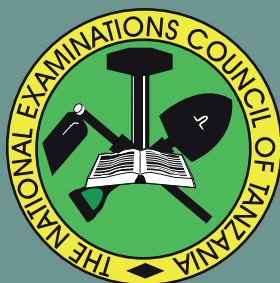


THE NATIONAL EXAMINATIONS COUNCIL OF TANZANIA



**CANDIDATES' ITEM RESPONSE ANALYSIS REPORT
FOR THE ADVANCED CERTIFICATE OF SECONDARY
EDUCATION EXAMINATION (ACSEE) 2019**

153 ACCOUNTANCY

THE NATIONAL EXAMINATIONS COUNCIL OF TANZANIA



**CANDIDATES' ITEM RESPONSE ANALYSIS
REPORT FOR THE ADVANCED CERTIFICATE OF
SECONDARY EDUCATION EXAMINATION**

(ACSEE), 2019

153 ACCOUNTANCY

Published by:
The National Examinations Council of Tanzania,
P.O. Box 2624,
Dar es Salaam, Tanzania.

© The National Examinations Council of Tanzania, 2019

All rights reserved.

TABLE OF CONTENTS

FOREWORD	iv
1.0 INTRODUCTION.....	1
2.0 ANALYSIS OF THE PERFORMANCE OF THE CANDIDATES IN EACH QUESTION	2
2.1 153/1 Accountancy 1	2
2.2.1 Question 1: The Nature and Context of Accounting	2
2.2.2 Question 2: Correction of Accounting Errors and Preparation of Financial Statements	5
2.2.3 Question 3: Preparation of financial Statements.	11
2.2.4 Question 4: Investment Accounts and Depreciation and Disposal of Non Current Assets.	17
2.2.5 Question 5: Branch Accounting	23
2.2.6 Question 6: Reserves and Provisions and Recognition of Revenue and Expenses.....	25
2.2.7 Question 7: Financial Statements Analysis and Interpretation	32
2.2 153/2 Accountancy 2.....	37
2.2.8 Question 1: Cost Accounting	37
2.2.9 Question 2: Containers Accounts	40
2.2.10 Question 3: Partnership Accounts	45
2.2.11 Question 4: Company Accounts.....	51
2.2.12 Question 5: Hire Purchase Accounts and Payroll Accounting.....	56
2.2.13 Question 6: Stock Valuation.....	62
2.2.14 Question 7: Accounting for Royalties	67
3.0 ANALYSIS OF THE CANDIDATES' PERFORMANCE PER TOPIC	72
4.0 CONCLUSION AND RECOMMENDATIONS.....	73
4.1 Conclusion.....	73
4.2 Recommendations	73
Appendix A.....	74
Appendix B.....	75

FOREWORD

The National Examinations Council of Tanzania is pleased to issue the Candidates' Item Response Analysis Report (CIRA) for the Advanced Certificate of Secondary Education Examination (ACSEE) 2019. The report provides 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 the 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. The candidates' responses to the examination questions strongly indicate what the education system was able or unable to offer to the candidates in their two years of Advanced Secondary Education.

The feedback is expected to provide an opportunity to prospective candidates and teachers to learn from the previous candidates' strengths and weaknesses in attempting various examination questions. Moreover, the feedback provided will enable the educational administrators, school managers and other education stakeholders to identify proper measures to be taken in order to improve the candidates' performance in future examinations. The report shows the strengths and weaknesses of the candidates in answering examination questions by using statistical data on the candidates' scores for individual questions and selected extracts of candidates' responses.

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 153 Accountancy for Advanced Certificate of Secondary Education Examination (ACSEE) in May 2019. The Accountancy examination was set in accordance to the 2011 Examinations format, which was prepared based on the 2009 syllabus.

The examination comprised of two (2) papers, 153/1 Accountancy 1 and 153/2 Accountancy 2. Each paper consisted of seven (7) questions which were divided into two 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 (20) marks.

A total of 1,625 candidates sat for 153 Accountancy examination out of which 96.08 percent passed the examination with the following grades: grade A, 2.12 percent; grade B, 14.37 percent; grade C, 26.32 percent, grade D, 30.06 percent, grade E, 18.61 percent, grade S, 4.60 percent and 3.92 percent failed. The Accountancy examination results in the year 2019 shows that a total of 1,544 candidates (96.08) passed. This indicates a decrease in the candidates' performance by 0.43 percent compared to the year 2018 in which the number of candidates who passed the Accountancy examination was 1,465 (96.51%).

The report will be useful to teachers, students and other education stakeholders in the process of improving the teaching and learning of Accountancy. The analysis examines the requirement of each question and highlights the strengths and weaknesses observed in the candidates' responses. Selected extracts of candidates' responses are included to enable education stakeholders experience the reality of candidates' responses to the questions. The analysis of candidates' performance on individual questions is presented in the next sections.

In this report, candidate's performance in each question is categorized as weak, average and good if the scores range from 0 to 6.5 marks, 7 to 11.5 marks and 12 to 20 out of the 20 marks allotted for each question. The performance in each question is rated weak, average or good if the percentage of the candidates who scored from 7 to 20 marks falls in the range of 0 - 34, 35 - 59 or 60 - 100 respectively. Special colours are used with the

following interpretations; green stands for good, yellow for average and red for weak candidates' performance as shown in the graphs and appendices.

2.0 ANALYSIS OF THE PERFORMANCE OF THE CANDIDATES IN EACH QUESTION

2.1 153/1 Accountancy 1

2.2.1 Question 1: The Nature and Context of Accounting

The question comprised of five items extracted from the topic of The Nature and Context of Accounting. The candidates were required to give brief explanations on going concern, dual aspect, money measurement, cost and business entity concepts. The question intended to assess the candidates' understanding of the selected accounting concepts.

Question 1 was attempted by 62.3 percent of the candidates, of which 8 percent scored from 0 to 6.5 marks, 13.1 percent scored from 7 to 11.5 marks and 78.9 percent scored from 12 to 20. The candidates' performance in this question was good since the percentage of candidates who scored from 7 to 20 marks was higher (92%) than the percentage of candidates who scored from 0 to 6.5 marks (8%). Figure 1 shows the performance of the candidates in question 1.

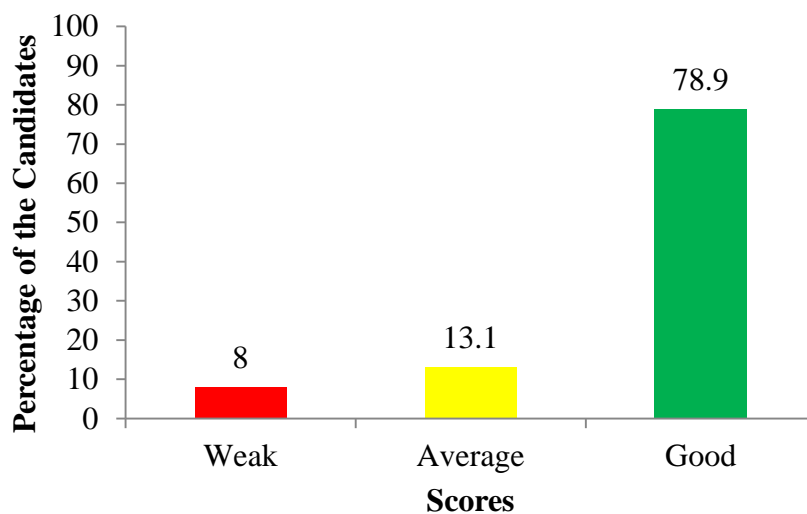


Figure 1: The performance of the candidates in Question 1

The candidates who performed higher (78.9%) in this question correctly explained almost all five accounting terms. Moreover, the candidates in this category provided relevant examples to support their explanations. For example, one candidate wrote “Duo aspect is an accounting principle which states that each financial transaction has two aspects; one representing the fact that the business entity has an asset, the other aspect represents the fact that the entity has an obligation to pay the owner of that asset an amount equal to the value of the asset in question. The principle of double entry is based on the duo aspect concept”. These responses could be attributed to the candidates' adequate knowledge of the subject matter and ability to address the requirement of the question. Extract 1.1 is a sample of a good response from one candidate.

1	a. <u>Going Concerns Concept</u> This principle is an accounting principle that assumes that the business will continue to operate for a long time. it was further tells that the business has to keep going that it is not going to decline at the near future.
	b. <u>Dual Aspect Concept:</u> This is an accounting principle that states that each business transaction has a dual aspect. that is if any accounting transaction has a debit entry then it should also have a credit entry and Vice Versa.
	c. <u>Money Measurement Concept:</u> This is an accounting principle that states all events or transactions that are to be recorded in the books of accounts must be in money terms. With this principle the books of accounts ignores all events and transactions that are not measured monetarily.
	d. <u>Cost concept:</u> ^{Principle} This is an accounting ^{principle} that states all assets are to be recorded at the books of accounts at their acquisition or paid price. That is the books should have records of all the assets at their acquisition or original paid price.
	e. <u>Business entity concept:</u> This is an accounting principle that states that the business should have a complete distinction with the owner that is the business and the owner are two different things. The business owner should also purchase things from the business like other people.

Extract 1.1: A good response from a candidate who provided clear explanations on the given accounting concepts

The candidates with average performance (13.1%) in this question were able to provide reasonable explanations on two or three of the given concepts but could not score higher marks because of lack of clarity in their explanations.

The candidates who performed poorly (8%) in this question provided irrelevant explanations. Others wrote reasonable explanations but provided unrelated examples of the given accounting concepts. For example, a candidate wrote that "going concern concept mean that after the account to be opened and all things are recorded therefore the remaining or that process is concern concept". These responses could be attributed to poor knowledge of the given accounting concepts. Extract 1.2 is an example of a poor response from one candidate.

1.	<p>Ⓐ Going concern Concept :</p> <p>This concept mean that after the account to be opened and all things are recorded therefore the remaining or that process is concern concept.</p> <p>Ⓑ Dual - Aspect concept</p> <p>The concept explain on how dual material work in the Accounts on reserves or provision.</p> <p>Ⓒ Money Measure Concept</p> <p>In Account always we put money therefore the concept relize on the deposit or withdraw or putting and removing that how money measured.</p> <p>Ⓓ Cost concept</p> <p>This concept show or direct in Acco unt all cost are putted in credit side due to the how used.</p> <p>Ⓔ Business Entity</p> <p>This concept deal with the end of account what are results, balance and it can be profit or loss that is business Entity.</p>
----	--

Extract 1.2: A poor response from a candidate who provided irrelevant explanations on going concern, dual aspect, money measurement, cost and business entity concepts

2.2.2 Question 2: Correction of Accounting Errors and Preparation of Financial Statements

The question had two parts, (a) and (b). In part (a), the candidates were required to prepare journal entries to correct accounting errors and a Statement of Corrected Net Profit. Part (b) required the candidates to prepare Namtumbo Traders' Income Statement for the year ended 31st March 2016 and a Statement of Financial Position as at that date.

The question was attempted by 54.5 percent of the candidates, out of which 68.2 percent scored from 0 to 6.5 marks, 17 percent scored from 7 to 11.5 marks and 14.8 percent scored from 12 to 20 out of the 20 marks allotted. The candidates' performance in this question was weak since majority of the candidates (68.2%) scored from 0 to 6.5 marks. Figure 2 is a summary of the candidates' scores in question 2.

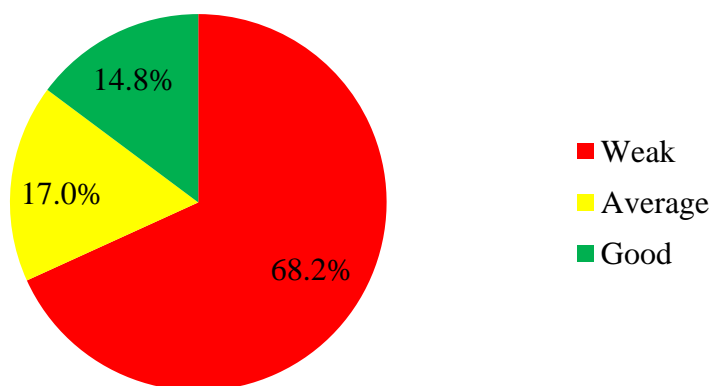


Figure 2: *The Performance of the Candidates in Question 2*

The candidates who performed poorly (68.2%) in this question were not able to correct the accounting errors and could not prepare the financial statements of Namtumbo traders.

In part (a), most of the candidates who scored from 0 to 6.5 were not able to identify the accounts affected by the given accounting errors. They either used irrelevant accounts or debited an account which should have been credited and vice versa. This response indicates that the candidates lacked knowledge of the principle of double entry and its application in recording financial transactions. Also, the analysis of

candidates' responses revealed that some candidates failed to make appropriate adjustments in the statement of corrected net profit. They added to the reported profit items which should have been deducted from the reported net profit and vice versa. This implies that the candidates lacked knowledge of the effects of accounting errors on reported business income. Moreover, some candidates did not prepare the statement of corrected net profit thereby failing to satisfy the demands of the question; consequently they scored lowly from 0 to 6.5 marks. Nevertheless, there were candidates who misinterpreted the requirements of the question; hence they prepared ledger accounts instead of journal entries. This response not only shows the candidates failure to interpret the demands of the question but also suggests that the candidates lacked knowledge of distinguishing the ledger accounts from journal entries.

