounts using different charts of accounts.

(f) Teachers should guide the students through group discussions to arrive at the proper description of the term Accounting Cycle and the relevant chronological steps in the Accounting Cycle.

(g) Teachers should give adequate number of exercises, assignments and internal examinations and tests prepared in accordance with the National Examinations Format to their students and provide them with feedback so as to build their confidence and enhance their knowledge, skills and attitudes in answering examinations questions.

(h) Students should develop a habit of reading literature such as novels, journals and magazines to improve their mastery of English language which is the medium of instructions. They should also develop a habit of reading extensively and doing a lot of practice on various topics of the subject to improve their knowledge, comprehension, application, analysis, synthesis, evaluation and computational skills and competences.

(i) Students should be very careful while reading the examination papers so as to identify the requirements of the questions.

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.	Depreciation and Disposal of Non-Current Assets and Recognition of Revenue and Expenses	1	92.5	Good
2.	Containers Accounts	1	85.3	Good
3.	Company Accounts and Payroll Accounting	1	82.6	Good
4.	Stock Valuation	1	81.2	Good
5.	Investment Accounts	1	80.5	Good
6.	Correction of Accounting Errors	1	79.1	Good
7.	Hire Purchase Accounts	1	75.9	Good
8.	Preparation of Financial Statements	1	72.5	Good
9.	Partnership Accounts	2	69.1	Good
10.	Branch Accounts	1	61.1	Good
11	Financial Statements Analysis and Interpretation	1	46.3	Average
12.	Nature and Context of Accounting	1	33.1	Poor
13	Accounting for Royalties	1	29.2	Poor

Performance per topic for ACSEE across the years 2016 and 2017

Sn	Topic	2016			2017		
		Number of Questions	Percentage of the Candidates who Scored 35 % or above	Remarks	Number of Questions	Percentage of the Candidates who Scored 35 % or above	Remarks
1	Depreciation and Disposal of Non-current Assets and Recognition of Revenue and Expenses				1	92.5	Good
2	Containers Accounts	1	78.0	Good	1	85.3	Good
3	Company Accounts and Payroll Accounting				1	82.6	Good
4	Stock Valuation				1	81.2	Good
5	Investment Accounts	1	78.5	Good	1	80.5	Good
6	Hire Purchase Accounts	1	44.0	Average	1	75.9	Good
7	Preparation of Financial Statements	1	89.4	Good	1	72.5	Good
8	Correction of Errors and Branch Accounts	1	91.8	Good	2	70.1	Good
9	Partnership Account	1	86.2	Good	2	69.1	Good
10	Branch Accounts				1	61.1	Good
11	Financial Statements Analysis and Interpretation				1	46.3	Average
12	Nature and Context of Accounting	2	49.4	Average	1	33.1	Poor
13	Accounting for Royalties	1	32.5	Poor	1	29.2	Poor
14	Reserves and Provisions and Recognition of Revenue and Expenses	1	90.1	Good			
15	Depreciation and Disposal of Non-Current Assets and Financial Statements Analysis and Interpretation	1	80.3	Good			
16	Company Accounts	2	55.9	Average			