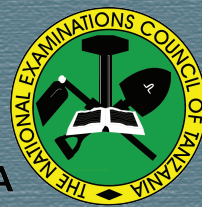




THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF EDUCATION, SCIENCE AND TECHNOLOGY
NATIONAL EXAMINATIONS COUNCIL OF TANZANIA



**CANDIDATES' ITEM RESPONSE ANALYSIS
REPORT ON THE ADVANCED CERTIFICATE OF
SECONDARY EDUCATION EXAMINATION
(ACSEE) 2025**

ACCOUNTANCY



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(ACSEE) 2025

153 ACCOUNTANCY

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FOREWORD

The Candidates' Item Response Analysis (CIRA) report for the Advanced Certificate of Secondary Education Examination (ACSEE) 2025 is a summative evaluation, marking the end of two years of Advanced Secondary Education in Tanzania. This examination, among other things, demonstrates the effectiveness of the educational system in general and the delivery of education in particular. Essentially, candidates' responses to the examination questions show the extent to which the teaching and learning objectives have been achieved.

This report aims to provide a clear understanding of the reasons behind the candidates' success or failure in the Accountancy subject. It highlights the factors that contributed to the candidates performing either outstandingly or poorly in the examination. The factors for outstanding performance were a clear understanding of the principles and appropriate methods of accounting, adequate knowledge, competence and organisational skills and the ability to interpret the demand of the questions. For candidates with poor performance, various factors can be identified, including the application of the wrong formula, limited knowledge of the subject matter, inability to interpret the demands of the questions and use of irrelevant accounts. Other factors that caused some candidates to perform on average include having partial knowledge and skills on the tested concepts, as well as a lack of detailed explanations of those concepts. In general, the performance of candidates was good, as 99.18 per cent of the candidates passed the examination.

The National Examinations Council of Tanzania (NECTA) expects that the feedback provided in this report will enable school managers, teachers, students, education administrators, school quality assurers, and other education stakeholders to take appropriate measures to improve the teaching and learning of the Accountancy subject in secondary schools. This will eventually strengthen the performance of prospective candidates in this subject.

Finally, the Council appreciates the contribution offered by all individuals who participated in preparing this report.



Prof. Said Ally Mohamed
EXECUTIVE SECRETARY

1.0 INTRODUCTION

The Accountancy examination for the Advanced Certificate of Secondary Education of May 2025 was prepared in accordance with the 2009 Accountancy syllabus and the Revised Examination Format of 2019. The examination had two papers, namely 153/1 Accountancy 1 and 153/2 Accountancy 2.

Each paper consisted of eight (8) questions distributed in two sections: A and B. Candidates were required to answer all questions in Section A and any three (3) questions from Section B, making a total of seven (7) questions per paper. Each question in section A was worth 10 marks, while each question in section B was worth 20 marks.

A total of 1,829 candidates sat for the ACSEE Accountancy paper. Among them, 1,812 (99.18%) candidates passed this examination while 15 (0.01%) candidates failed. Generally, the candidates' performance in 2025 has increased by 0.68 per cent when compared to the 2024 performance, where 1,595 candidates sat for the examination, in which 1,571 (98.50%) candidates passed and 24 (1.50%) failed.

Besides the general performance, this report provides a detailed overview of candidates' performance on each examination question. It also analyses the requirements of each question and highlights the strengths and weaknesses observed in their responses. Extracts of candidates' responses are included to enable education stakeholders to see samples of correct and incorrect responses. Finally, the report provides an analysis of the candidates' performance by topic, followed by a conclusion, recommendations and appendix. The appendix shows the performance of the candidates in each topic.

In this report, green, yellow and red colours are used in the graphs and charts to show good, average and weak performance, respectively. The performance is considered good if a candidate scored 60 to 100 per cent, i.e., from 6 to 10 marks for section A questions and from 12 to 20 marks for section B questions. It is considered average if the candidates scored 35 to 59 per cent, i.e., from 3.5 to 5.5 for section A questions and from 7 to 11.5 for section B questions. Moreover, performance is considered weak/poor if the candidates scored 0 to 34 per cent, i.e., from 0 to 3 marks for section A questions and from 0 to 6.5 for section B questions.

2.0 ANALYSIS OF CANDIDATES' PERFORMANCE IN EACH QUESTION

2.1 153/1 Accountancy 1

The paper assessed eight (8) topics, namely: *Branch Accounting, Recognition of Revenue and Expenses, The Nature and Context of Accountancy, Depreciation and Disposal of Fixed Assets/Non-Current Assets, Investment Accounts, Preparation of Financial Statements, Correction of Accounting Errors, as well as Financial Statements Analysis and Interpretation*. The topics were assessed using **eight (8)** questions. The analysis of candidates' responses to each question for Accountancy 1 is presented in sections 2.1.1 to 2.1.8.

2.1.1 Question 1: Branch Accounting

The question was constructed from the *Branch Accounting* topic; it asked the candidates to explain the uses of the given accounts [(a) – (e)] when the stock and debtors' system is used.

- (a) *Branch Stock*
- (b) *Branch Debtors*
- (c) *Branch Cash*
- (d) *Branch Expenses*
- (e) *Branch Stock Adjustment*

A total of 1,829 (100%) candidates responded to the question. The analysis of the candidates' performance shows that 123 (6.72%) candidates scored from 0 to 3 marks, indicating weak performance, 99 (5.41%) candidates scored from 3.5 to 5.5 marks, which is an average performance, and 1,607 (87.87%) scored from 6 to 10 marks, which is good performance.

Generally, the performance of candidates in this item was good since 1,706 (93.28%) candidates scored from 3.5 to 10 marks, while 123 (6.72%) scored from 0 to 3 marks, as shown in Figure 1.

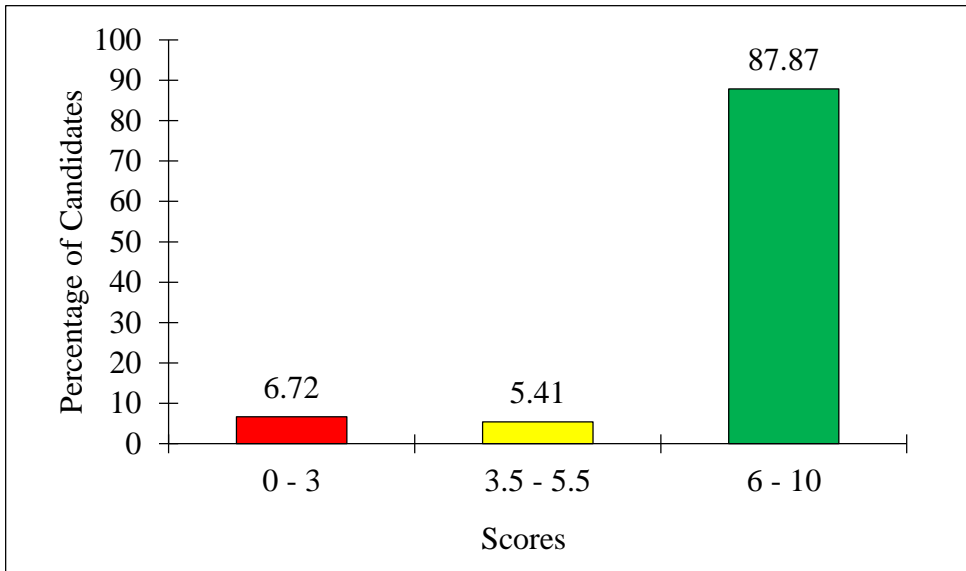


Figure 1: *The Performance of the Candidates on Question 1*

The analysis of responses from candidates who scored 6 to 10 marks showed that they supplied high-quality answers, offering correct explanations of the uses of the accounts as required in the question. This could be attributed to their good understanding of Branch Accounting, particularly the application of the stock and debtor’s system in recording branch transactions. Extract 1.1 presents a sample of the correct response from one of the candidates.

i.	a) <u>Branch stock</u> Refers to the branch term and account opened for the main purpose of knowing or determining either shortage (deficiency) of stock in branch or surplus in the branch. Branch stock can also be used to determine amount of closed or unsold stock at the end of the accounting year of the branch & head office.
	b) <u>Branch debtors</u> Refers to the branch term which is opened with the aim of determining the amount of debtors at the end of accounting year or to determine amount of goods returned by debtor to branch and the amount that branch received from its debtors.
	c) <u>Branch cash.</u> This account is opened in the branch for the main purpose of determining the amount of goods sold on cash in the branch and the closing balance i.e. cash sales determination and other remittance movements from branch to head office.
	d) <u>Branch expenses.</u> This is the account opened in the branch debtor system which is always used to determine the amount of expenses a branch has incurred and also to know how much the head office has to pay for branch expenses for day to day branch activities.
	e) <u>Branch stock adjustment</u> This is the main but account used to determine the gross profit or loss of the branch, branch stock adjustment is also known as branch mark-up, when opening this account we always use profit margins except for the shortage or surplus of the branch stock.

Extract 1.1: A sample of the correct responses to Question 1

In Extract 1.1, the candidate gave a correct explanation of the uses of the given accounts under stock and debtor system when recording Branch transactions.

The candidates who scored 3.5 to 5.5 marks provided moderately good response, explaining two to three accounts; however, their explanations

lacked clarity. Other candidates failed to explain the uses of identified accounts and how to prepare those accounts.

Further analysis indicated that candidates who performed poorly (Scoring 0 to 3 marks) provided low-quality answers, offering incorrect and irrelevant explanations about the uses of the given accounts in recording branch transactions. For example, one candidate explained the Branch Stock Adjustment as *an account used to show the net profit made by selling goods at a given market price*. As for the Branch stock, one candidate referred to its uses as *an account for recording goods purchased on credit by the branch, while another indicated that branch stock is a system of selling assets of goods to the branch at cost price or invoice price*.

These explanations are inadequate and erroneous since they are not clear, and fail to communicate an understanding of the uses of these accounts as asked in the question. Extract 1.2 presents a sample of the incorrect responses from one of the candidates, responding to question 1.

Q 1x	i) Branch stock ; ⇒ This is the amount of inventory which is kept in the branch account
	ii) Branch Debtors; ⇒ These are the customers of the branch account
	iii) Branch Cash; ⇒ Is the amount of money which is used or has been received in the branch account.
	iv) Branch expense; ⇒ Is the amount of money which is used to run day to day activities in the branch and it is recorded on the credit side of the Branch Stock account.
	v) Branch stock adjustment; ⇒ Is the amount of money which is adjusted in the branch account.

Extract 1.2: A sample of incorrect responses to Question 1

In Extract 1.2, the candidate provided incorrect explanations about the uses of the Branch Stock Account, Branch Debtors Account, Branch Cash Account, Branch Expenses Account, and Branch Stock Adjustment Account.

2.1.2 Question 2: Recognition of Revenue and Expenses

The question was intended to assess the candidates' ability to apply the accrual concept of accounting by preparing insurance, wages and rent receivable accounts in order to determine the amount of expenses and revenue that would appear in the income statement for the year ended 31st December 2024. The candidates were provided with the following scenario;

The insurance, wages and rent receivable accounts in the ledger of Mikado Wiseman showed the following balances on 1st January 2024:

Insurance paid in advance TZS 562,000, accrued wages TZS 306,000 and rent received in advance TZS 36,000.

During the year to 31st December 2024, Mikado Wiseman paid TZS 1,019,000 for insurance, TZS 15,000,000 for wages in cash and received TZS 2,600,000 for rent by cheque from the tenants. At 31st December 2024, insurance prepaid amounted to TZS 345,000, rent receivable of TZS 105,000 was in arrears, and accrued wages amounted to TZS 419,000.

Use the information provided to prepare the insurance, wages and rent receivable Accounts to determine the amount of expenses and revenue that will appear in Mikado Wiseman's income statement for the year ending 31st December 2024.

A total of 1,829 (100%) candidates responded to the question. The analysis of the candidates' performance shows that 225 (12.30%) candidates scored from 0 to 3 marks, indicating weak performance, 123 (6.72%) candidates scored from 3.5 to 5.5 marks, which is an average performance, and 1,481 (80.98%) scored from 6 to 10 marks, which is good performance.

Generally, the performance of candidates in this question was Good since 1,604 (87.70%) candidates scored from 3.5 to 10 marks, while 225 (12.30%) scored from 0 to 3 marks, as shown in Figure 2.