In part (b), majority of the candidates who performed poorly in this question did not prepare the financial statements of Namtumbo Traders. This response implies that the candidates lacked knowledge of using accounting ratios to prepare the financial statements. However, a few candidates who attempted this part of the question could not determine accurately the amounts of the elements of Income Statement and those of the Statement of Financial Position. They used wrong formulas to deduct the required information; and as a result, they recorded wrong amounts of revenue, expenses, liabilities and assets into the financial statements of Namtumbo Traders. Extract 2.1 is a sample of a poor response from one candidate.

2	JOURNAL ENTRIES		
	Details	Dr	CR
	(i) Suspense	400 0000	
	Commission received		4000000
	(ii) Purchases	7600 000	
	Invoice		7600 000
	(iii) suspense	1400 000	
	Sales		1400 000
	(iv) Repairs equipment	7000 000	
	v) equipment		7000 000
	(iv) Bad debt	900 000	
	suspense		900000
	(vi) suspense	50 000 000	
	Capital		50 000 000
	STATEMENT OF CORRECTING NET PROFIT		
	Profit		220 000 000
	Sales	1400000	
	Commission received	4000000	5400 000
			225400 000
	Less: Purchases	7600 000	
	Bad debt	900 000	8500 000
	Statement of Profit		216900 000

Extract 2.1: A poor response from a candidate who entered wrong accounts and amounts in the general Journal and made inappropriate adjustments to the reported net profit in the Statement of Corrected Net Profit

The candidates who scored moderately (17%) in this question were able to address the demands of the question. They prepared the journal entries, statement of corrected net profit and the financial statements of Namtumbo Traders. However, their computation of the amounts of some of the expenses, liabilities and assets were not correct. Also, a few of the accounts and amounts entered into the journal were not correct; hence they scored average marks. This average performance indicates that the candidates had satisfactory knowledge of the correction of accounting errors and the preparation of financial statements.

The candidates who scored from 12 to 20 marks (14.8%) were able to correct the accounting errors, the reported net profit and to prepare the financial statements of Namtumbo traders. Most of these candidates managed to identify the accounts affected by the given accounting errors and made appropriate entries in the general journal to correct them. These candidates also made appropriate adjustments to the reported net profit to arrive at the corrected net profit. It was also noted that, these candidates used appropriate formulas to compute the required amounts of revenues, expenses, liabilities and assets and accurately presented them in the Income Statement and the Statement of Financial Position of Namtumbo Traders. Their scores ranged from 12 to 20 marks depending on the number of errors and omissions in their responses to the question. These responses indicate that the candidates had adequate knowledge of the correction of accounting errors and the preparation of financial statements. Extract 2.2 is a sample of a response from a candidate who scored 20 out of the 20 marks allotted.

Dr.	Journal entries		Cr.
SIN	Name of account		
174	Suspense acc	4,400,000	
	commission received acc		4,400,000
177	Purchases Acc	76,000,000	
	Suspense Acc		7,600,000
177	Sales Acc	1,400,000	
	Suspense Acc		1,400,000
177	Debtors Acc	900,000	
	Bad debt recovery Acc		900,000
177	Repairs Acc	7,000,000	
	Equipment Acc		7,000,000
177	Suspense Acc	50,000,000	
	Capital Acc		50,000,000
A statement of corrected net profit			
Profit before correction		220,000,000	
Add: commission received		4,400,000	
Bad debt recovery		900,000	
		5,300,000	
			225,300,000
Less: Purchases		76,000,000	
Sales		1,400,000	
Repairs		7,000,000	
Profit after correction of			209,300,000

S/N	Name of account	Dr.	Cr.
177	Suspense acc	4,400,000	
	commission received acc		4,400,000
178	Purchases Acc	76,000,000	
	Expense Acc		7,600,000
179	Sales Acc	1,400,000	
	Expense Acc		1,400,000
180	Debtors Acc	900,000	
	Bad debt recovery Acc		900,000
181	Repairs Acc	7,000,000	
	Equipment Acc		7,000,000
182	Suspense Acc	50,000,000	
	Capital Acc		50,000,000

A statement of corrected net profit	
Profit before correction	270,00,00
Add: commission received	4,40,00
Bad debt recovery	90,000
	5,30,00
	<u>225,30,00</u>
Less: Purchases	7,60,00
Sales	1,40,00
Repairs	7,00,00
	16,00,00
Profit after correction of	<u>209,30,00</u>

2(b)	Income statement of Namatumbo for the year ending 31/3/2016.	
	Sales	240,000,000
	less: cost of sales	
	opening stock	21,000,000
	Purchases	174,000,000
	closing stock	(15,000,000)
	106,000,000	<u>180,000,000</u>
	Gross profit	<u>60,000,000</u>
	less: expense	38,400,000
	Net profit	<u>21,600,000</u>
	A statement of financial position as at 31/3/2016.	
	capital	122,400,000
	Net profit	21,600,000
	current liabilities	<u>12,000,000</u>
		<u>156,000,000</u>
	non-current assets	108,000,000
	Bank	9,000,000
	debtors	24,000,000
	stock	<u>15,000,000</u>
		<u>156,000,000</u>

Extract 2.2: A good response from a candidate who accurately prepared the journal entries, Statement of Corrected Net Profit and the financial statements of Namtubo Traders

2.2.3 Question 3: Preparation of financial Statements

The question required the candidates to prepare Kibo Stores' Income Statement for the year ending 31st December, 2017 and a Statement of Financial Position as at that date.

The question was attempted by 94.6 percent of the candidates, out of which 29.8 percent scored from 0 to 6.5 marks, 6.4 percent scored from 7 to 11.5 marks and 63.8 percent scored from 12 to 20 out of the 20 allotted marks. The candidates' performance in this question was good. Figure 3 shows a summary of the performance of the candidates in question 3.

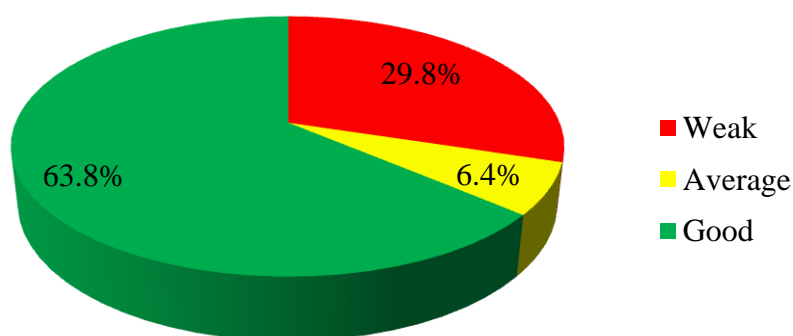


Figure 3: *The Performance of the Candidates in Question 3*

The candidates who performed well (63.8%) in this question were able to prepare the financial statements. They analysed and separated the elements of Income Statement from the elements of the Statement of Financial Position, made appropriate adjustments to the amounts of revenues, expenses, liabilities and assets as required and skilfully presented them in the Income Statement and the Statement of Financial Position. However, some errors and omissions inherent in the candidates' responses caused the scores to range from 12 to 20 marks. These responses suggest that the candidates had adequate skills and knowledge of the preparation of Financial Statements. Extract 3.1 is a sample of a correct response from one of the candidates.

3	KIBO STORES' INCOME STATEMENT FOR THE YEAR 31/DEC/2017	
	Sales	124 450 000
	Less: Return inward	186 000
	Net sales	124,264,000
	Less: Cost of goods sold	
	opening stock	8,000,000
	Add: Purchases	86 046 000
	Add: Carriage inward	156 000
	Wages	8 250 000
		94,452 000
	Less: Return outward	135 000
	Net purchases	94,317 000
	COGAS	102,317 000
	Less: closing stock	7,550,000
		94,767 000
	Gross profit	29,497,000
	Add: All incomes	
	Bad debts recovered	45000
	Discount received	138 000
		183 000
	Less: All expenses	
	Provision for doubtful debts	274,000
	Bad debts	256,000
	Bank charges	120,000
	Rent	7000,000
	Less: Part in advance	200,000
		1,750,000
	Salaries	3,500,000
	Traveling expenses	1,040,000
	Discount allowed	48 000
	General expenses	2,056 000
	Gas, electricity and water	2,560,000
	Carriage outward	546 000
	Travellers salaries and commission	5 480,000

3	CONTINUED...		
	Printing and stationery	640,000	
	Depreciation		
	Plant and machinery	550,000	
	Furniture and fittings	25,000	
	owing interest on loan	100,000	18,945,000
	Net profit		10,735,000

3	KIIBO STORE		
	Statement of Financial Position as at 31.12.2017		
	Non Current Assets		
	Freehold premises	8,000,000	
	Furniture & Fittings	475,000	
	Plant and Machinery	495,000	13,425,000
	C. Assets		
	Stock	755,000	
	Bank	65,000	
	Debtors (202,000 - 10,400)	192,600	
	Debt prepared	25,000	2,771,600
	Total Assets		41,141,000
	Financial by		
	Capital	20,000,000	
	Net Profit	10,735,000	
	Drawings	(175,000)	28,985,000
	long term liability		
	Loan from Uncle	200,000	200,000
	Current liability		
	Creditors	1,005,600	
	Interest due	100,000	1,015,600
	Total owner equity & liability		41,141,000

Extract 3.1: A good response from a candidate who accurately prepared the Income Statement and the Statement of Financial Position

The candidates, who performed moderately (6.4%) in this question had slight problems in adhering to the requirement of the question. They were able to sort the elements of Income Statement from those of the Statement of Financial Position. However, these candidates made wrong adjustments to some of the items of revenues, expenses, assets

and liabilities. Omissions of some items in the Income Statement and the Statement of Financial Position were also noted in the candidates' responses. Despite the errors and omissions observed, the candidates were able to perform averagely by scoring from 7 to 11.5 marks. This average performance indicates that the candidates had satisfactory knowledge of the preparation of financial statements.

The candidates who scored from 0 to 6.5 marks (29.8%) were not able to prepare the financial statements. Most of the candidates in this category failed to interpret the question. They did not know that all the amounts shown in the columns of the trial balance were in Thousands of Tanzania Shillings as indicated by "000" on top of each of the trial balance column. Consequently, all the items of revenues, expenses, assets and liabilities presented in the financial statements had wrong amounts. These responses indicate that the candidates had not mastered the preparation of financial statements. Also, some candidates in this category could not make adjustments for accruals and prepayments for most of the items of financial statements; thus, they presented a mixture of correct and incorrect amounts of revenues, expenses, liabilities and assets on the financial statements. This response suggests that the candidates had limited knowledge of the preparation of financial statements.

The analysis further reveals that some candidates could not identify the items of revenue and expenses that are presented in the Income Statement from the items of assets and liabilities that are presented in the Statement of Financial Position. They included some items of assets and liabilities in the Income Statement and some items of expenses in the Statement of financial position. These responses indicate that the candidates lacked knowledge of the preparation of financial statements. Extract 3.2 is a sample of a poor response from one candidate.

3	KIRO STORES INCOME STATEMENT FOR THE YEAR ENDING 31 st December 2017		
	Details	Debit	Credit
	Sales		124,450
	Cost of Sales		
	Opening stock	8,000	
	Purchases	86,046	
	Return outward	(135)	
	Cost of goods available for sale	93,911	
	Closing stock	(7550,000)	(-7456,089)
	Gross for profit	7580539	7580539
	Good debts	256	
	Bad debts recovered		45
	Bank charges	120	
	Rent	252,000	
	Return inward	186	
	Salaries	3500	
	Wages	8,250	
	Travelling expenses	1,040	
	Carriage inward		156
	Discount allowed	48	
	Discount received		138

	DR	STOCK AT 1 JANUARY 2017		CR
	DETAILS	AMOUNT	DETAILS	AMOUNT
31/12/17	balance b/d	8,000	31/12/17 balance b/d	7,550,000
A			realization	7542,000
		7550,000		7550,000
3	DR	RENT		CR
C	DETAILS	AMOUNT	DETAILS	AMOUNT
31/12	balance b/d	2000	balance	
			31/12/18 balance b/d	250,000
			realization	248,00
		250,000		250,000
	DR	PRINTING AND STATIONERY		CR
	DETAILS	AMOUNT	DETAILS	AMOUNT
31/12/17	balance b/d	640	1/1/18 balance b/d	6400
	DR	GAS, ELECTRICITY AND WATER		CR
	DETAILS	AMOUNT	DETAILS	AMOUNT
31/12/17	balance b/d	2560	1/1/18 balance b/d	2560
	DR	FREEHOLD PREMISES		CR
	DETAILS	AMOUNT	DETAILS	AMOUNT
31/12/17	balance b/d	8000	1/1/18 balance b/d	8000

Extract 3.2: A poor response from a candidate who presented wrong amounts of revenue and expenses in the Income Statement and prepared ledger accounts instead of the Statement of Financial Position

2.2.4 Question 4: Investment Accounts and Depreciation and Disposal of Non-Current Assets

The question had two parts; (a) and (b). In part (a), the candidates were required to prepare a 12% Treasury Bills Investment Account as it would appear in the books of Miwale Finance Investment Ltd for the year ended 31st March 2017. In part (b), the candidates were required to prepare Office Equipment, Provision for Depreciation on Office Equipment and Office Equipment Disposal Accounts.