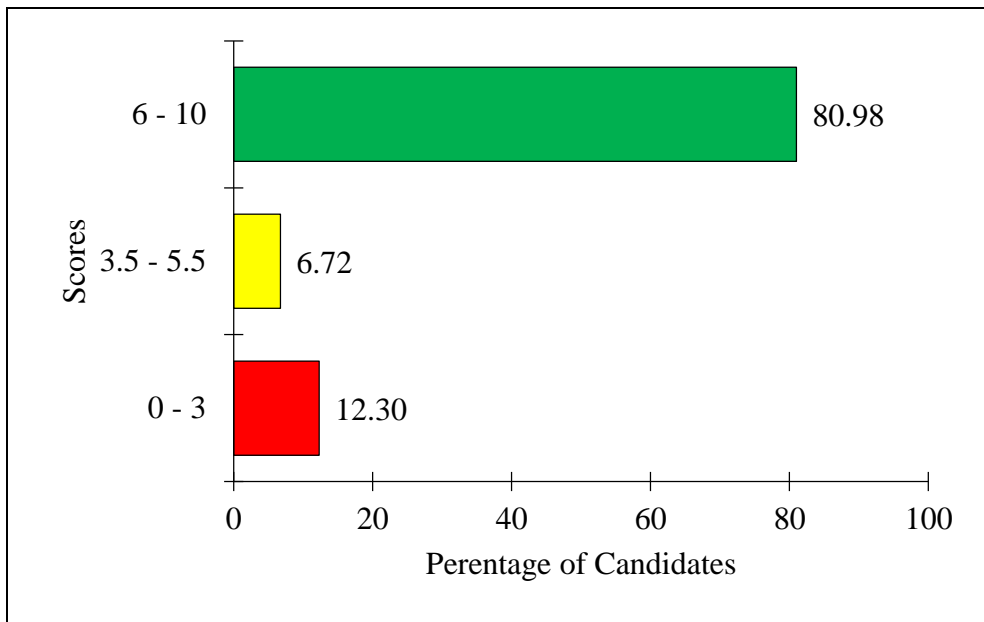


Figure 2: *The Performance of the Candidates on Question 2*

The analysis of the candidates who scored 6 to 10 marks showed that their answers were of good quality, as they were able to prepare the required accounts by recording all necessary entries in the respective accounts by using the accrual basis of accounting and correctly determined the amount of revenue and expenses. A closer look at their answers indicates that the candidates demonstrated the ability to record all entries in their respective accounts by considering the beginning and ending balances and any additions during the year. Extract 2.1 is a sample of the correct responses from one of the candidates.

DR		INSURANCE A/c		CR
ca	Prepaid b/d	562,000	P&L	1,236,000
	cash paid	1,019,000		
			Prepaid Insurance	345,000
		1,581,000		1,581,000
	prepaid b/d	345,000		
DR		WAGES A/c		CR
	cash paid	15,000,000	Owing b/d	306,000
	Owing o/d	419,000	P&L	15,113,000
		15,419,000		15,419,000
			Owing b/d	419,000
DR		RENT RECEIVABLE A/c		CR
	P&L	2,741,000	Prepaid b/d	36,000
			Rent	2,600,000
			Owing o/d	105,000
		2,741,000		2,741,000
	Owing b/d	105,000		

Extract 2.1: A sample of correct responses to Question 2

In Extract 2.1, the candidate prepared well the insurance, wages and rent receivable accounts and determined the correct amounts to be transferred to the income statement.

On the other hand, candidates who scored 3.5 to 5.5 marks generally provided answers of average quality, correctly recording all entries in their respective accounts; however, some entries were recorded on the wrong side of the accounts. Additionally, some of these candidates recorded transactions in the correct accounts but failed to apply the accrual basis properly concerning prepaid and accrued entries.

Further analysis showed that candidates who scored 0 to 3 marks provided poor-quality answers. For example, they opened incorrect accounts which were not supposed to be affected by the given accounting information. This indicates that these students failed to interpret the demand of the question, probably due to lack of knowledge about the adjustment of revenue and expenses at the end of the accounting period. Furthermore, other candidates reversed the entries in some of the accounts such as rent receivable account.

Consequently, they recorded the transaction on the wrong side of both affected accounts or improperly consolidated all related entries into a single account. Extract 2.2 is a sample of the incorrect responses from one of the candidates.

2	Dr	Insurance a/c	Cr
	Balance b/d	345,000	Balance b/d 562,000
	Balance b/d	1,234,000	Cash 1,019,000
		1,581,000	1,581,000
			Balance b/d 1,236,000
	Dr	Wages a/c	Cr
	Balance b/d	306,000	Balance b/d 419,000
	Cash	2,600,000	Balance b/d 2,487,000
		2,906,000	2,906,000
	Balance b/d	2,487,000	
	Dr	Rent receivable a/c	Cr
	Balance b/d	36,000	Balance b/d 105,000
	Cash	2,600,000	
		105,000	
		2,636,000	Balance b/d 2,531,000
			2,636,000
	Balance b/d	2,531,000	

Extract 2.2: A sample of the incorrect responses to Question 2

In Extract 2.2, the candidate opened the insurance, wages and rent receivable accounts but recorded incorrect amounts on the wrong sides of the accounts and failed to determine the amount to be transferred to the income statement.

2.1.3 Question 3: The Nature and Context of Accountancy

The question intended to assess the candidates' ability to prepare Cash and Bank Accounts and how to balance such accounts. Specifically, the candidates were provided with the following scenario:

Diana Siridion is a sole trader at Sinza in Dar es Salaam. She opened a single shop and started her business of selling children clothes and shoes on 1st April 2023 with a capital of TZS 50,000,000 in cash. During the month of April 2023, Diana had the following transactions:

April 1, opened a bank account with CRDB Bank, paying in TZS 45,000,000.

April 2, purchased goods worth TZS 1,000,000, paying in cash.

April 3, purchased a motor vehicle, paying by cheque TZS 20,000,000.

April 5, purchased goods for TZS 5,000,000, paying by cheque.

April 7, sold goods for cash TZS 2,000,000.

April 10, paid expenses TZS 500,000 in cash.

April 15, sold goods, receiving a cheque for TZS 3,500,000.

April 16, paid cash into bank TZS 2,000,000.

April 17, purchased goods worth TZS 1,500,000, paying in cash.

April 20, paid wages TZS 1,000,000 in cash.

April 22, withdrew cash from the bank for office use TZS 1,500,000.

April 30, paid general expenses TZS 800,000 in cash.

Record the transactions in Diana's Cash and Bank Accounts and balance off the accounts on 30th April, 2023.

A total of 1,829 (100%) candidates responded to the question. The analysis of the candidates' performance shows that 61 (3.34%) candidates scored 0 to 3, marks indicating weak performance, while 236 (12.90%) scored 3.5 to 5.5 marks, which is an average performance. Those with good performance amounted to 1,532 (83.76%), scoring 6 to 10 marks. In general, this analysis indicates that the performance of candidates in question three was good since 1,768 (96.66%) scored 3.5 to 10 marks, only 61 (3.34%) students scored 0 to 3 marks, as shown in Figure 3.

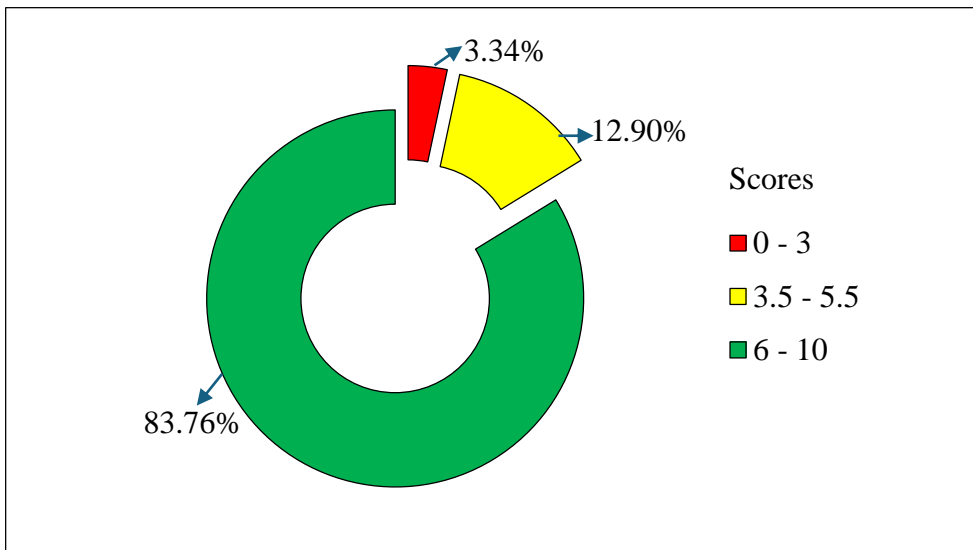


Figure 3: *The Performance of the Candidates on Question 3*

The analysis of responses from the candidates who scored 6 to 10 marks showed that they provided high-quality answers, accurately preparing the Cash and Bank accounts and successfully balancing them as of the given date. These candidates recorded the transactions correctly and effectively analysed cash and bank-related transactions as required by the question. Their strong performance can be attributed to a solid foundational knowledge of the double-entry system of accounting. Extract 3.1 presents a sample of the correct response from one of the candidates.

3 IN THE BOOKS OF DIANA STRIDION						
DIANA'S						
DR			CASH ACCOUNT			CR
Date	Details	Amount	Date	Details	Amount	
1/4/2023	Capital	50,000,000	1/4/2023	Bank	45,000,000	
7/4/2023	Sales	2,000,000	2/4/2023	Purchases	1,000,000	
22/4/2023	Bank	1,500,000	10/4/2023	Expenses	500,000	
			16/4/2023	Bank	2,000,000	
			17/4/2023	Purchases	1,500,000	
			23/4/2023	Wages	1,000,000	
			29/4/2023	General expenses	800,000	
			30/4/2023	Balance f/d	1,700,000	
		53,500,000			53,500,000	
1/5/2023	Balance b/d	1,700,000				
DIANA'S						
DR			BANK ACCOUNT			CR
Date	Details	Amount	Date	Details	Amount	
1/4/2023	Cash	45,000,000	3/4/2023	Motor vehicle	20,000,000	
15/4/2023	Sales	3,500,000	5/4/2023	Purchases	5,000,000	
16/4/2023	Cash	2,000,000	22/4/2023	Cash	1,500,000	
			30/4/2023	Balance f/d	24,000,000	
		50,500,000			50,500,000	
1/5/2023	Balance b/d	24,000,000				

Extract 3.1: A sample of the good responses to Question 3

As presented in Extract 3.1, the candidate successfully prepared the cash and bank accounts and recorded all the given transactions correctly.

On the other hand, candidates who performed moderately were able to prepare the required accounts, and most of the entries were recorded correctly. However, they made some mistakes, such as failing to record contra entries that affect both, the Cash and Bank accounts. As a result, their scores were average, ranging from 3.5 to 5.5 marks.

Additionally, the analysis indicated that the candidates who performed poorly by scoring 0 to 3 marks made substantial mistakes. These included, failure to observe well the principle of double entry system used in recording

business transactions, recording business transaction on the wrong side of the accounts, and others combined cash and bank transactions in a single column account. This could be attributed to poor knowledge of the basic accounting principles of the double-entry system and the accrual concept of accounting. Extract 3.2 is a sample of an incorrect answer from one of the candidates.

3. DR		DIANA'S CASH A/C				CR
Date	Details	Amount	Date	Details	Amount	
2023 1.4	Balance b/d	5000000	7.4	Sales	2000000	
2.4	Purchases	1000000	16.4	Bank	2000000	
6.4	Expenses	500000	22.4	Bank "c"	1500000	
17.4	Purchases	1500000				
20.4	Wages	1000000				
16.4	Bank "c"	2000000				
30.4	General expenses	800000	30.4	Balance f/d	53300000	
		<u>56800000</u>			<u>56800000</u>	
1.5	Balance b/d	53300000				

DR		DIANA'S BANK A/C				CR
Date	Details	Amount	Date	Details	Amount	
2023 1.1	Balance b/d	45000000	15.4	Sales	3500000	
3.4	Motorvehicle	2000000	16.4	Cash "c"	2000000	
5.4	Purchases	5000000				
22.4	Cash "c"	1500000	30.4	Balance f/d	6600000	
		<u>71500000</u>			<u>71500000</u>	
1.5	Balance b/d	66000000				

Extract 3.2: A sample of incorrect responses to Question 3

In Extract 3.2, the candidate opened the cash and bank accounts but entered incorrect amounts and reversed entries.

2.1.4 Question 4: Depreciation and Disposal of Fixed Assets

The question was designed to test candidates' competence in preparing fixed asset accounts, including the asset itself, its associated depreciation, and disposal of asset accounts with reference to buses used in the transportation business. The following scenario-based question was given in the paper:

ABC Ltd operates a fleet of small buses for shuttle transport in the Region of Kilimanjaro. The buses are depreciated on a straight line basis at a rate of 20 per cent per annum. The following table shows the company's purchases and disposals of buses for the three years ending 31st December, 2020, 2021, and 2022:

<i>Buses</i>	<i>Date of Purchases</i>	<i>Cost (TZS)</i>	<i>Date of Disposal</i>	<i>Disposal proceeds (TZS)</i>
<i>Bus 1</i>	<i>1st January 2020</i>	<i>10,000,000</i>	<i>-</i>	<i>-</i>
<i>Bus 2</i>	<i>1st January 2021</i>	<i>5,000,000</i>	<i>1st January 2022</i>	<i>1,800,000</i>
<i>Bus 3</i>	<i>1st January 2022</i>	<i>14,000,000</i>	<i>-</i>	<i>-</i>

Use the information provided to prepare the Buses, Provision for Depreciation on Buses Accounts for the three years ending 31st December 2020, 2021, 2022 and the Buses Disposal Account for the year ending 31st December 2022.

A total of 1,829 (100%) candidates responded to the question. The analysis of the candidates' performance shows that 70 (3.83%) candidates scored 0 to 3 marks, indicating weak performance, 187 (10.22%) scored 3.5 to 5.5 marks, which is an average performance, and 1,572 (85.95%) scored 6 to 10 marks, which is a good performance.

Generally, the performance of candidates in this question was good since 1,759 (96.17%) candidates scored 3.5 to 10 marks while 70 (3.83%) scored 0 to 3 marks, as shown in Figure 4.

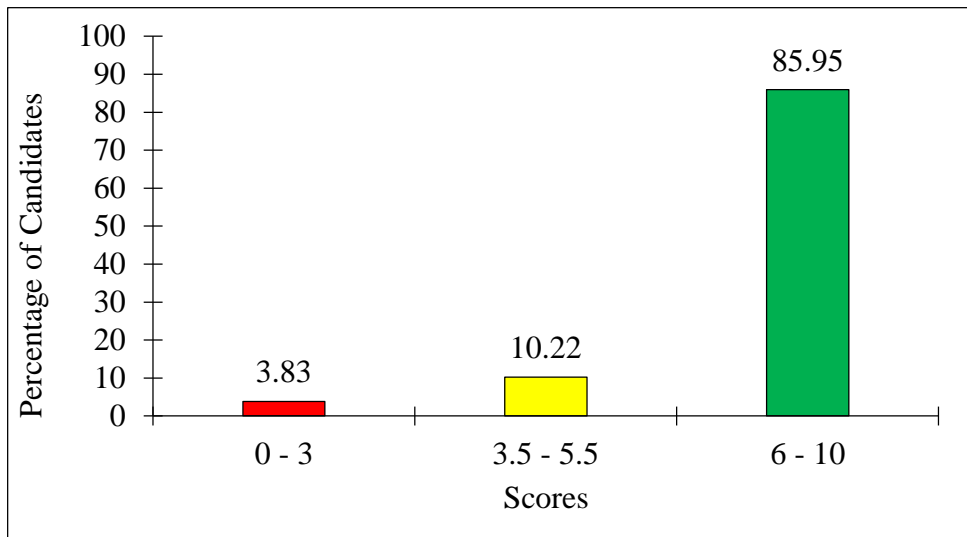


Figure 4: *The Performance of the Candidates on Question 4*

The analysis further indicates that candidates who scored 5.5 to 10 marks provided high-quality answers. For instance, they were able to correctly compute depreciation amounts and prepared the required ledger accounts such as Buses, Provision for depreciation on Buses, and Buses disposal accounts. Their good performance may be explained by a clear understanding of the question's requirements, as well as adequate knowledge and competence in accounting for depreciation and disposal of non-current assets. Extract 4.1 is a good example of the correct response from one of the candidates who answered this question well.

04.		Buses A/c			
DR				CR	
1/1/2020	cash/Bank (B1)	19,000,000	31/12	Bal c/d	19,000,000
		19,000,000			19,000,000
1/1/2021	Bal b/d	19,000,000			
1/1/2021	cash (Bus 2)	5,000,000	31/12/2021	Bal c/d	15,000,000
		15,000,000			15,000,000
1/1/2022	Bal b/d	15,000,000	1/1/2022	Disposal (B2)	5,000,000
1/1/2022	cash (Bus 3)	14,000,000	"	Bal c/d	24,000,000
		24,000,000			24,000,000
"	Bal b/d	24,000,000			
04		provision for depreciation A/c			
DR				CR	
31/12/2020	Bal c/d	2,000,000	31/12/2020	Income Statement	2,000,000
		2,000,000			2,000,000
			1/1/2021	Bal b/d	2,000,000
"	Bal c/d	5,000,000	31/12/2021	Income Statement	3,000,000
		5,000,000			5,000,000
1/1/2022	Disposal (B2)	1,000,000	"	Bal b/d	5,000,000
31/12/2022	Bal c/d	8,800,000		Income Statement	4,800,000
		9,800,000			9,800,000
			1/1/2023	Bal b/d	8,800,000
DR		Buses Disposal A/c		CR	
	Buses	5,000,000		provision for depreciation	1,000,000
				proceeds (cash/Bank)	1,800,000
				P&L (Loss)	2,200,000
		5,000,000			5,000,000

Extract 4.1: A sample of the correct responses to Question 4

In extract 4.1, the candidate accurately prepared the Buses, Provision for Depreciation on Buses and Buses Disposal Accounts.

The candidates who performed moderately were able to prepare the required accounts, and most of the entries in the accounts were recorded and posted correctly. However, they committed some errors, such as failure to compute the correct amount for provision for depreciation on the buses account and the disposal account. Hence, their scores were average, ranging from 3.5 to 5.5 marks.

Candidates who scored 0 to 3 marks provided low-quality answers. Their response indicated that they had limited knowledge about the subject matter. For example, some candidates failed to compute and record accurately the amounts of depreciation in the provision for depreciation on buses and the disposal of buses accounts. Further analysis showed that they also lacked knowledge of the procedures and techniques needed in the computation of depreciation charges, while others combined buses and provision for depreciation on buses in a single account. Extract 4.2 is a sample of the incorrect responses from one of the candidates.

DR	Provision For Depreciation Accounts	CR
Balance 4d	8,000,000	²⁰²⁰ Cash 10,000,000
		less: provision 2,000,000
	<u>8,000,000</u>	<u>8,000,000</u>
Balance 4d	4,000,000	2021: Cash 5,000,000
		less: provision 1,000,000
	<u>4,000,000</u>	<u>4,000,000</u>
Balance 4d	9,760,000	2022: Cash (disposal) 12,200,000
		less: provision 2440,000
	<u>9,760,000</u>	<u>9,760,000</u>
DR	Buses Disposal A/c.	CR
Buses A/c (2021)	1,800,000	Balance 4d 14,000,000
Provision for depreciation	12,200,000	
	<u>14,000,000</u>	<u>14,000,000</u>

Extract 4.2: A sample of incorrect responses to Question 4

In Extract 4.2, the candidate prepared the provision for depreciation on Buses and buses disposal accounts with incorrect entries.

2.1.5 Question 5: Investment Accounts

The question aimed at assessing the candidates' ability to prepare Debentures Investment account and the Ordinary share investment account. Specifically, the candidates were provided with the following scenario:

The books of Jambo Ltd showed the following transactions for the year ending 31st December, 2023:

<i>January 1.</i>	<i>Purchased 2000, 6 per cent debenture of TZS 100 each in Jabba Ltd at 98 ex-interest. Interest is payable semi annually on 30th June and 31st December. Purchased 500 ordinary shares of TZS 10 in Jamal Steel Ltd for TZS 25 per share.</i>
<i>February 1.</i>	<i>Purchased 300 ordinary shares of TZS 10 in Jamal Steel Ltd for TZS 24 per share. On 31st March 2023 Jamal Steel Ltd paid a six months' interim dividend of 10 per cent and made a bonus issue of 1 for 4.</i>
<i>April 30.</i>	<i>Sold 500 of the debentures at TZS 101 cum-interest.</i>
<i>July 1.</i>	<i>Sold 100 ordinary shares at TZS 25 each.</i>
<i>September 30.</i>	<i>Jamal Steel Ltd paid a 5 per cent final dividend and gave the rights to shareholders to apply for 1 share for every 3 held at TZS 20 per share payable in full on application.</i>
<i>November 15.</i>	<i>Sold half of the rights for TZS 6 each.</i>
<i>November 20.</i>	<i>Exercised the remaining rights.</i>

Using the information provided, prepare the 6 per cent Debentures and the Ordinary Shares Investment Accounts in the books of Jambo Ltd.

A total of 1,102 (60.25%) candidates attempted the question. The analysis of the candidates' performance indicates that 357 (32.40%) scored 0 to 6.5 marks, indicating weak performance, 550 (49.90%) scored 7 to 11.5 marks, which is an average performance, and 195 (17.70%) scored 12 to 20 marks, which is good performance.

Generally, the performance of the candidates in this question was good since 745 (67.60%) candidates scored 7 to 20 marks while 357 (32.40%) candidates scored 0 to 6.5 marks. Performance in this question is represented by Figure 5 as follows.

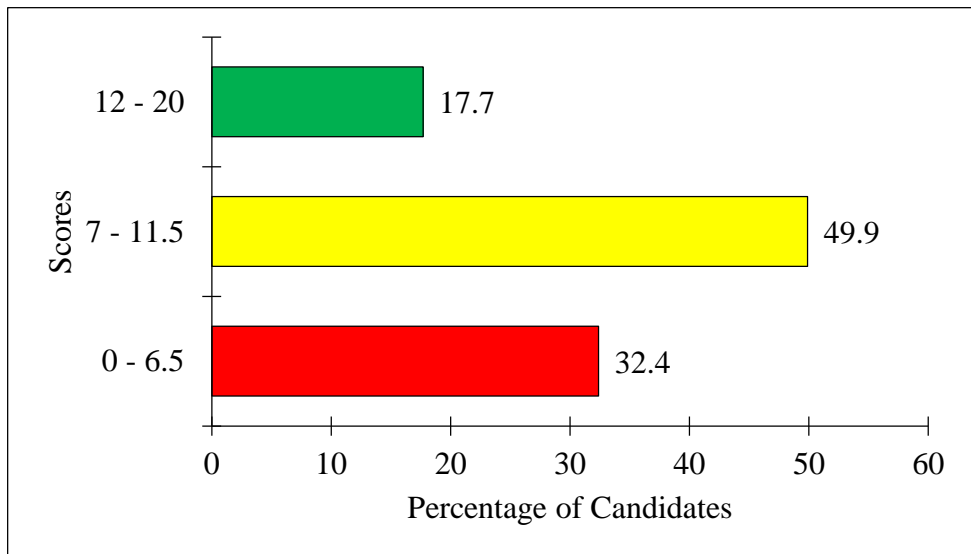


Figure 5: *The Performance of the Candidates on Question 5*

The analysis of the performance on this question indicates that candidates who scored 12 to 17 marks provided high-quality answers. For example, they were able to prepare the Debenture Stock and Ordinary shares investment accounts separately. They also demonstrated good understanding of the difference between ex-interest and cum-interest in calculating interest in stocks bought and sold. Furthermore, they determined the gain or loss on disposal of investment by clearly showing the cost price of investment sold and posted the resulting profit or loss to the nominal income and capital columns, respectively. However, a closer examination of the candidates' answers revealed that, candidates were unable to consider the clean price that affected the accuracy of their calculations.

In addition, these candidates were able to calculate the rights issues and bonus shares and recorded them in their respective accounts and columns. Such responses suggested that the candidates possessed adequate skills and knowledge in preparation of investment accounts for both fixed-return and fluctuating-return financial investments. Extract 5.1 is a sample of the correct responses from a candidate.

for the financial year ended 31st December,2023. However, they failed to differentiate between clean price, ex-interest and cum-interest, number of shares and nominal value when calculating accrued interest on stocks bought and sold as well as apportionment of income received during the year under review. Therefore, some amounts were wrongly placed in the nominal, interest and capital columns. Based on this analysis, it can be concluded that candidates had average knowledge and skills in preparing Investment accounts as tested in question 5.

Regarding poorly performing students (those scoring 0 to 6.5 marks), their answers were of low quality and contained substantial errors. Majority demonstrated lack of competence in preparing Investment Accounts, as they failed to produce the correct accounts as required in the question. For example, some could not differentiate between Fixed and Fluctuating rate investments, presenting a combined investment account. Others, were unable to calculate the appropriate amounts to be shown in nominal, interest and capital columns of the 6 per cent Debenture Stock Investment Account based on the Ex-interest and Cum-interest concepts. As a result, they recorded or entered wrong amounts in those columns.

Moreover, some candidates were unable to compute bonus shares, rights issues, and the allocation of interim dividends for equity shares. There are also those who struggled to interpret the clean price in the debenture stock investment account. These challenges suggest that the candidates had not fully understood the concepts of financial investments and the preparation of investment accounts as required by the question. Extract 5.2 is a sample of incorrect responses from one of the candidates.

5									
JAMBO Ltd									
6% debenture Investment Account									
Dr					Cr				
Date	Details	Nominal	Income	Amount	Date	Details	Nominal	Income	Amount
1/1	Bank/Purch	200,000	-	196,000	1/6	Interest	-	5000	-
	Interest Adj			5000	5/6	Interest	-	6000	-
					11/2	Interest	-	6000	-
1/1	Purchases	12500	-	12250	31/12	Interest		5002	
					31/12	Interest		368	
					30/6	Interest		368	
	Profit and loss		22738				212,250	-	218,252
		212,250	22738	218,252 174,538			212,250	22738	218,252 177,538
1/2	Balance b/d	212,250	-	218,252					
	Purchases	7200	-						

Extract 5.2: A sample of incorrect responses to Question 5

In Extract 5.2 the candidate entered incorrect amounts in the 6 per cent debenture investment account and posted some entries into the wrong columns of the account.