The question was attempted by 83.5 percent of the candidates, out of which 24.5 percent scored from 0 to 6.5 marks, 54.9 percent scored from 7 to 11.5 marks and 20.6 percent scored from 12 to 20 marks. The general performance of the candidates in this question was good because 75.5 percent of the candidates scored from 7 to 20 marks. The candidates' performance is as summarised in Figure 4.

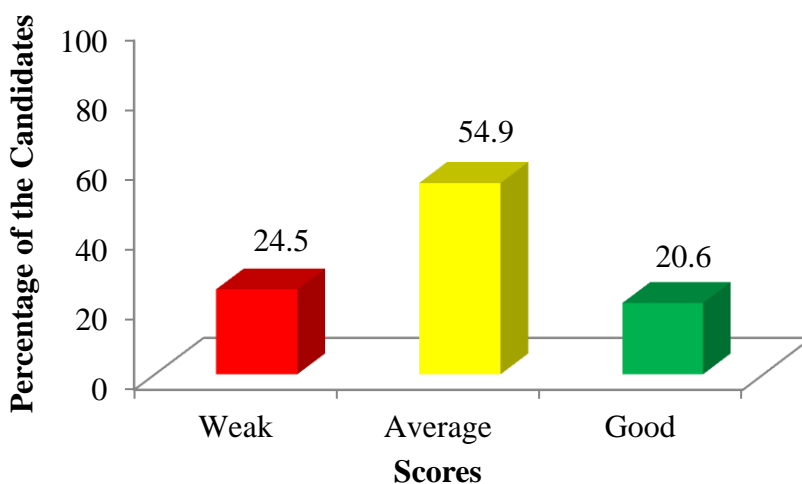


Figure 4: *The Performance of the Candidates in Question 4.*

The candidates who scored high marks (20.6%) in this question adhered to the requirement of the question. They were able to determine the cost and sales values of investments, the cum dividends and ex dividends on the purchase and sale of investments. They used appropriate formulas to compute the profit on sale of investments and made accurate records of the transactions relating to the purchases and sales of investments in the 12% Treasury Bills Investment Account.

Moreover, these candidates skilfully calculated the amounts of depreciation on office equipment, profit on disposal of Office equipment and accurately recorded the transactions relating to the purchases and disposal of office equipment in the Office Equipment, Provision for Depreciation on Office Equipment and Office Equipment Disposal Accounts. Their scores ranged from 12 to 20 marks depending on the number of errors and omissions each candidate had made in his or her response. These responses indicate that the candidates had adequate knowledge of the preparation of investment accounts and accounting for depreciation and disposal of Non current Assets. Extract 4.1 is the correct response from one candidate.

4(b) DE Office Equipment Disposal account CE			
Particulars	Amount	Particulars	Amount
office equipment	200,000	Provision for Depreciation	72,000
		Bank	140,000
Profit on disposal	12,000		
	212,000		212,000
DE Office Equipment account CE			
Particulars	Amount	Particulars	Amount
1/1/2015 balance b/d	1800,000		
1/3/2015 Bank	200,000	31/12 balance c/d	2,000,000
	2,000,000		2,000,000
1/1/2016 balance b/d	2,000,000	31/12 balance c/d	2,000,000
	2,000,000		2,000,000
1/1/2017 balance b/d	2,000,000	Disposal	200,000
		31/12 balance c/d	1800,000
	2,000,000		2,000,000
1/1/2018 balance b/d	1800,000		

Extract 4.1: A good response from a candidate who accurately prepared the required accounts except the omission of accrued interest b/d, the entries for the profit/loss on disposal (300,000/200,000) and income from investments for the year which are wrong

The analysis shows that most of the candidates (54.9%) who performed moderately were able to prepare the required accounts and most of their entries in the 12% Treasure Bills Investment Account were correct. However, these candidates failed to compute the correct amounts of the profit on sale of investments, depreciation on office equipment and the profit on disposal of office equipment. Also, some of their entries in the office equipment, provision for depreciation on office equipment and disposal of office equipment were not correct. Their performance was average as they scored from 7 to 11.5 marks. Their average performance indicates that the candidates had satisfactory knowledge of the preparation of investment accounts and accounting for depreciation and disposal of noncurrent assets.

The most notable weakness displayed by the candidates who scored from 0 to 6.5 marks (24.5%) is limited knowledge of the subject matter. Their responses contained a mixture of correct and incorrect answers. The analysis indicates that some candidates did not open all of the required accounts. This response implies that the candidates did not know which of the given transactions should be recorded in which account. Likewise, some of these candidates failed to compute accurately the amounts of depreciation on office equipment, profit on disposal of office equipment, cost and sales values of investments, profit on sale of investments and the income from investments for the year. These responses suggest that the candidates lacked knowledge of the procedures and techniques used in the computation of depreciation of fixed assets, profit on disposal of fixed assets, profit on disposal of investments, cost and sales values of investments and determination of investment income.

Moreover, some candidates reversed most of the entries in the ledger accounts, they debited what should have been credited and vice versa. This indicates that the candidates lacked knowledge of the principle of double entry and its application in recording the financial transactions. Extract 4.2 is a sample of a poor response from one candidate.

4a	N.I.C = S.I.C X T.C = 30,000,000 X 38,000,000		
	T.C	100,000,000	
			= 28,500,000
	Sales proceed	28,200,000	= 20,000,000 X 96% 219,200,000
	less: cost	28,500,000	100
		300,000	less: Interest Accrue 200,000
Ar			

DR TREASURY BILL INVESTMENT ACCOUNT CR

Details	N	I	C	Details	N	I	C
1.1.16 bal b/d	-	-	95,000,000	Sales	28,200,000	600,000	28,200,000
31.8. purchase	38,400,000	1,000,000	39,000,000	Interest Adj	-	-	600,000
Interest Adj	-	600,000		Interest free	-	600,000	-
Profit	-	-	300,000	28.2 Sales	19,200,000	200,000	19,000,000
Deficiency	9,000,000			loss	-		-
				Balance c/d	-	200,000	83,500,000
	38,400,000	1,000,000	183,300,000		38,400,000	1,000,000	183,300,000

4b	DR	Office Equipment A/c			CR	
	Date	Details	Amount	Date	Details	Amount
	1.1.2015	Balance b/d	1,800,000	1.3.2015	Disposal	140,000
				31.12.2015	Balance c/d	1,660,000
			1,800,000			1,800,000
	1.1.2016	Balance b/d	1,660,000	31.12.2016	Balance c/d	1,660,000
			1,660,000			1,660,000
	1.1.2017	Balance b/d	1,660,000	31.12.2017	Balance c/d	1,860,000
		Disposal cost	200,000			
			1,860,000			1,860,000

46	Depreciation Table						
	Asset	Cost	Date of purchase	2015	2016	2017	Disposal
	A	200,000		40,000	32,000	25,600	72,000
DR	Provision For Depreciation A/c						CR
	Date	Details	Amount	Date	Details	Amount	
	1.3.2015	P&L Disposal	660,000	1.1.2015	Balance b/d	700,000	
	31.12.2015	Balance c/d	40,000				
			700,000			700,000	
		P&L	8000	1.1.2016	Balance b/d	40,000	
	Balance c/d	Balance c/d	32,000				
			40,000			40,000	
DR	Office Equipment Disposal A/c						CR
	Date	Details	Amount	Date	Details	Amount	
	31.12.2017	Office Equipment	200,000	31.12.2017	provision	72,000	
		P&L	12,000		Cash	140,000	
			212,000			212,000	

Extract 4.2: A poor response from a candidate who made incorrect entries in the 12% Treasury Bills Investment, Office Equipment and Provision for Depreciation on Office Equipment accounts

2.2.5 Question 5: Branch Accounting

In this question, the candidates were required to prepare the Branch Stock, Branch Stock Adjustment, Goods Sent to Branch, and Branch Profit and Loss Accounts in the head office books for Kilwa and Liwale branches for the year ended 31st March 2017.

The question was attempted by 30.3 percent of the candidates, out of which 78.5 percent scored from 0 to 6.5 marks; 20.9 percent scored from 7 to 11.5 marks and 0.6 percent scored from 12 to 13.5 marks out of the 20 marks allotted. The general performance of the candidates in this question was poor. Figure 5 shows the performance of the candidates in question 5.

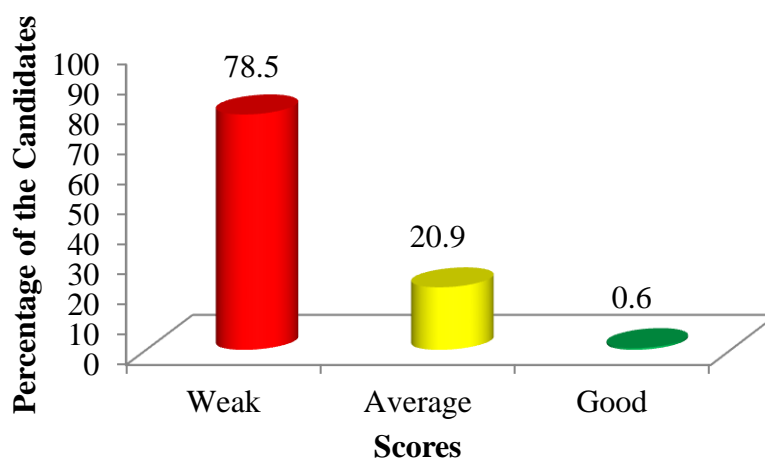


Figure 5: *The Performance of the Candidates in Question 5*

The analysis of the candidates' responses revealed that the candidates who scored from 0 to 6.5 marks (78.5%) were not able to prepare the Branch Stock, Branch Stock Adjustment, Goods Sent to Branch, and Branch Profit and Loss Accounts. Most of the candidates in this category could not apply the mark up percentages of 20% for Kilwa branch and 25% for Liwale branch in computing the profit loaded on the value of goods sent to branch, goods returned by branch to head office and branch opening and closing stocks. Consequently, the candidates entered into the branch stock adjustment and the goods sent to branch unadjusted values of goods. This response indicates that the candidates were not competent in branch accounting. Other candidates were able to compute the correct amounts of some transactions but

reversed most of the entries in the accounts. This implies that the candidates lacked knowledge of the principle of double entry and its application in recording the financial transactions. Some candidates recorded transactions in wrong accounts. For example, some entered branch expenses in the goods sent to branch account instead of the branch profit and loss account. This suggests that the candidates lacked analytical skills. Also, a minority of the candidates did not prepare some of the required accounts. These candidates did not meet the demands of the question; hence they scored lowly from 0 to 6.5. Extract 5.1 is a poor response from a candidate.

Extract 5.1: A poor response from a candidate who entered wrong narrations, amounts and omitted most of the transactions from the Branch stock, Brach Stock Adjustment, Good Sent to Branch and Brach Profit and Loss Accounts

On the other hand, the candidates who scored from 7 to 11.5 marks (20.9%) had adequate knowledge of Branch Accounting since they were able to make correct entries in the branch stock, Branch stock adjustment, Goods sent to branch and Branch profit and loss Accounts. However, omissions of some transactions and reversal of some entries characterised their work such that they scored average marks.

A few candidates (0.6%) who scored from 12 to 13.5 marks were able to open all of the required accounts, applied the mark up percentages of 20% for Kilwa branch and 25% for Liwale branch to compute the profit loaded on the value of goods sent to branch, goods returned by branch to head office and branch opening and closing stocks. However, the candidates in this category were not able to make the necessary adjustments and could not record all of the given transactions in the accounts.

2.2.6 Question 6: Reserves and Provisions and Recognition of Revenue and Expenses

The question had two parts; (a) and (b). In part (a), the candidates were required to show the entries in the Accounts Receivable, Provision for Doubtful Debts, Provision for Discounts on Debtors and the Bad debts Accounts for the year ended 31st December 2017. Part (b) required the candidates to prepare the Insurance, Wages, Rent Receivable Accounts, an extract of the Income Statement for the year ended 31st December 2016 and an extract of the Statement of Financial Position at 31st December 2016.

The question was attempted by 80.4 percent of the candidates, out of which 26.5 percent scored from 0 to 6.5 marks, 49.3 percent scored from 7 to 11.5 marks and 24.2 percent scored from 12 to 20 out of the 20 allotted marks. The candidates' performance in this question was good. Figure 6 shows the candidates' performance in question 6.