2.1.6 Question 6: Preparation of Financial Statements

This question intended to assess the candidates' competence in preparation of income statement and statement of financial position. Specifically, the candidates were provided with the following Scenario:

Tobacco Ltd deals with buying and selling of tobacco products. The following information has been extracted from the company's books for the year ending 30th September 2023:

Name of Account	TZS
Capital	35,040,000
Drawings	3,600,000
Trade debtors	5,424,000
Trade creditors	6,506,400
Sales	26,678,400
Purchases	12,566,400

<i>Returns inwards</i>	433,200
<i>Returns outwards</i>	656,400
<i>Salaries and wages</i>	5,640,000
<i>Discounts allowed</i>	297,600
<i>Discounts received</i>	511,200
<i>Inventory on 1st October, 2023</i>	7,600,800
<i>Cash at bank</i>	3,169,200
<i>Cash in hand</i>	170,400
<i>Lighting and power expenses</i>	566,400
<i>Rates</i>	297,600
<i>Office buildings</i>	7,800,000
<i>Fixture and fittings</i>	1,728,000
<i>Motor vehicles</i>	19,200,000
<i>Office stationeries</i>	187,200
<i>Sundry expenses</i>	76,800
<i>Insurance</i>	720,000
<i>Provision for doubtful debts</i>	798,000
<i>Motor expenses</i>	463,200
<i>Bad debts</i>	86,400
<i>Postage and internet expenses</i>	163,200

Additional information:

- (a) *Inventory on 30th September, 2023 was valued at TZS 5,280,000.*
- (b) *Depreciation is to be provided on office buildings at 5 per cent, fixtures and fittings at 10 per cent and motor vehicles at 20 per cent.*
- (c) *Rates prepaid amounted on 30th September, 2023 to TZS 76,800.*
- (d) *Unexpired insurance on 30th September, 2023 amounted to TZS 12,000.*
- (e) *Provision for doubtful debts at 30th September, 2023 to be maintained at 10 per cent of trade debtors.*

Using the information provided, prepare the company's Income Statement for the year ending 30th September, 2023 and the Statement of Financial Position as at 30th September, 2023.

A total of 1,820 (99.51%) candidates attempted the question. The analysis of the candidates' performance indicates that 7 (0.38%) scored 0 to 6.5 marks, indicating weak performance, 37 (2.03%) scored 7 to 11.5 marks, which is

an average performance, and 1,776 (97.59%) scored 12 to 20 marks, which is good performance.

Generally, the performance of the candidates in this question was good since 1,813 (99.62%) scored 7 to 20 marks while 7 (0.38%) scored 0 to 6.5 marks. Performance in this question is represented by Figure 6.

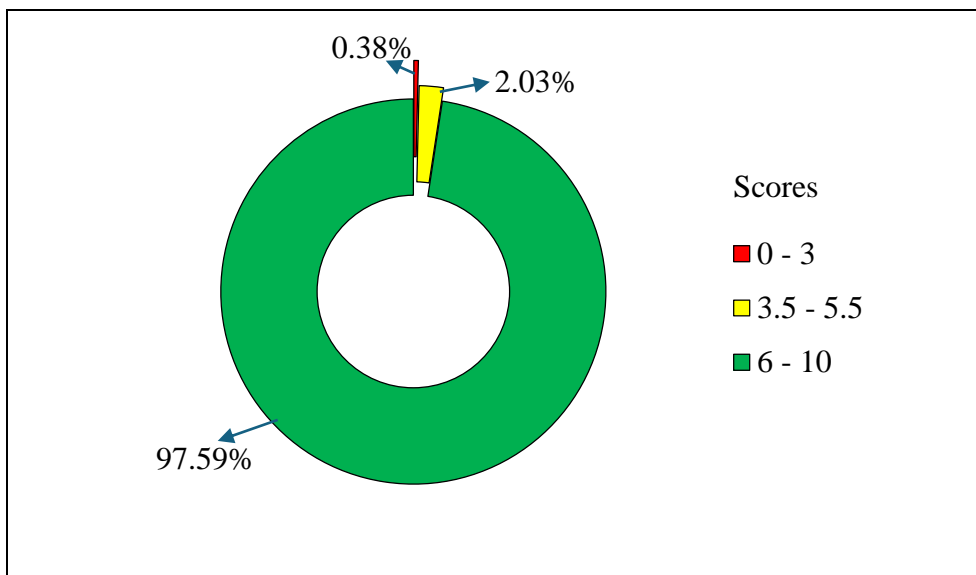


Figure 6: *The Performance of the Candidates on Question 6*

The analysis shows, that the good scores, ranging from 12 to 20 marks were due to high quality answers provided by the candidates. These prepared well the company's income statement for the year ended 30th September 2023 and the Statement of financial position as at that date. They also considered the additional information to make necessary adjustments before determining the correct figure to be included in the financial statements. In this way, they were able to apply well the accrual basis of accounting as intended in question 6.

As a result, the good performing students were able to present the net loss for the year, which was TZS 31,200 or another close this . Furthermore, they successfully prepared the statement of financial position, and accurately presented the required Assets, capital and liabilities. These responses demonstrate that the candidates possessed the competence and skills necessary for the preparation and presentation of financial statements in accordance with to the International Financial Reporting Standards (IFRS).

Extract 6.1 provides a sample of one such correct response in relation to question 6.

6	TOBACCO'S LTD COMPANY	
	INCOME STATEMENT AS AT 30 th Sept 2028	
	Sales	26678400
	less: Sales Return	433200
	Net Sales	26245200
	less: Cost of goods sold	
	Opening Stock	7600800
	Add: Purchases	12566400
	less: Return outward	656400
		11910000
	Cost of goods available	19510800
	less: Closing stock	5280000
		14230800
	Gross Profit	12014400
	Add: Other Income:	
	Discount received	511200
	Provision for bad debt	255600
		12781200
	less: Operating expenses	
	Salaries and wage	5640000
	Discount allowed	297600
	Lighting and power	566400
	Rate	297600
	less: Prepaid	76800
		220800
	Depreciation on office building	390000
	on fixture	172800
	on Motor vehicle	384000
	Office stationery	187200
	Sundry exp	76800
	Motor expenses	463200
	Bad debt	86400
	Postage	163200
	Insurance	708000
		12812400
	Net Loss	(31200)

6		STATEMENT OF FINANCIAL POSITION AS AT 30 th Sept 2023	
<u>Non Current Asset</u>			
Office building	7800 000		
less: Depreciation	390 000		7410 000
Fixture and fitting	1728 000		
less: Depreciation	1728 000		15552 000
Motor vehicle	19200 000		
less: Depreciation	3840 000		15360 000
			24325200
<u>Current Asset</u>			
Stock	5280 000		
Debtors	5424 000		
less: Provision	5424 000	4881 600	
Cash at hand	170 400		
Cash at bank	3169 200		
Rate prepaid	76 800		
Insurance unexpired	12 000		13590 000
Total Asset			37915200
<u>less: Current Liabilities</u>			
Creditor			6506400
Capital employed			<u>31408800</u>
∴			
financed by			
Capital			35040 000
Less/Add Net Profit/Loss			31200
			35008800
less: Drawing			3600 000
Capital employed			<u>31408800</u>

Extract 6.1: A sample of the correct responses to Question 6

In Extract 6.1, the candidate accurately prepared the required financial statements.

As for the average performers (those scoring 7 to 11.5 marks), they provided moderate quality answers by preparing well the required financial statements as stipulated in the question. However, they made some mistakes such as failure to incorporate other income into gross profit, which included a decrease in the provision for bad debts and discount received.

Furthermore, they were unable to obtain the correct amount of net loss due to the omission of necessary adjustments like unexpired insurance and depreciation expense. As for the statement of financial position, they were able to prepare it as asked in the question. However, some prepared this statement by not applying the correct format, while others recorded some items such as current assets under the wrong heading (e.g., under current liabilities). This resulted in having incorrect working capital and capital employed.

Further analysis showed that the candidates who performed poorly (Those who scored 0 to 6.5 marks), they committed substantial mistakes. For example, they prepared the required financial statements by using different formats not compliant with IFRS as well as identifying and using irrelevant information in preparing a particular type of financial statements. For example, some prepared an Income statement by incorporating Fixed and current assets as part of total revenues while others failed to use statement format in preparing their financial statements. Others, were unable to make adjustments for provision for doubtful debts and depreciation. Extract 6.2 is a sample of the incorrect responses from one of the candidates.

6. Tobacco Ltd.			
THE INCOME STATEMENT OF TOBACCO LTD FOR THE YEAR			
ENDING 30 TH SEPTEMBER, 2023.			
PARTICULARS	TZS	TZS	
SALES / REVENUE			
- Sales		26,678,400	
Add: Cash at Bank	3,169,200		
: Cash in Hand	170,400		
: Discount received	511,200		
TOTAL SALES / REVENUE		30,529,200	
Less: Running Costs			
→ Purchases	12,566,400		
→ Salary (wages) and wages	5,640,000		
→ Lighting & Power Expenses	566,400		
→ Laundry expenses	76,800		
→ Motor expenses	463,200		
→ Postage and Internet exp.	163,200		
TOTAL GROSS REVENUE		11,053,200	
Less: Capital (other expenses)	35,040,000		
Drawings	3,600,000		
Trade Debtors	5,424,000		
Trade creditors	6,506,400		
Returns inwards	433,200		
Return outwards	650,400		
Discount allowed	277,600		
Inventory	7,600,800		
rate	220,800		
Construction Office buildings	7,410,000		
Furniture and fittings	1,555,200		
Motor vehicles	15,360,000		

6 Continuation of Income Statement			
	PARTICULARS	TZS	TZS
	Less: Office Stationeries	1,87,200	
	Insurance	720,000	
	Doubtful debts	718,200	
	Bad debt	89,400	
	Inventory at 30 th Sept	5,280,000	
	Unexpired insurance	12,000	
	NET LOSS		-80,055,000

Extract 6.2: A sample of incorrect responses to Question 6

In Extract 6.2, the candidate prepared the income statement by mixing up assets and liabilities without taking into account the accrual basis of accounting.

2.1.7 Question 7: Correction of Accounting Errors

The question required the candidates to prepare the General Journal (to correct errors), suspense Account and the Statement of corrected net profit based on the following Scenario:

Saibogi is a junior accountant at Kilimanjaro Restaurant. He is troubled with the Trial Balance which failed to agree although in his opinion, he recorded every transaction correctly in the books of account. The credits exceeded the debits by TZS 760,520. The senior accountant advised him to place the difference into a suspense account. The two accountants went through the books considering each transaction so carefully and they discovered the following errors:

- A balance of TZS 34,800 on a debtor's account had been omitted from the schedule of debtors, the total of which was entered as accounts receivable in the Trial Balance.*
- Machinery purchased for TZS 480,000 had been written off to repairs.*
- The receipts side of the cash book had been under cast by TZS 288,000.*
- The total of one page of the sales daybook had been carried forward as TZS 3,261,600 instead of TZS 3,405,600.*

- (e) *A credit note for TZS 71,600 received from a supplier had been posted to the wrong side of his account.*
- (f) *An electricity bill with a sum of TZS 60,800, not yet accrued for, has been discovered in a filling tray.*
- (g) *Mr. Dunda, whose debt has been regarded as doubtful, paid TZS 292,000 to clear his account. His personal account has been credited but the cheque has not yet passed through the cash book.*
- (h) *Wages of TZS 118,520 had not been posted from the cash book to the nominal account.*
- (i) *TZS 85,000 received from James, had been debited to his account.*
- (j) *Commission received TZS 45,000 had been debited to commission received account.*

Prepare the General Journal to correct the errors (narrations are not required), Suspense Account and the Statement of Corrected Net profit

A total of 1,045 (57.14%) candidates attempted the question. The analysis of the candidates' performance indicates that 293 (28.04%) scored 0 to 6.5 marks, indicating weak performance, while 374 (35.79%) scored 7 to 11.5 marks, which is an average performance, and 378 (36.17%) scored 12 to 20 marks, which is good performance.

Generally, the performance of the candidates in this question was good since 752 (71.96%) candidates scored 7 to 20 marks, while 293 (28.04%) scored 0 to 6.5 marks. Performance in this question is represented by the following Figure 7.

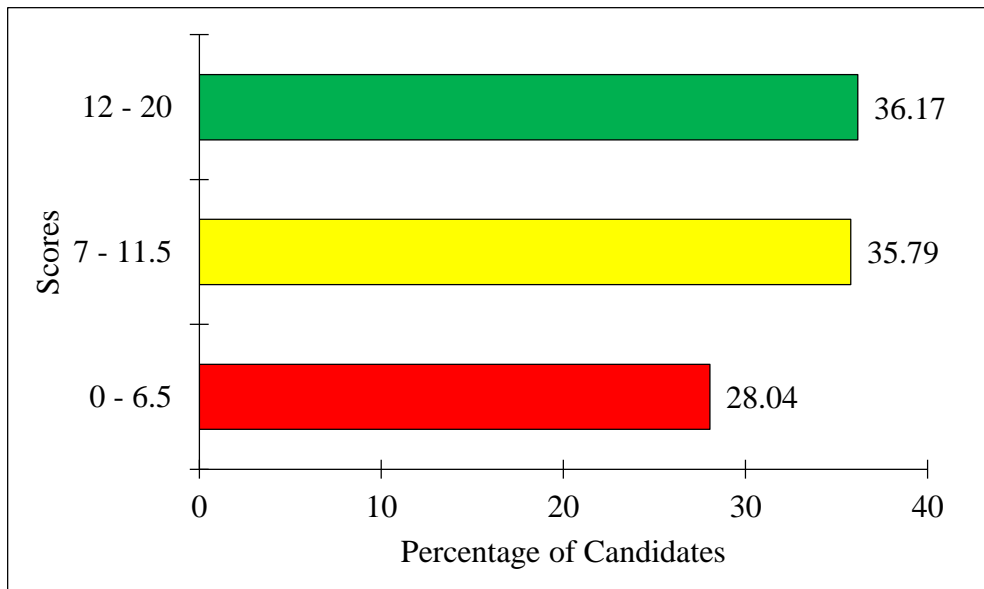


Figure 7: *The Performance of the Candidates on Question 7*

Close examination of candidates' responses scoring between 12 and 20 marks, indicated that these candidates provided relatively high-quality answers. Majority of them managed to correct or rectify different types of accounting errors using the general journal, and prepared well the suspense account, as required. They also correctly identified the relevant accounts that were affected by the given accounting errors. Moreover, these candidates were able to make appropriate entries in the statement used to correct the net profit. The competence demonstrated indicate satisfactory knowledge and skills for applying the principle of double entry system, identifying the nature of balance of the accounts under examination, which reflected a clear understanding of the question and most correct answers. Extract 7.1 is a sample of such correct responses from the candidates.