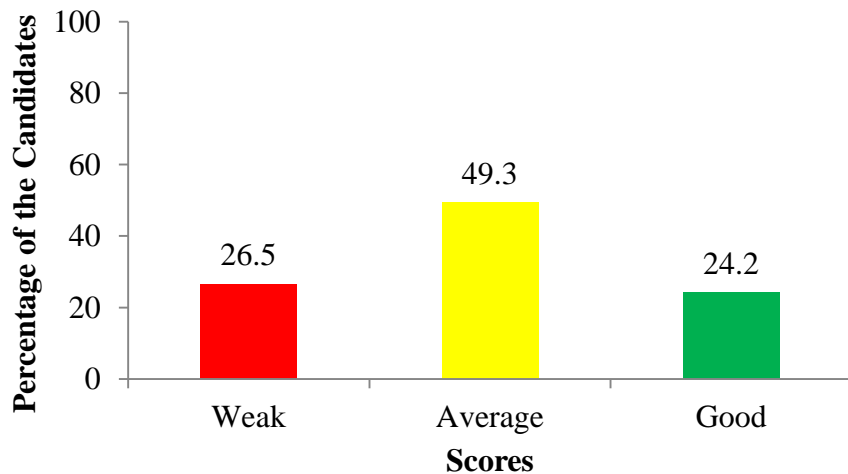


Figure 6: *The Performance of the Candidates in Question 6*

The candidates who performed well (24.2%) in this question were able to prepare the Accounts Receivable, Provision for Doubtful Debts, Provision for Discounts on Debtors, Bad debts, Insurance, Wages, Rent Receivable Accounts, an extract of the Income Statement and the extract of the Statement of Financial Position. The candidates' scores varied from 12 to 20 marks because of the differences in the level of accuracy, errors and omissions in their responses. The good performance of these candidates is an indication that they had adequate knowledge and skills in accounting for Reserves and Provisions and Recognition of revenues and Expenses. Extract 6.1 is a sample of a correct response from one candidate.

6.	©		
DR ACCOUNT RECEIVABLE A/c		CR.	
1.1.2017: Balance		Bank	200,000
b/d	25,000,000	Bad debt (Steven)	900,000
Dishonoured		other bad debts	2,200,000
cheque	200,000	Bad debt	600,000
credit sales	2,800,000		
		31.12.2017 Bal y/d	23,900,000
	28,000,000		28,000,000
1.1.2018: Bal b/d	23,900,000		
DR PROVISION FOR DOUBTFUL DEBTS		CR.	
y		1.1.2017: Bal b/d	750,000
31.12.17 P&L	33,000		
31.12.2017: Bal y/d	717,000		
	750,000		750,000
		31.12.2018 Bal b/d	717,000
DR PROVISION FOR DISCOUNT ON DEBTOR A/c		CR.	
		1.1.2017: Bal b/d	606,250
31.12.17 P&L	26,675		
31.12.2017: Bal y/d	579,575		
	606,250		606,250
		1.1.2018 Bal b/d	579,575

6-	DR	BAD DEBTS A/c		CR.
	Debtors (Steven)	900,000	31.12.2017 PaL	3800,000
	Debtors	2200,000		
	Debtors	600,000		
		<u>3800,000</u>		<u>3800,000</u>
6	(b)			
	DR	INSURANCE A/c		CR.
	Advance b/d	164,000	Income	
	Bank	350,000	statement	484,000
			31.12.2016. Prepayment	
			9d	20,000
		<u>514,000</u>		<u>514,000</u>
	1.1.2016. Prepayment b/d	20,000		
	DR	WAGES A/c		CR.
	Bank	600,000	outstanding b/d	156,000
			Income statement	549,000
	31.12.2016. Accrual b/d	105,000		
		<u>705,000</u>		<u>705,000</u>
			1.1.2017. Accrual b/d	105,000

-6-	DR	RENT RECEIVABLE A/C	CR.
		Income statement 1357000	Prepaid b/d 80,000
			Bank 1200,000
			Arrears c/d 77,000
		1357000	1357000 + 80
		1.1.2017 Arrears b/d 77000	
	INCOME STATEMENT FOR THE YEAR		
	ENDED 31 ST DEC 2016; (EXTRACT)		
		Gross profit	xxx
		Add: Rent receivable	1357,000
			xxx
		LESS: EXPENSES:	
		Insurance	484000
		Wages	549000
	STATEMENT OF FINANCIAL POSITION		
	AT AT 31 ST DEC 2016 (EXTRACT)		
	CURRENT ASSETS		
		Arrears rent receivable	77000
		Prepaid insurance	20,000
	CURRENT LIABILITIES		
		Accrued wages	105000

Extract 6.1: A good response from a candidate who prepared accurately the required ledger Accounts and the extracts of the Income Statement and Statement of Financial Position

Further analysis reveals that, the candidates with an average performance (49.3%) in this question were able to prepare the Accounts Receivable, Provision for Doubtful Debts, Provision for Discounts on Debtors, Bad debts, Insurance, Wages, Rent Receivable Accounts, an extract of the Income Statement and the extract of the Statement of Financial Position. They were also able to compute the amounts of provision for doubtful debts, provision for discounts on debtors and make appropriate adjustments for accruals and prepayments. A reasonable number of their accounting entries were also accurate. These responses indicate that the candidates had satisfactory knowledge of accounting for Reserves and Provisions and Recognition of Revenues and Expenses.

The candidates who performed poorly (26.5%) were not able to prepare the Accounts Receivable, Provision for Doubtful Debts, Provision for Discounts on Debtors, Bad debts, Insurance, Wages, Rent Receivable Accounts, an extract of the Income Statement and the extract of the Statement of Financial Position. Most of them could not open all of the required accounts. They also omitted most of the required accounts. Others were able to compute the correct amounts of provision for doubtful debts, provision for discounts on debtors but were not able to make the adjustments for accruals and prepayments and hence they entered unadjusted amounts in most of the required accounts. These responses suggest that the candidates lacked adequate knowledge of accounting for Reserves and Provisions and Recognition of Revenues and Expenses.

Further analysis reveals that a considerable number of candidates in this category reversed most of the entries in the ledger accounts. This response is an indication of poor mastery of the principle of double entry. It was also noted that some candidates prepared a combined Insurance, Wages and Rent Receivable Account instead of preparing separate Insurance, Wages and Rent Receivable Accounts. This response indicates that the candidates lacked knowledge of the fact that insurance and wages accounts are expenses; hence they cannot be combined with rent receivable account which is an income account. The response also indicates inability of the candidates to adhere to the demands of the question which required them to prepare separate Insurance, Wages and Rent Receivable Accounts. Extract 6.2 is a sample of a poor response from one candidate.

[illegible]

OG	b)	INSURANCE, WAGES, RENT	
	DR	RECEIVABLE ACCOUNTS	CR
	Insurance Prepaid b/d:	owing b/d:	
	Insurance 164,000	wages 156,000	
		rent 80,000	
	Income ^{and} expenditure 2,070,000	cash: Insurance 350,000	
		Bank: wages 600,000	
		Bank: rent 1,200,000	
	owing Balance c/d	31 st dec prepaid c/d:	
	wages 105,000	Insurance 30,000	
	rent 77,000		
	2,416,000		2,416,000

Extract 6.2: A poor response from a candidate who entered wrong amounts in the ledger Accounts and prepared a combined Insurance, Wages and Rent Receivable Accounts instead of separate ledger accounts

2.2.7 Question 7: Financial Statements Analysis and Interpretation

In this question, the candidates were required to calculate Gross profit as percentage of sales, Net profit as percentage of sales, Expenses as percentage of sales, Stock turnover, Rate of return of net profit on capital employed, Current ratio, Acid test ratio, Debtors : Sales ratio (in months), and Creditors : Purchases ratio (in months).

The question was attempted by 86 percent of the candidates, out of which 4.7 percent scored from 0 to 6.5 marks, 11.3 percent scored from 7 to 11.5 marks and 84 percent scored from 12 to 20 out of the 20 allotted marks. The candidates' performance in this question was generally good since large percentage of candidates (95.3%) scored from 12 to 20 marks as shown in Figure 7.

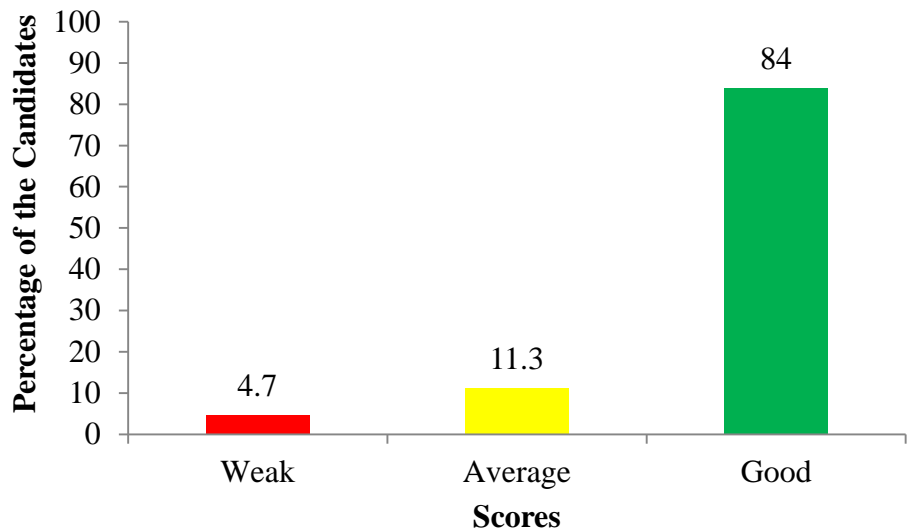


Figure 7: *The Performance of the Candidates in Question 7*

The candidates with good performance (84%) in this question were able to compute the required accounting ratios. They used correct formulas, extracted the required data from the financial statements and computed the required accounting ratios accurately. These correct responses to the question indicate that the candidates had adequate knowledge of financial statements analysis and Interpretation. Extract 7.1 is a sample of a correct response from a candidate.

07	Ratios	Company A	Company B
	(i) Gross profit as percentage of sales	$\frac{G.P.}{\text{Sales}} \times 100$	$\frac{G.P.}{\text{Sales}} \times 100$
	$\frac{G.P.}{\text{Sales}} \times 100$	$\frac{400000}{1800000} \times 100$	$\frac{410000}{2700000} \times 100$
		$= 22.22\%$	$= 15.1\%$
	(ii) Net profit as percentage of sales	$\frac{N.P.}{\text{Sales}} \times 100$	$\frac{N.P.}{\text{Sales}} \times 100$
	$\frac{N.P.}{\text{Sales}} \times 100$	$\frac{60000}{1800000} \times 100$	$\frac{90000}{2700000} \times 100$
		$= 3.33\%$	$= 3.33\%$
	(iii) Expenses as percentage of sales	$\frac{\text{Expenses}}{\text{Sales}} \times 100$	$\frac{\text{Expenses}}{\text{Sales}} \times 100$
	$\frac{\text{Expenses}}{\text{Sales}} \times 100$	$\frac{340000}{1800000} \times 100$	$\frac{320000}{2700000} \times 100$
		$= 18.89\%$	$= 11.85\%$
	(iv) Stock turnover	$\frac{\text{Cost of Goods Sold}}{\text{Average Stock}}$	$\frac{\text{Cost of Goods Sold}}{\text{Average Stock}}$
		$\frac{1400000}{250000}$	$\frac{2290000}{280000}$
		$= 5.6 \text{ times}$	$= 8.2 \text{ times}$
	(v) Rate of return of net profit on Capital employed	$\frac{N.P.}{C.E.} \times 100$	$\frac{N.P.}{C.E.} \times 100$
	$ROCE = \frac{N.P.}{C.E.} \times 100$	$\frac{60000}{230000} \times 100$	$\frac{90000}{440000} \times 100$
		$= 26.09\%$	$= 20.45\%$

07.	Ratio	Company A	Company B
vi/	Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
	CA - Current Assets	409000	382000
	CL - Current Liabilities	245000	252000
		= 1.67:1	= 1.51:1
vii/	Acid test ratio	$\frac{\text{CA} - \text{Stock}}{\text{Current Liabilities}}$	$\frac{\text{CA} - \text{Stock}}{\text{Current Liabilities}}$
	CA - Stock	209000	142000
	C.L	245000	252000
		= 0.85:1	= 0.56:1
viii/	Debtors : Sales ratio	$\frac{\text{Debtors} \times 12 \text{ months}}{\text{Sales}}$	$\frac{\text{Debtors} \times 12 \text{ months}}{\text{Sales}}$
	Debtors x 12 months	205000 x 12 months	140000 x 12 months
	Sales	1800000	2700000
		= 1.37 months	= 0.62 month
ix/	Creditors : Purchases ratio	$\frac{\text{Creditors} \times 12 \text{ months}}{\text{Purchases}}$	$\frac{\text{Creditors} \times 12 \text{ months}}{\text{Purchases}}$
	Creditors x 12 months	245000 x 12 months	252000 x 12 months
	Purchases	1300000	2250000
		= 0.3 months	= 1.3 months

Extract 7.1: A good response from a candidate who calculated accurately the required accounting ratios

The analysis also shows that 11.3 percent of the candidates had an average performance in this question. These candidates managed to identify the formulas used in the computation of accounting ratios and computed some of the required accounting ratios accurately. However, inability to extract the required data from the financial statements and limited computational skills made them compute wrong accounting ratios. The average performance of the candidates could be attributed to the candidates' satisfactory knowledge of Financial Statements Analysis and Interpretation.