7	Dr	Sup	Suspense %	Cr	
	Difference in trial balance	760580		Debtors	34800
	Sales	144000		Cashbook	288000
	James	170,00		Wages	118520
	commission receivable	90,00		Supplier	143200
	Bot			Cashbook	292000
				Balance %d	288000
		<u>1,164,520</u>			<u>1,164,520</u>
	Balance b/d	288,000			
Statement of correcting net profit as at the end of the year					
	Net profit before correction				xx
	Add: Repairs		480,00		
	Sales		144000		
	commission received		90,00		714,000
					714,000
	Less: Electrnals		60800		
	Wages		118520		179320
	Corrected net profit				<u>534680</u>

7 In the books of Sabresi Kilimanjaro Restaurant			
GENERAL JOURNAL			
Date	Narrations	DR	CR
	a) Debtors (account receivable) %	34800	
	Suspense %		34800
	b) Machinery %	480,000	
	Repairs %		480,000
	c) Cashbook	288000	
	Suspense %		288000
	d) Suspense %	144000	
	Sales %		144000
	e) Supplier %	143200	
	Suspense %		143200
	f) Electrnals %	60800	
	Electrnals accrued %		60800
	g) Cashbook	292,000	
	Suspense %		292,000
	h) Wages %	118,520	
	Suspense %		118,520
	i) Suspense %	170,000	
	James %		170,000
	j) Suspense %	90,000	
	Commission received %		90,000

Extract 7.1: A sample of the correct responses to Question 7

In Extract 7.1, the candidate correctly responded by preparing the General Journal, Suspense and correctly adjusted the net profit.

On the other hand, the candidates with average performance, submitted answers that were average in quality. These candidates only partially addressed the demands of the question, perhaps by correctly preparing one

of the required ledger accounts but neglecting other parts, such as the required accounts like general journal. For instance, they committed different mistakes such as failure to locate the difference in trial balance required in the suspense account or to identify the accounts affected by the given accounting errors. In other cases, some of the accounts and amounts entered into the general journal were not correct; which resulted into scoring average marks, ranging from 7 up to 11.5. This average performance indicates that the candidates had satisfactory knowledge and skills in correction of accounting errors and preparation of general journal and suspense account.

On the other hand, candidates with weak performance (those scored 0 to 6.5 marks), made substantial mistakes in responding to question 7. For example, they failed to identify some of the accounts, which were affected by the given accounting errors, and were not able to rectify different errors by using double entry system. Other candidates reversed the entries in the general journal and used the suspense account to calculate profit. Consequently, they recorded incorrect entries in the statement of corrected profit thus unable to correct the net income. Extract 7.2 is a sample of the incorrect responses from one of the candidates.

solution			
JOURNAL ENTRIES			
DETAILS		DR	CR
a)	Receivable % Debtors %	24,800	34,800
b)	Machinery % Suspense %	480,000	480,000
c)	Suspense % Receipts %	288,000	288,000
d)	Sales % Suspense %	144,000	144,000
e)	Cash % Supplier %	71,600	71,600
f)	Suspense % Electricity bill %	60,800	60,800
g)	Mr. Dunda % Cash % Suspense %	292,000	292,000
h)	Cash % Wages %	118,520	118,520
i)	Cash % James %	85,000	85,000
j)	C. Received % Suspense %	45,000	45,000
DR		CR	
Machinery	480,000	Difference per trial	760,520
Sales	144,000	Receipts	288,000
Electricity bill	60,800		
C. Received	45,000		
Mr. Dunda	292,000		
Balance %d	26,720		
	1,048,520		1,048,520

Extract 7.2: A sample of incorrect responses to Question 7

In Extract 7.2, the candidate opened the journal and suspense account but entered incorrect entries.

2.1.8 Question 8: Financial Statements Analysis and Interpretation

The question was intended to assess the candidates' competence in the computation and interpretation of accounting ratios. Specifically, the candidates were provided with the following scenario:

The following information was extracted from the books of BBM Ltd as at 31st December, 2020:

Details	TZS	TZS
<i>Sales</i>		640,000
<i>Gross profit</i>		160,000
<i>Average inventory at cost</i>		40,000
<i>Expenses</i>		32,000
<i>Non-current assets</i>		432,000
Current assets:		
<i>Inventory</i>		
<i>Debtors</i>	40,000	
<i>Bank</i>	32,000	
	8,000	<u>80,000</u>
<i>Current liabilities</i>		512,000
		<u>(40,000)</u>
<i>Capital</i>		<u>472,000</u>
		<u>472,000</u>

(a) Calculate the following accounting ratios for BBM Ltd:

- (i) Gross profit as a percentage of sales
- (ii) Rate of stock turnover
- (iii) Net profit as a percentage of sales
- (iv) Rate of return on capital employed
- (v) Current ratio
- (vi) Quick ratio

(b) ZARA Ltd is another firm in the same line of business. The following information has been extracted from the books of the company for the year ending 31st December, 2020:

- (i) Gross profit as a percentage of sales = 25 per cent
- (ii) Rate of inventory turnover = 9 times
- (iii) Net profit as a percentage of sales = 10 per cent

- (iv) *Rate of return on capital employed = 12½ per cent*
- (v) *Current ratio = 1:1*
- (vi) *Quick ratio = 0.5: 1*

Compare the information provided about ZARA Ltd with the calculated ratios for BBM Ltd. Using the rate of inventory turnover, rate of return on capital employed, current ratio and quick ratio as performance indicators. Which company was more successful in the year 2020? Give a reason.

A total of 1,520 (83.11%) candidates attempted the question. The analysis of the candidates' performance indicates that 70 (4.61%) candidates scored from 0 to 6.5 marks, indicating weak performance, 228 (15%) candidates scored from 7 to 11.5 marks, which is an average performance, and 1,222 (80.39%) candidates scored from 12 to 20 marks.

Generally, the performance of the candidates in this question was good since 1,450 (95.39%) candidates scored 7 to 20 marks, while 70 (4.61%) scored 0 to 6.5 marks. Performance on this question is illustrated in Figure 8.

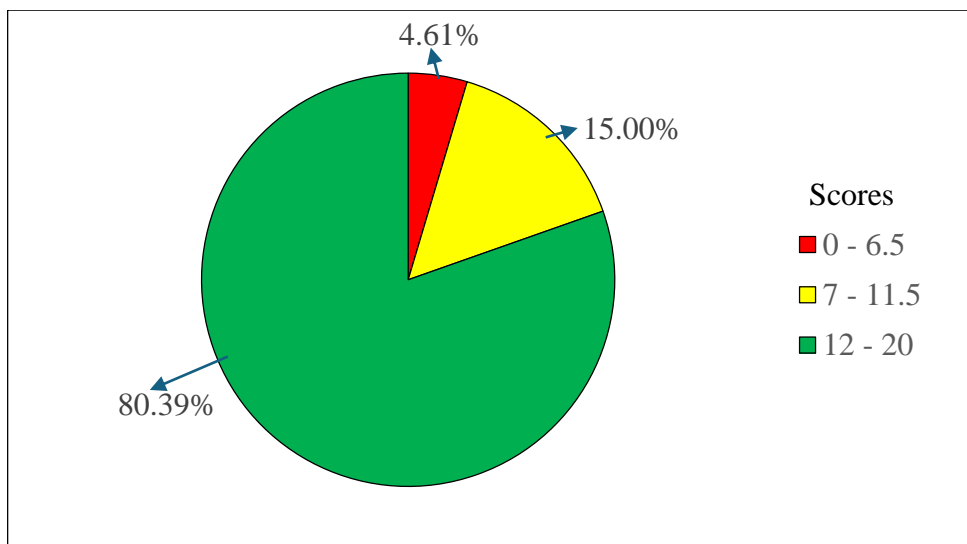


Figure 8: *The Performance of the Candidates on Question 8*

A closer examination of candidates' response who scored 12 up to 20 marks shows that the candidates provided high quality answers. These candidates remembered well the different formulas required to calculate different types of accounting ratio, as required in the question. Similarly, it was clear that the candidates were able to extract relevant data from the given financial statements and computed the required ratios and supplied the final answer.

Furthermore, candidates were able to provide a comparative analysis on the performance of the two companies using different ratios as asked in the question. Based on the obtained results, candidates provided relevant and accurate reasons, indicating that BBM Ltd was more successful than ZARA Ltd. Their level of competence and skills in computational and analysis enabled them to adequately meet the demand of the question. Extract 8.1 is a sample of the correct responses from one of the candidates.

8	(i) Gross profit as percentage of sales.
	$= \frac{\text{G.P.}}{\text{Sales}} \times 100\%$
	$= \frac{160,000}{640,000} \times 100\%$
	$= 25\%$
	\therefore Gross profit as percentage of sales = <u>25%</u>
	(ii) Rate of stock turnover
	$= \frac{\text{Costs}}{\text{Average Stock}}$
	but $\text{G.P.} = \text{Sales} - \text{Costs}$
	$\text{Costs} = \text{Sales} - \text{G.P.}$
	$= 640,000 - 160,000 = 480,000.$
	Rate of stock turnover = $\frac{480,000}{40,000}$
	$= 12 \text{ times.}$
	\therefore Rate of stock turnover = <u>12 times.</u>
	(iii) Net profit as percentage of sales.
	$= \frac{\text{N.P.}}{\text{Sales}} \times 100\%$
	but net profit = $\text{G.P.} - \text{Expenses}$
	$= 160,000 - 32,000$
	$\text{N.P.} = 128,000$
	$= \frac{128,000}{640,000} \times 100\%$
	$= 20\%$
	\therefore Net profit as percentage of sales is <u>20%</u>

80 (iv) Rate of Return on Capital Employed.

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

$$= \frac{128,880}{472,000} \times 100\%$$

$$= 27.1\%$$

(v) Current ratio

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

$$= \frac{80,000}{40,000}$$

$$= 2:1$$

∴ Current ratio = 2:1

(vi) Quick ratio

$$= \frac{\text{Current assets} - \text{Stock}}{\text{Current liabilities.}}$$

$$= \frac{80,000 - 40,000}{40,000}$$

$$= \frac{40,000}{40,000}$$

$$= 1:1$$

∴ Quick ratio = 1:1

8	<p>ⓑ Rate of inventory turnover</p> <p>- By using rate of stock turnover the BBM Ltd is more successful in the year 2020 because it obtained 12 times while ZARA Ltd obtained 9 times so BBM Ltd is successful compare to ZARA Ltd by difference of 3 times.</p>
	<p>Rate of return on capital employed</p> <p>- By considering the rate of return on capital employed the BBM Ltd was more successful in the year because of getting or produced high rate of return on capital employed of 27.1% compared to ZARA Ltd who produced 12½% so BBM Ltd was successful to ZARA Ltd in difference of 14.6%.</p>
	<p>Current ratio.</p> <p>- By using current ratio of both firm the BBM Ltd was more successful compared to ZARA Ltd because of producing more output compare to ZARA Ltd so BBM Ltd produce more current ratio of 2:1 compared to ZARA Ltd current ratio of 1:1 The BBM is more successful in difference of 1:1 compared to ZARA Ltd</p>
	<p>Quick ratio.</p> <p>- So by using quick ratio as performance indicator the BBM Ltd was more successful compared to ZARA Ltd because BBM Ltd produce a 1:1 quick ratio and ZARA Ltd produce 0.5:1 of quick ratio so the BBM Ltd produce more than ZARA Ltd in difference of 0.5:1</p>

Extract 8.1: A sample of the correct responses to Question 8

In Extract 8.1, the candidate gave the correct responses with the detailed and correct comparative analysis for the performance of the two companies for the year ended 31st December, 2020.

The analysis also revealed that candidates with average performance (scoring between 7 and 11.5 marks) produced answers of average quality. For instance, they were to use relevant formulas, extract the necessary data from

the given information and computed the required accounting ratio as expected. However, they made some mistakes, such as failing to provide a comparative analysis based on their calculated performance indicators.