On the other hand, the candidates who performed poorly (4.7%) in this question had various weaknesses. Some of them failed to identify appropriate formulas used to compute the required accounting ratios while others were able to identify the appropriate formulas but failed to extract the relevant data from the financial statements. It was also observed that some candidates applied wrong data in wrong formulas; consequently they computed wrong accounting ratios. Moreover, some candidates confused the formulas for different accounting ratios and made inaccurate computations of the required accounting ratios. Also, it was noted that some candidates computed wrong accounting ratios because of arithmetic errors in their responses. These responses indicate that the candidates lacked knowledge of financial statements analysis and interpretation. Extract 7.2 is an incorrect response from one of these candidates.

Qn 7: (i)	Gross profit as percentage of sales	
	Company B =	$\frac{480,000}{2,900,000}$
		= 0.1519 : 1
(ii)	Net profit as percentage of sales	
	Company A	Company B
	Net profit = 60,000	Net profit = 90,000
	sales = 1,800,000	sales = 2,900,000
		= 0.0333 : 1
	= 0.3333 : 1	
(iii)	Expenses as percentage of sales	
	A: Expense = $\frac{346,000}{1,800,000}$	Company B
	sales = 1,800,000	= $\frac{280,000}{2,900,000}$
	Company A = 0.1967 : 1	= 0.1037 : 1
iv:	Stock Turn over	Company B
	Cost of goods sold	= 2,240,000
	Average stock	260,000
	A = $\frac{1,400,000}{250,000}$	$\therefore 9 \text{ times}$
	5.6 times	
(vi)	Current Ratio Company A	Company B
	C. Assets	= 642,000
	current liabilities	440,000
	= $\frac{600,000}{230,000}$	= 1.5227 : 1
	= 2.6652 : 1	

Extract 7.2: A poor response from a candidate who computed inaccurate accounting ratios

2.2 153/2 Accountancy 2

2.2.8 Question 1: Cost Accounting

This question required the candidates to write brief explanations on direct costs, indirect costs, overheads, prime cost and product costs.

The question was attempted by 39.8 percent of the candidates, out of which 50.1 percent scored from 0 to 6.5 marks, 36 percent scored from 7 to 11.5 marks and 13.9 percent scored from 12 to 20 out of the 20 allotted marks. The candidates' performance in this question was average since 49.9 percent of the candidates scored 35 percent or above of the allotted 20 marks. Figure 8 shows the candidates' performance in question 1.

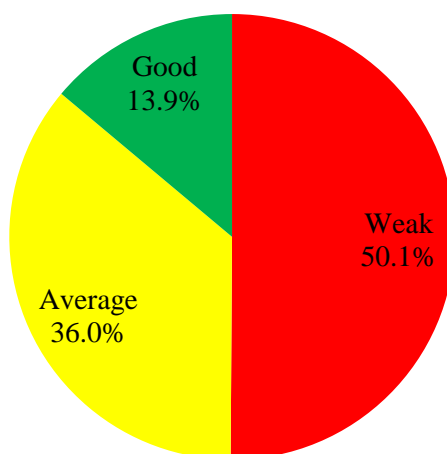


Figure 8: *The Performance of the Candidates in Question 1*

The candidates who performed well (13.9%) in this question understood the concepts of direct costs, indirect costs, overheads, prime cost and product costs. They were able to write relevant and clear explanations on the given cost terms. Their scores ranged from 12 to 20 marks depending on the level of relevance, clarity of explanations and examples provided to support their explanations. Extract 8.1 is a sample of a good response from one candidate.

4.	a) Direct cost; Are Those costs Incurred by a firm during Production and they can be easily traced on their actual money spend for. Are the costs which are directly related to what is produced by a firm such as direct cost spent on direct raw materials, direct labours and others.	
	b) Indirect costs; Refers to Those costs which can not be easily traced. Are the costs which incurred by a firm but they are so difficult to know their portion on goods produced by a firm. Foreexample Electricity bills, Salaries of Employees and others.	
	c) Overheads; They are Sometimes Known as Operational Expenses. Refers to the costs incurred by a firm while generating income or to meet day to day operational expenses to ensure smooth operation of a	
A	c) firm. Foreexample Electricity bills, Water bills, salaries, Insurances, Carriage outwards, and so many	
	d) Prime cost; Refers to The Summation of all direct costs Incurred by a firm in the production process. Are the costs which are easily to know or being traced on goods produced such cost for purchase of raw materials and direct labour wages.	
	e) Product costs; Refers to The costs Incurred by a firm for the production of a certain goods. It is a summation of all costs used by producers from acquisition of raw materials up to the point of making final goods. Foreexample Wages and salaries paid to specialists in production, cost of buying some ingredients used to add flavour of goods, cost of buying raw materials and other many.	

Extract 8.1: A good response from a candidate who provided relevant and clear explanations on direct costs, indirect costs, overheads, prime cost and product costs

The candidates who performed averagely (36%) were able to provide reasonable explanations of the given cost terms. They wrote relevant and clear explanations on two or three of the given cost terms. Their scores ranged from 7 to 11.5 marks implying that the candidates had satisfactory understanding of the meaning and implication of cost accounting terminologies.

Conversely, the candidates who scored low marks (50.1%) lacked knowledge of cost accounting terminologies. Majority of candidates in this category could not answer all the given cost accounting terminologies and responded to only one or two of the given terms. This response indicates that the candidates lacked knowledge of cost accounting terminologies. Moreover, a considerable minority of the candidates wrote irrelevant explanations which had no connection with the terms in question. This means that the candidates lacked knowledge of the meaning and implication of the terms used in cost accounting. Furthermore, other candidates failed to write clear explanations due to the lack of proficiency in English. They wrote meaningless sentences or phrases. Extract 8.2 is a sample of a poor response from one of the candidates.

1	(a) Direct cost, Is the cost which one purchases of raw materials or production of raw materials production cost or product cost
	(b) Indirect cost, Is the cost which obtain to the distribution and consumption of goods and services consumption cost.
	(c) overheads, this is the factor which use to the production activities example Labour and other factor overheads.
	(d) prime cost, this is the cost which occur to the primary industry during to the production activities.
	(e) production cost Is the cost which occurs to the production activities example to buying factor of production and labor and other cost

Extract 8.2: A poor response from a candidate who wrote explanations which have no meaning in relation to direct costs, indirect costs, overheads, prime cost and product costs

2.2.9 Question 2: Containers Accounts

The question required the candidates to use suspense method to prepare necessary ledger accounts and a statement of profit or loss on crates usage for the year ended 31st December 2017.

The question was attempted by 75.1 percent of the candidates, out of which 21.9 percent scored from 0 to 6.5 marks; 58 percent scored from 7 to 11.5 marks and; 20.1 percent scored from 12 to 20 out of the 20 allotted marks. The candidates' performance in this question was good since 78.1 percent of the candidates scored 35 percent or above. Figure 9 shows the performance of the candidates in question 2.

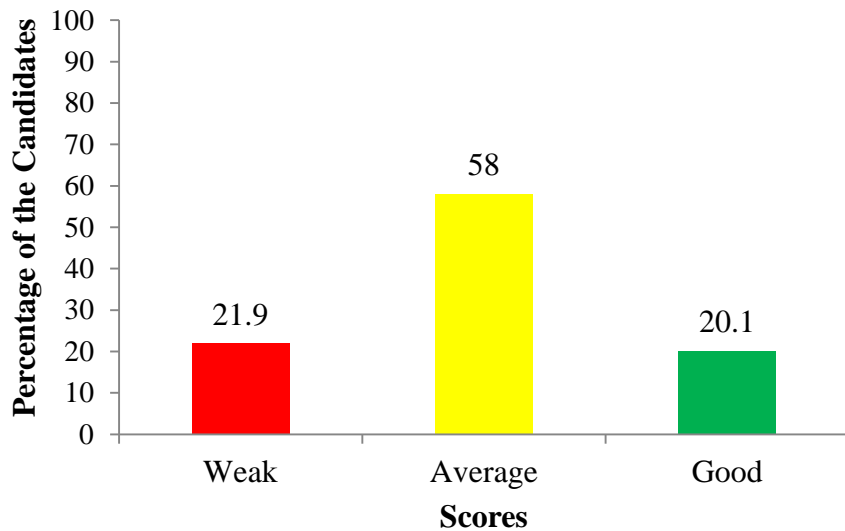


Figure 9: *The Performance of the Candidates in Question 2*

The candidates with good performance (20.1%) in this question were able to prepare the required accounts accurately. These candidates used appropriate rates in recording the containers in the containers stock and containers suspense accounts. Moreover, they computed the hiring profit and accurately prepared the statement of profit or loss on containers usage for the year. However, their scores differed from one another depending on the level of errors and omissions each candidate committed in his or her response. These responses indicate that the candidates were competent enough in the preparation of containers accounts. Extract 9.1 is a sample of a correct response from a candidate.

2' DR	CRATES SUSPENSE ACCOUNT							CR
DETAILS	Quantity	Rate	Amount	DETAILS	Quantity	Rate	Amount	
Crates returned.	8200	150	1,230,000	Balance b/d	800	150	120,000	
Hiring charge	-	-	372,000	Crates sent	12,400	180	2,232,000	
Balance c/d	5000	150	750,000					
	13,200	-	2,352,000		13,200	-	2,352,000	
				Balance b/d	5000	150	750,000	
DR	CRATE STOCK ACCOUNT							CR
DETAILS	Quantity	Rate	Amount	DETAILS	Quantity	Rate	Amount	
Balance b/d				Hiring charge	-	-	372,000	
warehouse	-	-	-	Crates damage	2480	-	-	
Customers	800	120	96,000					
Purchases.	14,580	120	1,761,600					
Profit on				Balance c/d				
Curtains/ Crates.			74,400	warehouse	8000	120	960,000	
				Customers	5000	120	600,000	
	15,480	-	1,922,000		15,480	-	1,932,000	
Balance b/d								
warehouse	8000	120	960,000					
Customer	5000	120	600,000					
STATEMENT OF PROFIT & LOSS ON CRATES USAGE								
Hiring charge.							372,000	
Less: Opening expens.								
Crates damages.							297,600	
Profit on Crates wage							74,400	

Extract 9.1: A good response from a candidate who prepared accurately the Crates Stock, Crates Suspense Accounts and the Statement of Profit or Loss on Crates usage

On the other hand, the candidates who scored average marks (58%) in this question were able to open the Crates Stock Account, Crates Suspense Account and the Statement of Profit or Loss on Crates usage and managed to record a large number of the transactions correctly. However, some of them omitted some entries in the accounts while others reversed one or two of the entries in one or two of the accounts.

Furthermore, the candidates who performed poorly (21.9%) in this question failed to adhere to the requirement of the question because they omitted some of the required accounts. Some of these candidates opened the required accounts but their entries contained some correct amounts with wrong or incorrect narrations. It was also observed that other candidates posted some entries to the wrong side of the Crates Stock Account and Crates Suspense Accounts. Additionally, it was noted that some candidates recorded wrong amounts in the Crates Stock and Crates Suspense Accounts and in the statement of profit or loss on crates usage. Hence their profit on crates usage was not correct. Extract 9.2 is a sample of a poor response from one candidate.

2								
	DR	CRATES STOCK ACCOUNT						CR
	Details	QTY	Rate	Amount	Details	QTY	Rate	Amount
	Purchases	14,680	120	1,761,600	Crates Supplied	15,600	150	2,340,000
	Profit on business	-	-	2,528,400				
					Balance c/d			
					Customer	5,000	150	750,000
					Warehouse	8,000	150	1,200,000
		28,600	-	4,290,000		28,600	-	4,290,000
	DR	CRATES SUSPENSE ACCOUNT						CR
	Details	QTY	Rate	Amount	Details	QTY	Rate	Amount
	Crates kept	15,600	150	2,340,000	Crates sent	12,400	150	1,860,000
	Hiring charges	-	-	468,000	Crates returned	8,200	150	1,230,000
	Balance c/d							
	Customer	5,000	150	750,000				
		20,600	-	3,462,000		28,600	-	4,290,000
					Balance b/d			
					Customer	5,000	150	750,000
	STATEMENT OF PROFIT AND LOSS ON CRATES USAGE							
	Hiring charges							
		468,000						
	Add Profit on business							
		2,528,400						
	Profit on business							
		2,996,400						

Extract 9.2: A poor response from a candidate who entered wrong amounts in the Crates Stock, Crates Suspense Accounts and Statement of Profit or Loss on Crates usage

2.2.10 Question 3: Partnership Accounts

The question had two parts, (a) and (b). In part (a), the candidates were required to define partnership dissolution and to outline five reasons for partnership dissolution. Part (b) required the candidates to prepare Journal Entries, Realization and Cash Accounts.

The question was attempted by 98.1 percent of the candidates, out of which 9.3 percent scored from 0 to 6.5 marks, 39.9 percent scored from 7 to 11.5 marks and 50.8 percent scored from 12 to 20 out of the 20 allotted marks. The candidates' performance in this question was good since 90.7 percent of the candidates scored 35 percent or above. Figure 10 shows the candidates' performance in question 3.