Further analysis showed that the candidates with weak performance (who scored 0 to 6.5 marks) made substantial mistakes in providing and using the correct accounting ratio formulas. As a results, their computations produced incorrect final answers. Others were able to identify the correct formulas but failed to extract the relevant data from the given financial statements to use in their computations. Majority of them were also unable to express the ratios correctly – for example, they did not know, which ratios should be expressed as percentages and which as the number of times.

Moreover, some candidates confused their answers and failed to present them appropriately. For example, the quick ratio was treated as being the same as current ratio. The weak performance of these candidates may be attributed to lack of competence, skills and mathematical knowledge, as well as inability to recall and apply the correct formulas, which together hindered them from proving comparative analysis when assessing the performance of business organisations. Extract 8.2 is a sample of the incorrect responses from one of the candidates.

$$\begin{aligned}
 & \text{a) i) Gross profit as a percentage of sales} \\
 & = \frac{\text{Gross profit}}{\text{Sales}} \times 100 \\
 & = \frac{160,000}{640,000} \times 100 \\
 & = \underline{2.5} \text{ per cent}
 \end{aligned}$$

$$\begin{aligned}
 & \text{ii) Rate of stock turnover} \\
 & = \frac{\text{Sales}}{\text{Average inventory}} \\
 & = \frac{640,000}{40,000} \\
 & = \underline{2.56} \text{ times}
 \end{aligned}$$

$$\begin{aligned}
 & \text{iii) Net profit as a percentage of sales} \\
 & = \frac{\text{Net profit}}{\text{Sales}} \times 100
 \end{aligned}$$

$$\begin{aligned}
 \text{When, Net profit} & = \text{Sales} - \text{Gross profit} \\
 & = 640,000 - 160,000
 \end{aligned}$$

$$\text{Net profit} = \underline{480,000}$$

$$\begin{aligned}
 \text{Then:} & = \frac{480,000}{640,000} \times 100 \\
 & = \underline{75} \text{ per cent}
 \end{aligned}$$

$$\begin{aligned}
 & \text{iv) Rate of return on capital employed} \\
 & = \frac{\text{Capital} \times \text{Rate} - \text{Expenses}}{\text{Capital}} \\
 & = \frac{472,000 \times 640,000 - 82,000}{472,000} \\
 & = \underline{3.01} \text{ per cent}
 \end{aligned}$$

$$\begin{aligned}
 & \text{v) Current ratio} = \frac{\text{Current Assets}}{\text{Current liabilities}} \\
 & = \frac{80,000}{40,000} \\
 & = \underline{2:1}
 \end{aligned}$$

8	<p>a) Quick ratio = $\frac{\text{Sales} - \text{Inventory}}{\text{Gross profit}}$</p>
	<p>= $\frac{640,000 - 40,000}{160,000}$</p>
	<p>= <u>0.5:1</u></p>
8	<p>b) The following are the reason for the compared calculation ratio for ZARA and BBM Ltd who were more successful in the year 2020 as follows:-</p>
	<p>a) On Rate of inventory turnover, ZARA was successful in the year, because BBM Ltd was the lower inventory on her company.</p>
	<p>b) On Rate of return on capital employed ZARA was successful in the year, because BBM has the depreciated the expenses to the transaction makes.</p>
	<p>c) On current ratio the ZARA ^{BBM} company has been successful due to the current assets and the liabilities that extracted and appear from the book.</p>
	<p>d) On quick ratio both ZARA and BBM Ltd company was get the same successful for the year.</p>

Extract 8.2: A sample of incorrect responses to Question 8

In Extract 8.2 the candidate used incorrect formulas and data to calculate the required accounting ratios and wrongly interpreted the financial ratios.

2.2 Analysis of the candidates' performance in 153/2 Accountancy 2

The paper consisted of eight (8) questions from eight (8) topics namely: *Auditing, Stock Valuation, Cost Accounting, Hire Purchase Accounting, Containers Accounts, Company Accounts, Partnership Accounting, and Payroll Accounting*. The candidates' response analysis for each question is presented in section 2.2.1 to 2.2.8.

2.2.1 Question 1: Auditing

This question intended to measure the candidates' competence in the qualities of an auditor. Specifically, the question required the candidates to briefly explain the qualities of auditor.

A total of 1,829 (100%) candidates responded to the question. The analysis of the candidates' performance shows that 179 (9.79%) candidates scored 0 to 3 marks, indicating weak performance, while 243 (13.29%) candidates scored 3.5 to 5.5 marks, which is an average performance, and 1,407 (76.92%) scored 6 to 10 marks, which is good performance.

Generally, the performance of candidates in this question was good, with 1,650 (90.21%) candidates scoring between 3.5 to 10 marks, while only 179 (9.79%) scored between 0 and 3 marks, as shown in Figure 9.

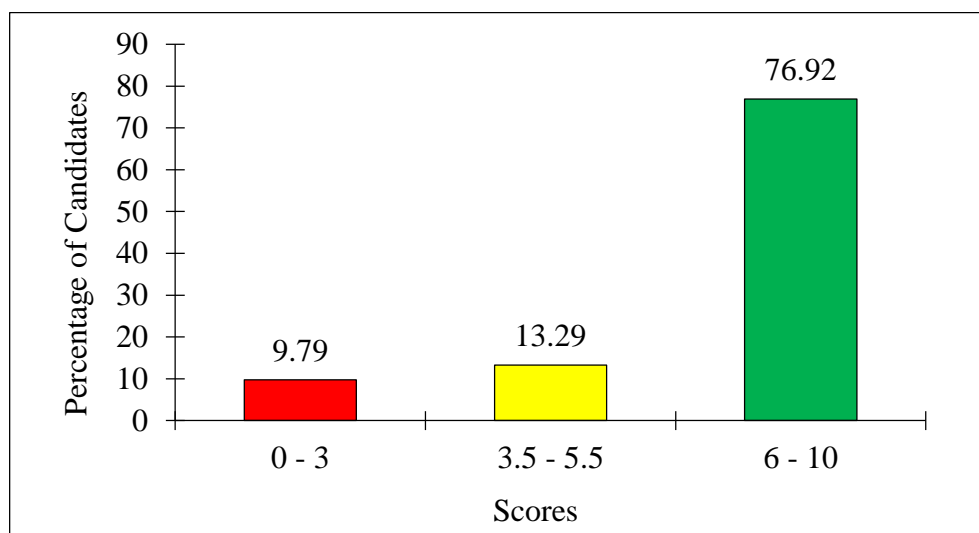


Figure 9: *The Performance of the Candidates on Question 1*

The analysis of responses from candidates who performed well, scoring 6 to 10 marks, indicates that they produced high quality answers. These

candidates had adequate knowledge of the qualities of an auditor. Most of them indicated that independence, awareness of the business or corporate world, professional competence and qualification are the key and basic qualities for an auditor to perform well his/her duties. Additionally, they explained that an auditor should be honest and objective without bias, and should communicate well their findings to a wider range of users of accounting information. These responses show that candidates had good understanding of the qualities of an auditor. Extract 9.1 is a sample of the correct responses from one of the candidates.

1.	<p>An auditor; is a person who are responsible to audit the work of the business, companies, audit the government and can be employed or be independent person. The following are the qualities of an auditor;</p> <p>Should be registered by National Board of Accountancy and Audit; One of the quality of an auditor is to be registered by the board which are responsible to register the auditors so as to be available when they are requested for work.</p> <p>Should be ^{have} confidence; Also another quality of an auditor is to have confidence because during the audit work may pass through different challenges but he or she must have confidence which will facilitate him or her to conduct his work of auditing the business or other sectors.</p> <p>Should be independent person, Also another quality of an auditor is to be independent especially those who are external auditors they need to be one who are independent and not being depend on other person like the internal auditors who are employee by the management.</p> <p>Should be honest and hardworker; Also an auditors should possess this quality of being good person who are honest to the work that need to be audited. so this will enable them to perform their work efficiently. Also another thing will facilitate him or her to get more information that required.</p> <p>Should be qualified the education level and have good sound mindset; Also an auditor who are auditing the company work or any work of auditing he or she must have good mindset in which he or she will be very carefully when dealing with the work.</p> <p>Generally; Auditor have employed or needed so as to express the true and fair view of the internal control system and books of financial statements for the year ended.</p>
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Extract 9.1: A sample of correct responses to Question 1

In Extract 9.1, the candidate correctly explained the qualities of an auditor with clear examples.

On the other hand, a closer examination of candidates with average performance had answers of average quality hence they scored 3.5 to 5.5 marks. The analysis revealed that, they provide partial answers, outlining two to three qualities of an auditor, out of five expected from this question. Different from what was expected, other outlined the different procedures leading to one becoming a competent auditor, such as training and studying bookkeeping or accountancy with the possession of attributes that are needed to carry out an audit engagement.

Further analysis indicated that candidates with poor performance (scoring 0 to 3 marks) provided poor quality answer, and were unable to correctly address the demand of the question. For example, the qualities of an auditor included someone who is mentally fit with a good Curriculum Vitae (CV), and capable of preparing financial statements. These kinds of responses indicate that the candidates lacked the competence about the qualities of an auditor. Extract 9.2, shows one of the incorrect responses from a candidate.

1. Qualities of an auditor :-
i. should have a plan For the good auditing process the plan stated should be known by the auditor who is going to examine the results that is obtained. For example the auditor may plan to verify the results on the certain business and the plan stated by the auditor should be achieved so that to bring the best result that an auditor is expected to get.
ii. should be a hard worker. When the auditor improves his or her best results in auditing process by working hard this may come out with the good outcomes. For example increase of the auditor to work hard may come out with the good results which may influence the auditor to work more and more.
iii. should be a risk taker on the audit work. Once the risk occurs in the verification of the work conducted should be able to know that there is loss or risk occurred in any work that is conducted. For example the work may be incomplete and the auditor after identifying that the risk as occurred may be able to overcome.
iv. All information reported should be fact. All the information that as been represented in the working paper should be the fact that can be used by different people. For example the fact on the school results after they have been reported.

Extract 9.2: A sample of incorrect responses to Question 1

In Extract 9.2, the candidate listed qualities more closely related to an entrepreneur rather than an auditor, as required by question 1.

2.2.2 Question 2: Stock Valuation

The question was intended to measure the competence of the candidates to apply specific methods of recording inventories. Specifically, the question required the candidates to record the given transactions in the store's ledger card using the First-In, First-Out (FIFO) and Last-In, First-Out (LIFO) methods. The question comprised the following scenario:

Sky Limit Enterprise operates a business of buying and selling a product called Ngoma. The following table shows the purchases and sales of the product made by the business for the month ending 31st July, 2020:

<i>Date</i>	<i>Purchases</i>		<i>Sales</i>	
	<i>Units</i>	<i>Unit Price (TZS)</i>	<i>Units</i>	<i>Unit Price (TZS)</i>
2020				
July 1	100	8,000		
5	120	7,000		
12			200	15,200
18	30	7,200		
22			20	13,000
	250		220	

Record the given transactions in the Stores Ledger Card using the First in First Out (FIFO) and Last in First Out (LIFO) methods.

A total of 1,829 (100%) candidates responded to the question. The analysis of the candidates' performance, shows that 552 (30.18%) candidates scored 0 to 3 marks, indicating weak performance. 256 (14%) candidates scored from 3.5 to 5.5 marks, which is an average performance, and 1,021 (55.82%) candidates scored from 6 to 10 marks, which is good performance.

Generally, the performance of candidates in this question was good since 1,277 (69.82%) candidates scored 3.5 to 10 marks while 552 (30.18%) scored from 0 to 3 marks as shown in Figure 10.

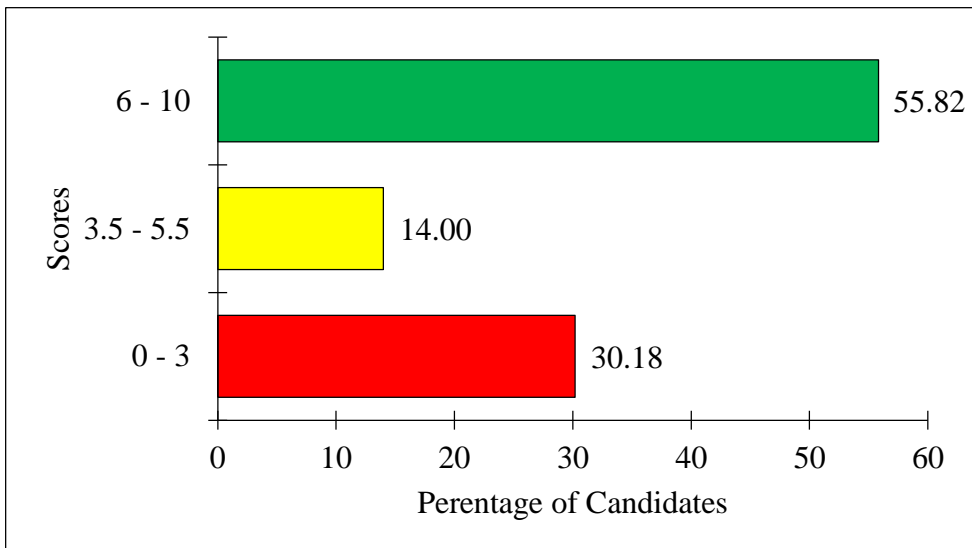


Figure 10: *The Performance of the Candidates on Question 2*

Analysis of the quality of responses to question 2 shows that the candidates with good performance (Scoring 6 to 10 marks) provided high quality answers. They managed to prepare the Stores Ledger Cards using the First in First Out (FIFO), and Last in First Out (LIFO) methods as required in the question. They also recorded the quantities in their respective column and managed to obtain the value of the closing stock in the sequential order. Extract 10.1 is a sample of the correct responses from one of the candidates.