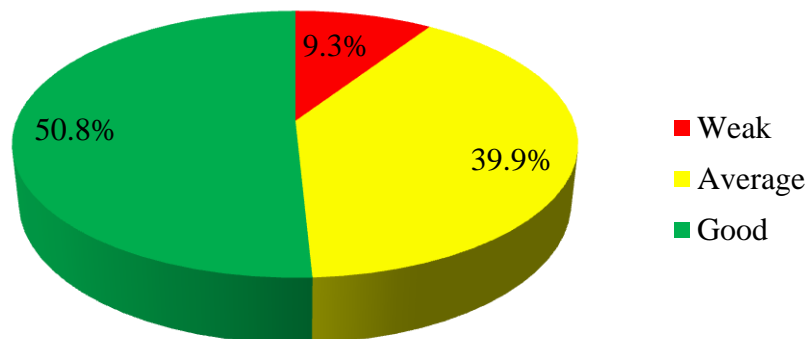


Figure 10: *The Performance of the Candidates in Question 3*

The candidates who scored good marks (50.8%) had adequate knowledge of the subject matter. Most of them were able to define the term Partnership dissolution and outline the five reasons for partnership dissolution. Their entries in the Journal were correct and most of their postings to the realization and cash Accounts were also correct. Extract 10.1 is a sample of the correct response.

3. a) i) Dissolution is the process of winding or closing up the partnership business. All assets and liabilities are sold or paid and the Profit or loss is charged to the partners. It is normally done by a person called a liquidator.

ii) The following are reasons for partnership dissolution.

Death of the partner. If one partner dies, then the business should be dissolved and the continuing partner may decide to either open a sole proprietorship business or join another firm.

Bankruptcy of the partner. If a partner becomes bankrupt and thus can not continue contributing capital, then the firm must be dissolved.

Insanity of a partner. If one partner has become of an unsound mind, or has become permanently incapable of performing his duties then the business can be closed.

Court order. The court may order the partnership closed due to factors such as ~~comp~~ accumulation of debts and it feels like if it continues, further debts would be accumulated.

If it is operating at a loss. The firm can be closed if the partners see that they are not gaining anything from the business.

ii)

Dr		Realization Account		Cr	
Sundry debtors	280,000	Debtors		270,000	
Other assets	85,000	Other assets		95,000	
Land and building	80,000	Land and building		40,000	
Dissolution expenses	10,000	Partners Capital			
		Hamed	25,000		
		Maryam	<u>25,000</u>	<u>50,000</u>	
	<u>455,000</u>			<u>455,000</u>	

Partners Capital Account					
Dr			Cr		
Details	Hemed	Maryam	Details	Hemed	Maryam
Realisation	25000	25000	Balance b/d	200,000	150,000
Cash	175000	-	Cash	-	100000
	200000	25000		200000	250000

iii)

Dr		Cash Account		Cr
Balance b/d	180,000	Sundry Creditors	275,000	
Debtors	270,000	Dissolution expenses	10,000	
Other Assets	95,000	Partners Capital Account		
Land and building	40,000	Hamed	175,000	
Maryam Capital 1/2	100,000			
	595,000			460,000

3.1)	JOURNAL ENTRIES			
	S/N	Details	Debit	Credit
		Realization Account	280000	
		Debtors Account		280000
		Realization Account	85000	
		Other Asset Account		85000
		Realization Account	80000	
		Land and Building A/c		80000
		Creditors Account	275000	
		Realization Account		275000
		Cash Account	405000	
		Realization (Debtors) A/c		405000
		Realization Account	10000	
		Cash Account (Disburse) Exp		10000
		Realization Account	275000	
		Cash Account (Credit)		275000
		Capital Account		
		Hammed	25000	
		Naarzan	25000	
		Realization Account		50000
		Capital Account		
		Hammed	175000	
		Naarzan	125000	
		Cash Account		300000

Extract 10.1: A good response from a candidate who accurately defined the term partnership dissolution and made correct accounting entries in the Journal, Realization and Cash Accounts

The candidates who performed averagely (39.9%) in this question were able to record most of the given transactions in the required accounts correctly. However, their entries in the ledger accounts were characterised by omissions, wrong postings and some reversal of entries. Some of these candidates provided wrong definitions to the term partnership dissolution though they stated the five reasons for partnership dissolution. These responses show that the candidates had satisfactory knowledge and competence in partnership accounting.

However, the candidates who performed poorly (9.3%) failed to adhere to the requirements of the question. Many of these candidates did not prepare journal entries, realization and cash accounts. This means that the candidates did not meet the demands of the question; hence they scored lowly from 0 to 6.5 marks. Additionally, some candidates recorded correct amounts but entered wrong narrations in the accounts. This means that the candidates lacked analytical skills as they did not know which transaction and amount should be recorded in a respective account. Moreover, there were candidates who reversed some of the entries in the accounts. This response indicates that the candidates lacked knowledge of the principle of double entry and its application in recording the financial transactions. These candidates ended performing poorly which suggests that they lacked sufficient knowledge and competence in Partnership Accounting. Extract 10.2 is a sample of a poor response.

39	(i) partnership dissolution, this is the situation where by partnership to be end.	
	ii. Reason for partnership dissolution	
	(a) When partner are bankrupt	
	(b) Death of one partner	
	(c) When partnership are operating on loss,	
	(d) When partnership are meet their objective.	
	ii. Reason For partnership dissolution	
	(a) when partnership are bankrupt.	
	(b) when partnership are operating on loss	
	(c) when partnership meet their objective	
	(d) Death of one partner	
	(e) when have conflict between the partnership.	
36	Realization Account	
	Cash 180,000	Debtor 270,000
	Sundry debtor 280,000	Other assets 95,000
	Other assets 85,000	Land and build 40,000
	Land and build 80,000	Sharing
	Expenses legal 10,000	Interest = 15,000
		Maryam 15,000
		30,000
	435,000	435,000

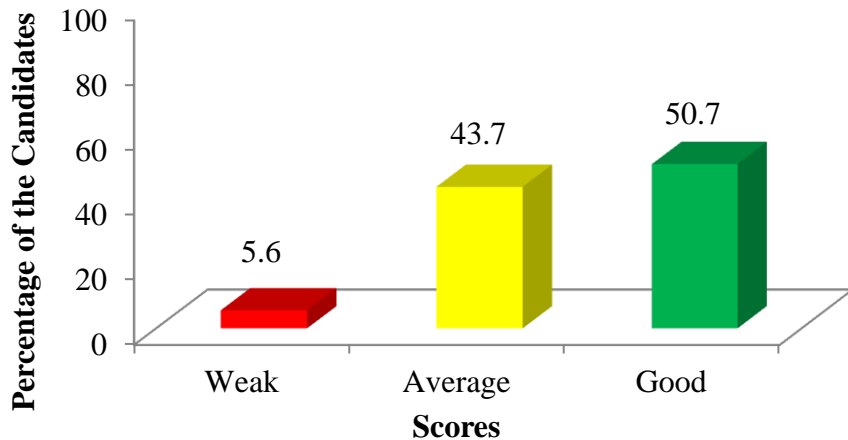


Figure 11: *The Performance of the Candidates in Question 4*

The candidates who performed well (50.7%) in this question were able to open all the required accounts. They opened the general journal and accurately recorded the given transactions. Moreover, they computed the amounts of money receivable on application, allotment, first call, second call and the amount of share premium accurately. On top of that, they made correct entries in the Bank, Share Application, Share Allotment, First Call, Second Call and Ordinary Share Capital Accounts. Despite these good answers, some of the candidates in this category made errors, omissions and wrongly posted some entries in the accounts which caused their scores to vary from 12 to 20 marks. Extract.11.1 is a sample of a good response from a candidate.

04. In the books of MTWARA Gas Ltd.

a. DR: BANK ACCOUNT		CR:	
Share application	450,000	Share application	150,000
Share allotment	500,000	Balance c/d	1,200,000
First call	250,000		
Second and final call	150,000		
	1,350,000		1,350,000
Balance b/d	1,200,000		

b.

DR: SHARE APPLICATION ACCOUNT		CR:	
Share capital (10,000 x 30)	300,000	Bank (15,000 x 30)	450,000
Bank (rejected) (5,000 x 30)	150,000		
	450,000		450,000

c.

DR: SHARE ALLOTMENT ACCOUNT		CR:	
Share capital (10,000 x 30)	300,000	Bank (10,000 x 50)	500,000
Share premium (10,000 x 20)	200,000		
	500,000		500,000

d.

DR: FIRST CALL ACCOUNT		CR:	
Share capital (10,000 x 25)	250,000	Bank (10,000 x 25)	250,000

e.

DR: SECOND & FINAL CALL ACCOUNT		CR:	
Share capital (10,000 x 15)	150,000	Bank (10,000 x 15)	150,000

-04- (f)			
DR: ORDINARY SHARE CAPITAL ACCOUNT CR:			
Balance c/d	1,000,000	Share application	300,000
		Share allotment	200,000
		First call	250,000
		Second and final call	150,000
	1,000,000		1,000,000
		Balance b/d	1,000,000

JOURNAL ENTRIES			
S/N	Particulars	DR:	CR:
1.	Bank a/c	450,000	-
	Share application a/c		450,000
2.	Share application a/c	150,000	-
	Bank a/c	-	150,000
3.	Share application a/c	300,000	-
	O. Share capital a/c	-	300,000
4.	Bank a/c	500,000	-
	Share allotment a/c	-	500,000
5.	Share allotment a/c	200,000	-
	O. Share capital a/c	-	200,000
6.	Share allotment a/c	200,000	-
	Share premium a/c	-	200,000
7.	Bank a/c	250,000	-
	First call a/c	-	250,000
8.	First call a/c	250,000	-
	O. Share capital a/c	-	250,000
9.	Bank a/c	150,000	-
	Second and final call a/c	-	150,000
10.	Second and final call a/c	150,000	-
	O. Share capital a/c	-	150,000

Extract 11.1: A good response from a candidate who accurately prepared the journal entries and the required ledger accounts

On the other hand, the candidates who performed averagely (43.7%) were able to prepare the journal entries and opened the required ledger accounts but their entries in the relevant accounts contained inappropriate narrations, wrong posting and reversed entries. Despite the errors, omissions and mistakes observed in their responses, they scored from 7 to 11.5 marks. This indicates that the candidates had satisfactory knowledge and competence in Company Accounts.

On the contrary, the candidates who performed poorly (5.6%) in this question did not have adequate knowledge of the subject matter. Hence, their responses were characterised by a mixture of correct and incorrect responses. Most of them did not prepare journal entries and could not open all the required ledger accounts. Other candidates computed inaccurate amounts of money receivable on application, allotment, first call, second call and the amount of share premium. Moreover, their accounts contained inappropriate narrations, wrong amounts, omissions and reversed entries. Extract 11.2 is a sample of a poor response.

4	Dr	Bank	Account	Cr
	Application	300,000	Application	150,000
	Allotment	900,000		
	First call	250,000		
	Final call	100,000		
	Call in advance	500,000	Balance c/d	1,900,000
		2050,000		2,050,000
	Balance b/d	1,900,000		
	Dr	APPLICATION	Account	Cr
	OSC	300,000	Bank	300,000
	Dr	ALLOTMENT	Account	Cr
	OSC	300,000	Bank	900,000
	Call in advance	250,000		
	Call in advance	250,000		
	Call in advance	100,000		
		900,000		900,000
	Dr	1 st CALL	Account	Cr
	OSC	250,000	Bank	250,000
	Dr	FINAL CALL	Account	Cr
	OSC	250,000	Bank	100,000
			Call in advance	150,000
		250,000		250,000

Extract 11.2: A poor response from a candidate who omitted the journal entries and entered inappropriate narrations and wrong amounts in the ledger Accounts

2.2.12 Question 5: Hire Purchase Accounts and Payroll Accounting

The question had two parts, (a) and (b). In part (a), the candidates were required to prepare Imelda & Sons Income Statement for the year ended 31st December 2015, assuming that the company takes credit for gross profit in proportion to cash received from customers in the year. Part (b) required the candidates to prepare Salary Slips for the employees for October 2017.

The question was attempted by 84.7 percent of the candidates, out of which 31.5 percent scored from 0 to 6.5 marks, 44.2 percent scored from 7 to 11.5 marks and 24.3 percent scored from 12 to 20 out of the 20 allotted marks. The candidates' performance in this question was good. Figure 12 shows the candidates' performance in question 5.

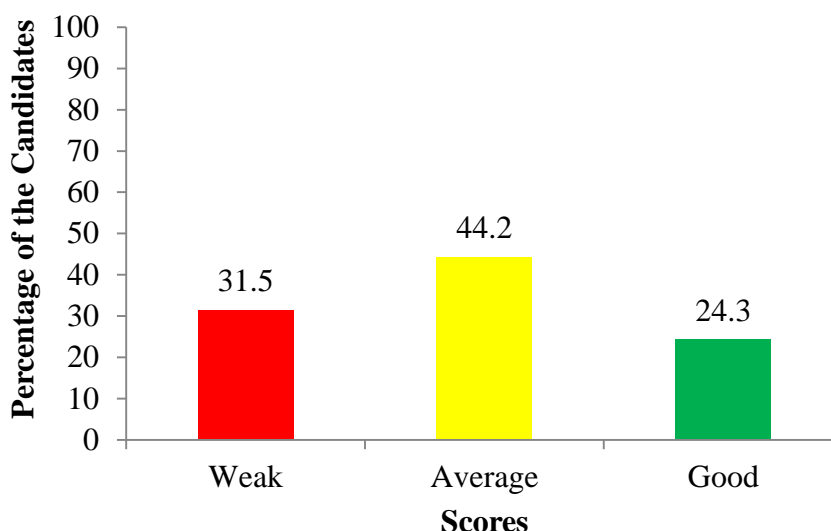


Figure 12: *The Performance of the Candidates in Question 5*

The candidates who scored from 12 to 20 marks (24.3%) demonstrated sufficient knowledge and mastery of Hire purchase and Payroll accounting. These candidates accurately computed the amounts of total purchases, cash sales, HP sales, cash received from HP debtors, instalments due from HP debtors, value of unsold computers, the amount of the provision for unrealized profit as of 31st December 2015 and accurately prepared the Income Statement of Imelda & Sons for the year ended 31st December 2015. Moreover, these candidates skilfully computed the amounts of basic salary, overtime pay, meal allowance, transport allowance, responsibility allowance, gross pay, PAYE, net pay and accurately prepared the salary slips for Julieth and Tigwela for the month of October 2017. Their scores ranged from 12 to 20 marks depending on the level of errors, misstatements and omissions each candidate committed in his or her response. Extract 12.1 is a sample of a good response from a candidate.

5(a) Two Methods:

Prov for unrealised profit = $\frac{\text{Unpaid instalment} \times \text{G Profit}}{\text{HP sales}}$

Prov for unrealised profit = $\frac{72000,000 \times 50000,000}{122000,000}$

Prov for unrealised = 32,000,000

5(b) Company Income statement for the year ended 31/12/15

	Adjustments	Amount
Sales: Cash	63,000,000	
Hire purchase	122,400,000	185,400,000
Less Cost of sales:		
purchases	124,000,000	
Less closing stock	(10,000,000)	(110,000,000)
		75,400,000
Less prov for unrealised		(32,000,000)
Gross profit		43,400,000
Less operating Expenses		
General Expenses		(19,600,000)
Net profit		23,800,000

5(c) Working

DV	provision for unrealised profit % CV.
31/12/15 Balance %d 32000000	31/12/15 Income statement 3200,000
32000,000	32,000,000
	1/1/16 Balance %d 32000,000

5(c)

WORKINGS

$$\text{Cost of goods sold on cash} = 200,000 \times 210 = 42,000,000$$

$$\text{Cost of goods sold on Hire purchase} = 200,000 \times 340 = 68,000,000$$

$$\underline{110,000,000}$$

$$\text{Cash sales} = 300,000 \times 210 = 63,000,000$$

$$\text{Hire purchase sales} = 360,000 \times 340 = 122,400,000$$

Dr		Hire purchases Debtor A/c		Cr.	
HP Sales	122,400,000	Cash Received	50,400,000		
		Balance b/d	72,000,000		
	<u>122,400,000</u>		<u>122,400,000</u>		
Balance b/d	72,000,000				

Dr		HP sales Account		Cr.	
Income Statement	122,400,000	HP debtor	122,400,000		
	<u>122,400,000</u>		<u>122,400,000</u>		

$$\text{Purchases} = 600 \times 200,000 = 120,000,000$$

$$\text{Unpaid Computer} = (600 - 210) \times 340 = 50$$

$$\text{Closing stock / unpaid Computer} = 50 \times 200,000 = 10,000,000$$

$$\text{Gross profit} = \text{HP sales} - \text{Cost of goods sold on HP}$$

$$\text{Gross profit} = 122,400,000 - 68,000,000 = 54,400,000$$

$$\text{But prov for unrealised} = \frac{\text{unpaid intlement} \times \text{gross profit}}{\text{HP sales}}$$

S(5)	Salary slip for the month October 2017		
		Julieth	Tigwela.
	Basic pay	200,000	180,000
	OT over time payment	15000	6750
	Meal Allowance	20,000	18000
	Trans port allowance	40,000	36000
	Responsibility allowance.	875,000	240750.
	Gross pay	550,000	481500
	Less Salary advance		
	Less Deductions		
	Salary Advance	150,000	95000
	Staff Loan	170,000	115,000
	PAYE tax	220,000	192,600
	total deductions	540,000	402600
	Net pay / Take home	10,000	78900
	WORKING:		
	PAYE = 550,000 x 40%. Julieth		
	481500 x 40%. Tigwela.		
	Payetax for Julieth = 550,000 x 40% = 220,000		
	payetax for Tigwela = 481500 x 40% = 192600		

Extract 12.1: A good response from a candidate who prepared accurately the Income Statement of Imelda & Sons for the year ended 31st December 2015 and the salary slips of Julieth and Tigwela for the month of October 2017

The candidates who had average performance (44.20%) in this question demonstrated satisfactory knowledge and competence on Hire purchase and Payroll accounting. They were able to prepare the Income Statement of Imelda & Sons for the year ended 31st December 2015 and the salary slips of Julieth and Tigwela for the month of October 2017. However, some candidates omitted some items in the Income Statement. Also, some candidates computed inaccurate amounts of gross pay, responsibility allowance, PAYE, total deductions from salaries and net pay for the employees.

The candidates who performed poorly (31.5%) in this question lacked knowledge of Hire Purchase and Payroll Accounting. Most of them could not draw the Income Statement and the Salary Slips properly. Others computed correct amounts of total purchases, cash sales, HP sales, cash received from HP debtors and instalments due from HP debtors but could not compute the value of unsold computers, and the amount of the provision for unrealized profit on 31st December 2015. Furthermore, it was noted that the candidates in this category computed inaccurate amounts of basic salary, overtime pay, meal allowance, transport allowance, responsibility allowance, gross pay, PAYE, net pay and erroneously prepared the salary slips of Julieth and Tigwela for the month of October 2017; consequently they scored lowly from 0 to 6.5 marks. Extract 12.2 is a sample of a poor response from a candidate.

5a)	INCOME STATEMENT FOR THE YEAR ENDED 31/12/2015.		
		Sh	Sh
	Purchases Sales	63,000,000	
	Add: Cash received	50,400,000	
	Net Sales		113,400,000
	less: Costs		
	Purchases: Cash		
5b)	SALARY SLIP		
	Details	Julieth	Tigwela
	Basic pay	270,000	184,500
	Add: Payments		
	Salary advance	150,000	96,000
	Meals allowance	21,000	18,450
	Transport allowance	42,000	36,900
	Responsibility allowance	10,500	9,225
	Overtime payment	15,000	6,750
	Gross pay	543,000	438,525
	less: Deductions		
	Staff loan	170,000	115,000
	PAYE	217,200	173,540
		155,800	148,000

Extract 12.2: A poor response from a candidate who erroneously prepared the Income Statement and the Salary Slips of Julieth and Tigwela for the month of October 2017

2.2.13 Question 6: Stock Valuation

The question required the candidates to determine the cost of vitenge sold in the month of June 2017, number and value of unsold pairs of vitenge at 30th June 2017 by LIFO method; to determine the profit or loss made on vitenge for the month of June 2017 in a columnar Income Statement prepared based on FIFO and LIFO methods if in the sales department a pair of vitenge can be sold at TZS 15,000 and TZS 50,000 is used to pay transport cost to market and to recommend with reasons, which of the two methods in question 6 (b) is more appropriate to the management of Kirumo Textiles Ltd.

The question was attempted by 17.2 percent of the candidates, out of which 23.9 percent scored from 0 to 6.5 marks, 37.2 percent scored from 7 to 11.5 marks and 38.9 percent scored from 12 to 20 out of the 20 allotted marks. The candidates' performance in this question was good. Figure 13 presents the performance of the candidates in question 6.

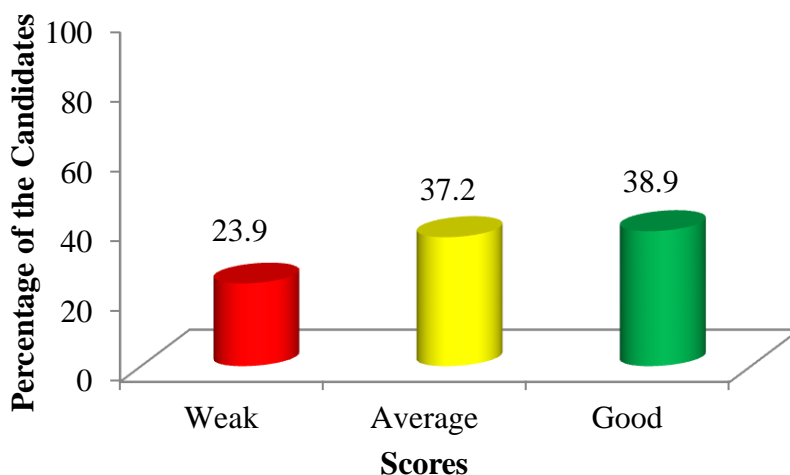


Figure13: *The Performance of the Candidates in Question 6*

The candidates who scored from 12 to 20 marks (38.9%) were able to prepare the Stores Ledger Card based on LIFO method and the workings of the Stores Ledger Card based on FIFO method. They used appropriate unit prices to determine the cost of purchases, sales and inventory balances of vitenge after each purchase or sale. The analysis

shows that, the candidates accurately prepared the Income Statement of Kirumo Textiles Ltd for the month of June 2017 in columnar form which disclosed the net profit for LIFO and FIFO methods. Nevertheless, some candidates in this category provided appropriate recommendations to the management of Kirumo Textiles Ltd on the appropriate method of inventory valuation.

However, errors and omissions were also observed in the candidates' responses which led to their scores to vary from 12 to 20 marks. The good performance could be attributed to the candidates' adequate knowledge and competence in Costing Accounting. Extract 13.1 is a sample of a good response from a candidate.

By LIFO Method.										
G(a) STOCK RECORD CARD FOR JUNE 2017										
Date	PURCHASED			SOLD			BALANCE			
	Unit	Unit Cost	Total Cost	Unit	Unit Cost	Total Cost	Unit	Unit Cost	Total Cost	
June 1	18						18	3000	54000	
7				9	3000	27000	9	3000	27000	
15	15	3200	48000	-	-	-	9	3000	27000	
							15	3200	48000	
							24		75000	
18				10	3200	32000	9	3000	27000	
							5	3200	16000	
							14		43000	
23				5	3200	16000	9	3000	27000	
30	15	3400	51000	-	-	-	9	3000	27000	
							15	3400	51000	
	30		99000	24		75000	24		78000	

6(a)	Cost of Winge sold in June = 75000TZ 75000TZ		
	Number of unsold pairs of Winge = 24		
	Value of unsold pairs at 30 th June 2017 = 78000TZ		
(b)	INCOME STATEMENT FOR MONTH OF JUNE 2017		
	Details	FIFO	LIFO
	Sales	360000	360000
	Less: Cost of goods sold		
	Opening stock	54000	54000
	Add: Purchases	99000	99000
		153000	153000
	Less: Closing stock	79800	78000
	Cost of goods sold	73200	75000
	Gross profit	286800	285000
	Less: Transport cost	50,000	50,000
	Net Profit	236800	235000
(c)	FIFO method is more appropriate to the management of Kirumo Textiles Ltd.		
	Because it is more profitable than LIFO method since in FIFO method the profit earned or made is 236800 ^{TZ} compared to LIFO profit is 235000TZ. The profit made on FIFO method is higher than in LIFO.		

Extract 13.1: A good response from a candidate who accurately prepared the Stores Ledger Card (LIFO), Income Statement and recommended the appropriate inventory valuation method to the management of Kirumo Textiles Ltd

The candidates (37.2%) who had an average performance in this question were able to adhere to the demands of the question. They prepared the Stores Ledger Card based on LIFO method and the workings of the Stores Ledger Card based on FIFO method. They used appropriate unit prices to determine the cost of purchases, sales and inventory balance of vitenge after each purchase or sale. However, some candidates in this category could not prepare the income statement of Kirumo Textiles Ltd. Also, it was noted that some candidates in this category did not recommend to the management of Kirumo Textiles Ltd the appropriate method of inventory valuation. Nevertheless, their scores ranged from 7 to 11.5 marks implying that they had satisfactory knowledge and competence in cost accounting.

The analysis show that the candidates (23.9%) who performed poorly in this question lacked knowledge and competence in cost accounting. They erroneously recorded the transactions in the stores ledger card. Such errors include omission of some entries and entries of wrong narrations and amounts. Moreover, other candidates recorded some entries in the wrong column of the stores ledger. For example, it was observed that some candidates recorded purchases of vitenge into the issues/sales column instead of the receipts/purchases column. Likewise, some candidates in this category did not prepare the income statement of Kirumo Textiles Ltd and none of them recommended to the management of Kirumo Textiles Ltd the appropriate method of inventory valuation. These variations in the candidates' responses led their scores to vary from 0 to 6.5 marks. Extract 13.2 is a sample of a poor response from one of the candidates.