2.

STORES LEDGER CARD (FIFO) FIRST IN FIRST OUT									
Date	Purchases			Sales			Balance		
	Q	R	Amount	Q	R	Amount	Q	R	Amount
1/7/2020	100	8000	800,000	-	-	-	100	8000	800,000
5/7/2020	120	7000	840,000	-	-	-	120	7000	840,000
							220	-	1,640,000
12/7/2020	-	-	-	100	8000	800,000	-	-	-
				100	7000	700,000	20	7000	140,000
18/9/2020	30	7200	216,000	-	-	-	30	7200	216,000
							50	-	356,000
22/7/2020	-	-	-	20	7000	140,000			
							30	7200	216,000

STORE LEDGER CARD (LIFO) LAST IN FIRST OUT									
Date	Purchases			Sales			Balance		
	Q	R	Amount	Q	R	Amount	Q	R	Amount
1/7/2020	100	8000	800,000	-	-	-	100	8000	800,000
5/7/2020	120	7000	840,000	-	-	-	120	7000	840,000
							220	-	1,640,000
12/7/2020	-	-	-	120	7000	840,000	-	-	-
				80	8000	640,000	20	8000	160,000
18/9/2020	30	7200	216,000	-	-	-	30	7200	216,000
							50	-	316,000
22/7/2020	-	-	-	20	7200	144,000	20	8000	160,000
							10	7200	72,000
							30	-	232,000

Extract 10.1: A sample of correct responses to Question 2.

In Extract 10.1, the candidate prepared the Stores Ledgers by recording the correct information using the FIFO and LIFO methods as per the demand of the question.

Furthermore, the analysis shows that the candidates with average performance in question 2 (scoring 3.5 to 5.5 marks) provided response of average quality. Most of them were able to prepare the Stores Ledger Card, by recording all the transactions in their respective columns but failed to consider the additions and issue of inventory at their specific date as required under the perpetual system of inventories management.

On other hand, responses from the candidates with poor performance (scoring 0 to 3 marks) revealed that their responses were of low quality. The analysis revealed some inconsistency results with majority failing to interpret the requirement of the question. As a result, most of them prepared irrelevant accounts such as containers trading, containers stock and inventory trading Account. Extract 10.2 is a sample of the incorrect responses from one of the candidates.

Qn 2									
Stock record card (FIFO)									
Date	Purchases			Sales			Balance		
	Quantity	Rate	Amount	Quantity	Rate	Amount	Quantity	Rate	Amount
July 1	100	-	8,000				100	-	8,000
5	120	-	7,000				120	-	7,000
							220		15,000
12				200	-	15,000	20	-	7,000
18	30	-	7,200				30	-	7,200
							50	-	14,200
22				20	-	13,000	30	-	7,200 7,200

Stock record card (LIFO)									
Date	Purchases			Sales			Balance		
	Quantity	Rate	Amount	Quantity	Rate	Amount	Quantity	Rate	Amount
July 1	100	-	8,000				100	-	8,000
5	120	-	7,000				120		7,000
							220		15,000
12				200	-	15,000	20	-	8,000
18	30	-	7,200				30	-	7,200
							50	-	15,200
22				20	-	13,000	20	-	8,000
							10	-	7,200
							20	-	15,200

Extract 10.2: A sample of the incorrect responses to Question 2.

In Extract 10.2, the candidate provided incorrect responses in which the unit price was mixed up with the quantity of inventory received or issued out.

2.2.3 Question 3: Cost Accounting

The question intended to measure the candidates' competence and ability to use cost data in the decision-making process. Specifically, the question required the candidates to use Cost Volume and Profit (CVP) analysis tools to calculate desired level of units, revenue and profit and justify the obtained results. Candidates were provided with the following scenario.

Silver Products Ltd makes a single product. The product is sold at a unit selling price of TZS 2,000 with a unit marginal cost of TZS 1,200. The company incurs annual fixed costs of TZS 12,000,000.

- (a) *Using the information provided:*
 - (i) *Calculate the number of units that the company must produce and sale in order to break even, the amount of sales revenue at breakeven point and the contribution to sales ratio (C/S ratio).*
 - (ii) *Determine the number of units the company must produce and sale if it wants to achieve an annual profit of TZS 4,000,000.*
- (b) *At what level the company should sell in order to achieve the desired annual profit in 3 (a) (ii)?*
- (c) *Why the amount of sales revenue attained in 3 (b) will help the company to achieve the desired annual profit of TZS 4,000,000?*

A total of 1,829 (100%) candidates responded to the question. The analysis of the candidates' performance, shows that 423 (23.13%) candidates scored 0 to 3 marks, indicating weak performance. 220 (12.03%) candidates scored 3.5 to 5.5 marks, which is an average performance, and 1,186 (64.84%) scored from 6 to 10 marks, which is a good performance.

Generally, the performance of candidates in this question was good since 1,406 (76.87%) candidates scored from 3.5 to 10 marks while 423 (23.13%) scored from 0 to 3 marks as shown in Figure 11.

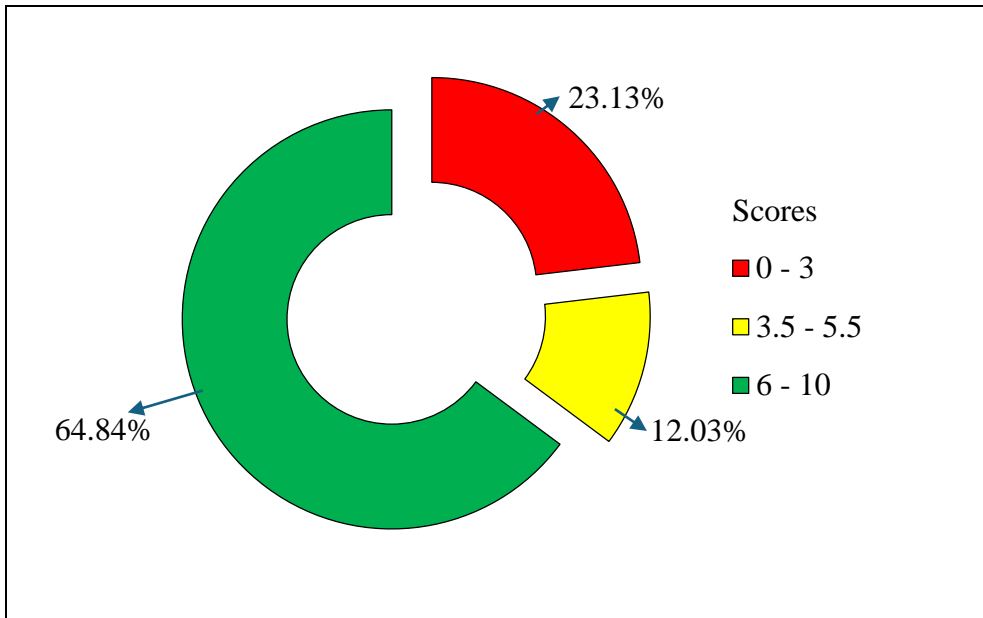


Figure 11: *The Performance of the Candidates on Question 3*

The analysis of candidates' responses shows that, candidates with good performance by scoring 6 to 10 marks produced high quality answers, demonstrating high level of competence and organizational skills that made them to accurately calculate and determine the required quantity and amount of revenue. Candidates were able to use relevant formulae, data, and provided clear justification on how Break-even analysis can be used to enhance company's decision-making process. These responses indicate that the candidates had a better understanding of cost accounting, and specifically the application of Cost, Volume and Profit (CVP) analysis and mathematical skills. Extract 11.1 is a sample of the correct responses from one of the candidates.

Selling price = 2000 Tzs

Total fixed cost = 12,000,000

Marginal cost = 1200

1) $BEP(\text{units}) = \frac{TFC}{SP-VC}$

$SP-VC$

$= \frac{12,000,000}{2000-1200}$

$= \frac{12,000,000}{800}$

$= 15,000$

units

$BEP(\text{units}) = 15,000 \text{ units}$

$BEP(\text{shs}) = \frac{TFC}{SP-VC} \times SP$

$SP-VC$

$= \frac{12,000,000}{2000-1200} \times 2000$

$= \frac{12,000,000}{800} \times 2000$

$= 15,000 \times 2000$

$= 30,000,000$

$= 30,000,000$

$= 30,000,000$

$BEP(\text{shs}) = 30,000,000 \text{ Tzs}$

Contribution to sales ratio = $\frac{SP-VC}{SP} \times 100\%$

SP

$= \frac{2000-1200}{2000} \times 100\%$

$= \frac{800}{2000} \times 100\%$

$= 40\%$

$= 40\%$

$= 40\%$

Contribution to sales ratio (C/s ratio) = 40%

3a	$\text{Normal units} = \frac{\text{FC} + \text{PI}}{\text{SP} - \text{VC}}$ $= \frac{12,000,000 + 4,000,000}{2000 - 1200}$ $= \frac{16,000,000}{800}$ <u>Normal units = 20,000 Units</u>
	$\text{Normal sales} = \frac{\text{FC} + \text{PI}}{\text{SP} - \text{VC}} \times \text{SP}$ $= \frac{12,000,000 + 4,000,000}{2000 - 1200} \times 2000$ $= \frac{16,000,000}{800} \times 2000$ $= 20,000 \times 2000$ <u>Normal sales = 40,000,000 TZS</u>
	<p>b) The company should sell 20,000 units for 40,000,000 TZS to achieve desired annual profit of 4,000,000</p> <p>c) Because the sales revenue attained in 30b) once we deduct with total cost we get a given profit</p> $P = \text{TR} - \text{TC}$ $P = 40,000,000 - (12,000,000 + (24,000,000))$ $P = 40,000,000 - 36,000,000$ $P = 4,000,000$ <p>where</p> $P = \text{Profit}$ $\text{TR} = \text{Normal sales}$ $\text{TC} = \text{FC} + \text{VC}$ $\text{FC} = 12,000,000$ $\text{VC} = (1200 \times 20,000) = 24,000,000$

Extract 11.1: A sample of correct responses to Question 3

In Extract 11.1, the candidate applied relevant formulae and obtained the correct number of units and sales values as per the demand of the question.

Additionally, the candidates with average performance (scoring 3.5 to 5.5 marks) produced answers of average quality. For example, most of them supplied relevant formulae as per the demand of the question, and extracted relevant data from the given information; however, their explanations for

interpreting their computed units of outputs and sales values in relation to decision making were neither clear nor correct as expected.

Conversely, candidate with poor performance (scoring 0 to 3 marks) produced low quality answers characterised by substantial mistakes. Their answers indicated failure to interpret well the requirements of the question, and inability to recall the required formulae. As a result, they obtained wrong level of quantities and sales value at the breakeven point. Their responses indicate that the candidates had not mastered the use of CVP analysis in the decision-making process. Extract 11.2 is a sample of the incorrect responses from one of the candidates.

OB	Soluhon (j)
	Given data
	$BEP \text{ (units)} = \frac{TFC}{S.P - V.C}$
	$= \frac{12,000,000}{2000 - 800}$
	$= \frac{12,000,000}{1200}$
	Break Even points in units = 10000 units
	$BEP \text{ (sh)} = \frac{TFC}{S.P - V.C} \times S.P$
	$= \frac{12,000,000}{2000 - 800} \times 2000$
	$= 10000 \times 2000$
	Break Even point (sh) = 20,000,000/=
	To calculate Contribution Margin Ratio
	from
	$C.M.R = \frac{S.P - V.C}{S.P} \times 100$
	$= \frac{2000 - 800}{2000} \times 100$
	$= \frac{1200}{2000} \times 100$
	Contribution margin ratio = 60%

08.	(a)	Solomon (ii) Given data
		$\text{Normal units} = \frac{TFC + \bar{c}}{S.P. - V.C}$ $= \frac{12,000,000 + 4,000,000}{2000 - 800}$ $= \frac{16,000,000}{1200}$
		Normal units = 13,333 units.
	(b)	Solomon Given data
		$\text{Normal units (sh)} = \frac{TFC + \bar{c}}{S.P. - V.C} \times S.P$ $= \frac{12,000,000 + 4,000,000}{2000 - 800} \times 2000$ $= \frac{16,000,000}{1200} \times 2000$
		Total sales = 26,666,666

Extract 11.2: A sample of incorrect responses to Question 3

In Extract 11.2, the candidate recalled the appropriate formula in part (a) (ii); however, the final answer was incorrect. In (a) (i) and part B, the candidate used inappropriate formula leading to incorrect answer.