Q3 STOCK VALUATION BY FIFO CP												
6	Received						Issued					
(a)	Date	Detail	Qty	Unit	Amount	Cost	Unit	Amount	Cost	Unit	Amount	Cost
	6/1	Bolb/d	3000	18	54,000	-	-	-	-	3000	18	54,000
	6/7	Sold	-	-	-	15,000	9	135,000	-	-	-	15,000
	6/15	Purchase	3200	15	48,000	-	-	-	-	3200	18	81,000
	6/18	Sold	-	-	-	15,000	10	150,000	-	-	-	27,000
	6/22	Sold	-	-	-	15,000	5	75,000	-	-	-	32,000
										30200	33	264,000
										30200	33	264,000
										15,000	10	150,000
										45200	43	4,14,000
										3000	18	54,000
										15,000	10	150,000
							3000	5	15,000			
							10,000	5	60,000	3000	5	15,000
	6/30	Purchase	3400	15	51,000	-	-	-	-	3400	15	51,000
										6400	20	66,000
6b Income Statement												
	Opening stock				54,000							
	Add: purchases				153,000							
					207,000							
	Sale				15,000							
	Less GP				54,000							
	Gross				36,000							
	Closing stock				171,000							
	Net Profit = Gross profit 51,000 -											
	Less: Expenses 50,000											
	Net Profit = 1,000											

Extract 13.2: A poor response from a candidate who entered inaccurate narrations and amounts in the Stores ledger Card and the Income Statement

2.2.14 Question 7: Accounting for Royalties

In this question the candidates were required to record the given transactions in the books of Kiwira Coal Ltd for the three years ended 31st December 2015, 2016, and 2017 in the Minimum Rent, Royalties, Land lord and Short workings Accounts.

The question was attempted by 97.7 percent of the candidates, out of which 8.3 percent scored from 0 to 6.5 marks, 32.3 percent scored from 7 to 11.5 marks and 59.4 percent scored from 12 to 20 out of the 20 allotted marks. The candidates' performance in this question was good as shown in Figure 14.

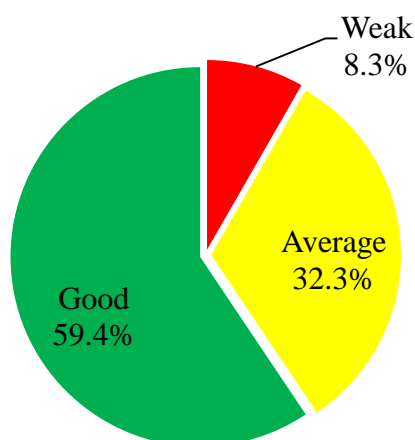


Figure 14: *The Performance of the Candidates in Question 7*

The candidates (59.4%) who performed well had sufficient knowledge and competence in accounting for Royalties. These candidates were able to prepare the Minimum Rent, Royalties, Land Lord, and Short Workings Accounts. They accurately computed the amounts of actual royalties, minimum rent, short workings, short workings recouped and the amounts of royalties payable to land lord. Most of them made correct entries in the relevant accounts. However, a few candidates made some errors in recording the transactions in the required accounts. Such errors include omission of some entries in the accounts and entries of wrong narrations or amounts. Moreover, other candidates posted some entries to the wrong side of an account. These variations in the candidates' responses caused their scores to vary from 12 to 20 marks. These responses indicate that the candidates had

adequate knowledge and competence in Accounting for Royalties. Extract 14.1 is a sample of a good response from one candidate.

7 ROYALTY PAYABLE CHART									
Year	Output (tons)	Rate Per ton	Actual Royalty	Minimum Rent	Short Working	Surplus	Recoup. able	Irrecoup. able	Payment to Landlord
2015	1500	50	75,000	300,000	225,000	-	-	-	300,000
2016	5000	50	250,000	300,000	50,000	-	-	-	300,000
2017	7500	50	375,000	300,000	-	75,000	75,000	-	300,000
IN BOOKS OF KIWIRA									
Dr MINIMUM RENT ACCOUNT				Cr					
2015				2015					
Landlord 300,000				Royalty Payable 75,000					
				Short working 225,000					
				300,000					
2016				2016					
Landlord 300,000				Royalty Payable 250,000					
				Short working 50,000					
				300,000					
Dr SHORT-WORKING ACCOUNT				Cr					
2015				2015					
Minimum rent 225,000				Balance b/d 225,000					
				225,000					
2016				2016					
Balance b/d 225,000				Balance c/d 275,000					
Minimum rent 50,000									
				275,000					
2017				2017					
Balance b/d 275,000				Landlord 75,000					
				Balance c/d 200,000					
				275,000					

7	Dr	SHORT WORKINGS ACCOUNT (Continue) Cr	
		2015	
		2015	2014
		Balance b/d	200,000
	Dr	ROYALTIES PAYABLE ACCOUNT Cr	
		2015	2015
		Tshs	Tshs
		Minimum rent	75,000
			75,000
		2016	2016
		Minimum rent	250,000
			250,000
		2017	2017
		Landlord	375,000
			375,000
	Dr	LANDLORD ACCOUNT Cr	
		2015	2015
		Tshs	Tshs
		Bank	300,000
			300,000
		2016	2016
		Bank	300,000
			300,000
		2017	2017
		Bank	300,000
		Short working	75,000
			375,000

Extract 14.1: A good response from a candidate who accurately prepared the Minimum Rent, Royalties, Land lord and Short workings Accounts

Furthermore, the candidates (32.3%) with an average performance in this question were able to adhere to the demands of the question. They opened the Minimum rent, Royalties, Land Lord and Short Workings Accounts. However, some of their computations of the amounts of actual royalties, minimum rent, short workings and short working recouped were wrong. Other candidates posted some entries to the wrong side of the accounts. The candidates in this category had satisfactory knowledge and competence as they managed to score from 7 to 11.5 marks.

On the other hand, the candidates (8.3%) who had poor performance in this question were not able to prepare the Minimum rent, Royalties, Land lord and Short workings accounts. Most of them computed the amounts of actual royalties, minimum rent, short workings and short workings recouped inaccurately. Others opened the required accounts but entered a mixture of correct and wrong narrations or amounts and could not apply the principle of double entry in recording and posting the entries in the accounts. Extract 14.2 is a sample of a poor response.

7(c) CR LANDLORD ACCOUNT DR						
	Date	Details	Amount	Date	Details	Amount
	2015	Bank	75000	2015	Royalty receivable	75000
			75000			75000
	2016	Bank	250,000	2016	Royalty receivable	250,000
			250,000			250,000
	2017	Bank	375,000	2017	Royalty receivable	300,000
					Shortworkings	75,000
			375,000			375,000
7(d) CR Shortworkings Account DR						
	Date	Details	Amount	Date	Details	Amount
	2017	Landlord	75000	2017	Balance b/d	75000
	2018	Balance b/d	75000			

7	Royalty Analysis Table						
	Year	Royalty	Total	Minimum	Shortfall	Profit	Bank
		Toni	Royalty	Kent		loss	Cash
	2015	1500	750,000	300,000	-		750,000
	2016	5000	250,000	300,000	-		250,000
	2017	7500	375,000	300,000	75,000		375,000
	IN THE BOOKS OF KIMIRA I OALLTD						
76	CR ROYALTY PAYABLE ACCOUNT DR						
	Year	Details	Amount	Year	Details	Amount	
	2015	Landlord	750,000	2015	Profit/Loss	750,000	
			750,000			750,000	
	2016	Landlord	250,000	2016	Profit and loss	250,000	
			250,000			250,000	
	2017	Landlord	375,000	2017	Profit and loss	375,000	
			375,000			375,000	

Extract 14.1: A poor response from a candidate who entered wrong narrations and amounts in the Royalty payable, Land lord and Short workings Accounts

3.0 ANALYSIS OF THE CANDIDATES' PERFORMANCE PER TOPIC

This section presents the analysis of the candidates' performance in various topics. The performance is categorised as good, average and weak if the percentage of the candidates who scored 35 percent or above lies in the interval of (60 to 100%), (35 to 59%) and (0 to 34%), respectively. The analysis shows that the candidates had good performance in the topics of *Financial Statements Analysis and Interpretation* (95.3%), *Company Accounts* (94.4%), *The Nature and Context of Accounting* (92%), *Accounting for Royalties* (91.7%), *Partnership Accounting* (90.7%), *Containers Accounts* (78.1%), *Stock Valuation* (76.1%), *Investment Accounts* and *Depreciation and Disposal of Non Current Assets* (75.5%), *Reserves and Provisions* and *Recognition of Revenue and Expenses* (73.5%), *Preparation of Financial Statements* (70.2%), *Hire Purchase* and *Payroll Accounting* (68.5%). The good performance on these topics could be attributed to the candidates' adequate knowledge, competence and ability to adhere to the requirements of the questions.

The candidates had an average performance in the topic of *Cost Accounting* (49.9%). The average performance in this topic has been due to the candidates' poor comprehension skills on the terms used in cost accounting and limited proficiency in English language.

The analysis further reveals that the candidates performed poorly in the topics of *Correction of Accounting Errors* (31.8%) and *Branch Accounting* (21.5%). The poor performance in these topics was caused by several factors including misconception and misinterpretation of the requirements of the questions; inability of the candidates to apply the mark up percentages to determine the amount of profit loaded on the value of goods sent to branch, goods returned by branch to head office and branch opening and closing inventories; lack of knowledge of the principle of double entry and its application in recording the financial transactions and inadequate knowledge of the effects of accounting errors on reported business profits.

Moreover, the analysis shows that there has been a noticeable improvement in the candidates' performance on the topics of *The Nature and Context of Accounting*, *Company Accounts*, *Partnership Accounting*, and *Financial Statements Analysis and Interpretation* in the year 2019 when compared to 2018. (See appendix B).

The candidates' performance in each topic for the year 2019 is presented in *Appendix A*; whereby *Appendix B* shows the comparison of performance in each topic tested between the years 2018 and 2019.

4.0 CONCLUSION AND RECOMMENDATIONS

4.1 Conclusion

Generally, the performance of candidates in ACSEE 2019 in Accountancy was good as 96.08 percent of the candidates passed. Comparison of the candidates' performance in Accountancy subject between 2018 and 2019 shows a decrease of 0.43 percent in the general performance of the candidates from 96.51 percent in the year 2018 to 96.08 percent in the year 2019.

However, it is evident from the analysis of the candidates' responses in various questions that many candidates face multiple challenges in attempting the questions. Among these challenges are the candidates' inability to adhere to the requirements of the questions, failure to interpret the questions, low proficiency in the English Language and limited application skills of the principle of double entry in recording the financial transactions.

4.2 Recommendations

In order to improve the candidates' performance in Accountancy in future examinations, the following are recommended:

- (a) Teachers should teach students examination techniques. They should teach them the best approaches to attempt examinations, the means to identify the task of the questions and the importance of understanding the task of an examination question.
- (b) Students should create a habit of reading extensively to ensure a thorough coverage of all the sub topics in the poorly performed topics and do a lot of practice to improve their understanding and mastery of the topics.
- (c) Students should create a habit of using English in their learning activities in order to improve their writing skills in English.

The Summary of Candidates' Performance per Topic

Sn	Topic	ACSEE 2019		
		Number of questions	Percentage of the candidates who scored 35 % or above	Remarks
1	Financial Statements Analysis and Interpretation	1	95.3	Good
2	Company Accounts	1	94.4	Good
3	The Nature and Context of Accounting	1	92	Good
4	Accounting for Royalties	1	91.7	Good
5	Partnership Accounting	1	90.7	Good
6	Containers Accounts	1	78.1	Good
7	Stock Valuation	1	76.1	Good
8	Investment Accounts and Depreciation and Disposal of Non - Current Assets	1	75.5	Good
9	Reserves and Provisions and Recognition of Revenue and Expenses	1	73.5	Good
10	Preparation of Financial Statements	1	70.2	Good
11	Hire Purchase and Payroll Accounting	1	68.5	Good
12	Cost Accounting	1	49.9	Average
13	Correction of Accounting Errors And Preparation of Financial Statements	1	31.8	Poor
14	Branch Accounting	1	21.5	Poor

Appendix B

Candidates' Performance per topic in 2018 and 2019

Sn	Topic	ACSEE 2018			ACSEE 2019		
		Number of questions	Percent age of the candidates who scored 35 % or above	Remarks	Number of questions	Percentage of the candidates who scored 35 % or above	Remarks
1	Financial Statements Analysis and Interpretation	1	85.4	Good	1	95.3	Good
2	Company Accounts	1	70.1	Good	1	94.4	Good
3	The Nature and Context of Accounting	2	27	Poor	1	92	Good
4	Accounting for Royalties	1	96.2	Good	1	91.7	Good
5	Partnership Accounting	1	77.3	Good	1	90.7	Good
6	Containers Accounts	1	94.8	Good	1	78.1	Good
7	Stock Valuation				1	76.1	Good
8	Investment Accounts and Depreciation and Disposal of Non - Current Assets				1	75.5	Good
9	Reserves and Provisions and Recognition of Revenue and Expenses				1	73.5	Good
10	Preparation of Financial Statements				1	70.2	Good
11	Hire Purchase and Payroll Accounting	1	68.3	Good	1	68.5	Good
12	Cost Accounting				1	49.9	Average
13	Correction of Accounting Errors And Preparation of Financial Statements				1	31.8	Poor
14	Branch Accounting				1	21.5	Poor