2.2.4 Question 4: Hire Purchase Accounting

The aim of this question was to assess the candidates' ability to prepare the Motor vehicles, provision for depression on Motor vehicle and Hire Purchase Interest Suspense Accounts. The candidates were provided with the following scenario:

Serengeti Transporters Ltd acquired two cars under Hire purchase agreements, the details of which are as follows:

Registration Number	CYS 855	CYZ 655
Date of purchase	30/06/2018	31/01/2019
Cash price	2,900,000	3,660,000
Deposit	500,000	660,000
Hire purchase interest	600,000	840,000

Both agreements provided for payment to be made in 24 equal monthly installments commencing on the last day of the month following purchase. Interest is deemed to accrue evenly over the period of the agreement. On 1st

August 2019, vehicle CYS 855 was involved in accident. The total loss was claimed and the insurance company made full settlement on 10th August 2019 by paying TZS 2,200,000 under a comprehensive policy. The hire purchase company accepted TZS 1,200,000 for termination of the agreement. The company paid all the installments as per the agreements. The firm prepares its accounts annually to 31st December and provides for depreciation on a straight-line basis at a rate of 20 per cent on motor vehicles, with a full year's depreciation in the year of purchase. No depreciation is charged in the year of disposal.

Use the information provided to prepare the Motor vehicles, Provision for Depreciation on Motor Vehicles and Hire Purchase Interest Suspense Accounts.

A total of 1,829 (100%) candidates responded to the question. The analysis of the candidates' performance, shows that 739 (40.40%) candidates scored from 0 to 3, marks indicating weak performance. 427 (23.35%) candidates scored from 3.5 to 5.5 marks, which is an average performance, and 663 (36.25%) scored from 6 to 10 marks, which is good performance.

Generally, the performance of candidates in this question was good since 1,090 (59.60%) candidates scored 3.5 to 10 marks while 739 (40.40%) scored 0 to 3 marks as shown in Figure 12.

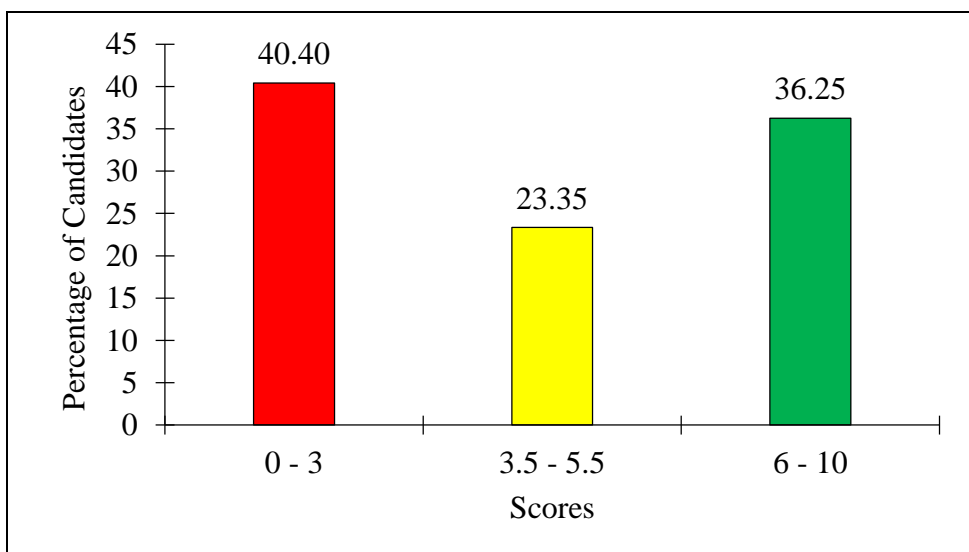


Figure 12: The Performance of the Candidates on Question 4

The analysis of responses from candidates with good performance (scoring 6 to 10 marks) indicates that candidates produced answers of high quality. Their answers addressed well the demand of the question, using their skills to obtain missing information like Hire purchase installments and the amount of Hire purchase interest required to be included in each instalment. Moreover, they opened the required accounts, analysed the transactions to determine which one should be recorded in which accounts (motor vehicle, provision for depreciation on motor vehicles and the Hire purchases interest Suspense Account). Extract 12.1 is a sample of the correct responses from one of the candidates.

4. Dr MOTOR VEHICLES ACCOUNT Cr				
	DETAIL	AMOUNT	DETAIL	AMOUNT
	30-6-2018 H.P vendor	2,900,000	31-12-2018 Balance S/d	2,900,000
	1-1-2019 Balance b/d	2,900,000	1-8-2019 Disposal	2,900,000
	31-1-2019 H.P vendor	3,660,000	31-12-2019 Balance S/d	3,660,000
		6,560,000		6,560,000
	1-1-2020 Balance b/d	3,660,000		
Dr PROVISION FOR DEPRECIATION ON MOTOR VEHICLES A/C Cr				
	DETAIL	AMOUNT	DETAIL	AMOUNT
	31-12-2018 Balance S/d	580,000	31-12-2018 Income Statement	580,000
	1-8-2019 Disposal	580,000	1-1-2019 Balance b/d	580,000
	31-12-2019 Balance S/d	732,000	31-12-2019 Income Statement	732,000
		1,312,000		1,312,000
			1-1-2020 Balance b/d	732,000
Dr HIRE PURCHASE ^{INTEREST} SUSPENSE ACCOUNT Cr				
	DETAIL	AMOUNT	DETAIL	AMOUNT
	30-7-2018 H.P vendor	600,000	31-12-2018 Income Statement	150,000
			31-12-2018 Balance S/d	450,000
		600,000		600,000
	1-1-2019 Balance b/d	450,000	1-8-2019 Disposal	275,000
	28-2-2019 H.P vendor	840,000	31-12-2019 Income Statement	560,000
			31-12-2019 Balance S/d	455,000
		1,290,000		1,290,000
	1-1-2020 Balance b/d	455,000		

Extract 12.1: A sample of the correct responses to Question 4

In Extract 12.1, the candidate accurately prepared the motor vehicle, provision for Depreciation on motor vehicle and Hire purchases interest Suspense accounts.

Moreover, the candidates with average performance (scoring 3.5 to 5.5 marks) produced average quality answers. For example, most of them managed to prepare the motor vehicles account, provision for depreciation on motor vehicles account and Hire Purchase Interest Suspense Account; however, omitted some transactions in some of the accounts resulting to incorrect closing balances in the prepared accounts.

As for poor performing candidates (those scoring 0 to 3 marks), their responses were not only of low quality but also contained substantial errors. Majority were unable to compute the monthly installments, and the amount of interest that was deemed to accrue evenly over the period of the contract. This kind of responses indicated that candidates had limited knowledge, and low competence in accounting for Hire purchase transactions. Extract 12.2 is a sample of the incorrect responses from one of the candidates, responding to question 4.

4: Data given			
Cash price	2 700,000		3 660,000
Deposit	500,000		660,000
Ho purchase Interest	600,000		840,000
24 equal monthly			
Insurance claimed	2,200,000		
Ho purchase company accepted	1200,000		
Dep	20		
<hr/>			
DR	Motor vehicle	%	CR
Deposit	1160,000	Cash price	6560000
Bal %d	6840,000	Ho p Interest	1440,000
	8000,000		8000,000
Insurance claim	1200,000	Bal %d	6840,000
Bal %d	5640,000		6840,000
	6840,000	Bal %d	5640,000
<hr/>			
DR	PROVISION FOR DEPRECIATION on MOTOR VEHICLE		CR
Motor vehicle	6560000	Dep	1312000
Ho p Interest	1440000	Bal %d	6688000
	8000,000		8000,000
Bal %d	6688000	Dep	1337600
	6688000		5350400
	6688000		6688000

Extract 12.2: A sample of incorrect responses to Question 4.

In Extract 12.2, the candidate opened the Motor Vehicles and the provision for Depreciation on Motor vehicle accounts but entered incorrect data and reversed entries in the respective accounts.

2.2.5 Question 5: Containers Accounts

The question intended to assess the candidates' ability to prepare the Containers Stock, Containers Trading Accounts and Containers Statement of Profit or Loss for the year ending 31st December 2023. Specifically, the candidates were provided with the following Scenario:

Aortal and Veins Ltd deliver its product in returnable containers. The company buys the containers for TZS 800 each, a container is charged out to customers at TZS 1,000 and the customer is allowed TZS 600 per container if the container is returned in good condition. The stock of containers is

valued at TZS 400 per container at stock taking. On 1st January 2023, the stock of containers in the warehouse was 8,000 and 16,000 in the hands of customers. During the year to 31st December 2023, 12,000 new containers were purchased, 26,000 were sent to customers and 19,000 were returned by the customers in good condition. The 200 containers were destroyed and 100 others were beyond repair; they were sold for TZS 16,000. The 14,000 containers were in the hands of customers on 31st December, 2023.

Use the information provided to prepare the Containers Stock, Container Trading Accounts and Containers Statement of Profit or Loss for the year ending 31st December 2023

A total of 1,809 (98.91%) candidates attempted the question. The analysis of the candidates' performance indicated that 336 (18.57%) candidates scored 0 to 6.5 marks, indicating weak performance, 659 (36.43%) candidates scored 7 to 11.5 marks, which is an average performance, and 814 (45%) candidates scored 12 to 20 marks, which is good performance.

Generally, the performance of the candidates in this question was good since 1,473 (81.43%) candidates scored from 7 to 20 marks while 336 (18.57%) candidates scored from 0 to 6.5 marks. Performance in this question is shown in the Figure 13.

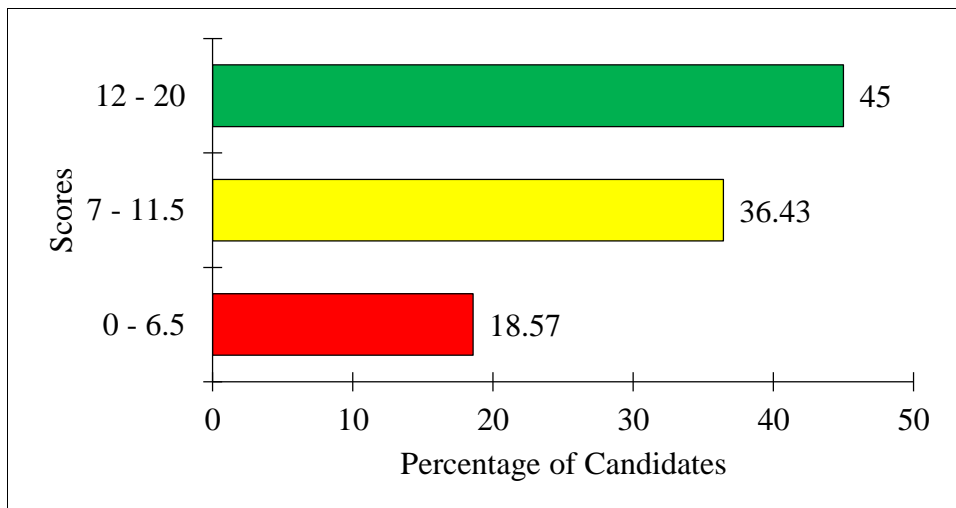


Figure 13: *The Performance of the Candidates on Question 5*

Detailed analysis of candidates' responses indicated that those with good performance (scoring 12 to 20 marks) produced answers of high quality.

These candidates managed to prepare well the required accounts – they also recorded and posted all the transactions from the containers stock account to the Container Trading account. Moreover, they were able to determine accurately the correct profit for the year, which was TZS 7,296,000/=, by preparing the statement of profit or loss on container usage for the year ended 31st December, 2023. Extract 13.1 is a sample of the correct responses from one of the candidates, responding to question 5.

5. Given: PR = 800t, IR = 1000t, RR = 600t and VR = 400t

DR				CONTAINERS STOCK A/C				CR
Details	QTY	Rate	Amount	Details	QTY	Rate	Amount	
Balance b/d: Warehouse	8000	400	3,200,000	Containers Kept	9000	400	3,600,000	
: Customers	16000	400	6,400,000	Destroyed	200	400	80,000	
Purchase (Bank)	12000	800	9,600,000	Sales	100	400	40,000	
				Depreciation	-	-	4,800,000	
				-	-	-	-	
				Balance b/d: Warehouse	12700	400	5,080,000	
				: Customers	14000	400	5,600,000	
					36000	-	19,200,000	
	36000	-	19,200,000					
Balance b/d: Warehouse	12700	400	5,080,000					
: Customers	14000	400	5,600,000					

5.

CONTAINER TRADING A/C							
DR				CR			
Details	QTY	Rate	Amount	Details	QTY	Rate	Amount
Returned Containers	19000	600	11,400,000	Bal b/d Customer	16000	600	9,600,000
Kept Containers	9000	400	3,600,000	Container sent	26000	1000	26,000,000
Depreciation	-	-	4,800,000	Income from sales	-	-	16,000
Value of destroyed	-	-	80,000				
Value of sold	-	-	40,000				
Via Profit on container	-	-	7,296,000				
Balance b/d Customer	14000	600	8,400,000				
	42000	-	35,616,000		42000	-	35,616,000
				Balance b/d Customer	14000	600	8,400,000

CONTAINERS STATEMENT OF PROFIT OR LOSS AT 31/12/23

CONTAINERS STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDING 31-12-23	
Hiring charges	10,400,000
Add: Profit on Kept Containers $(600-400) \times 9000$	1,800,000
Income on sales	16,000
Total Income	12,216,000
Less: Expenses	
Value of damaged destroyed containers	80,000
Value of sold container	40,000
Depreciation	4,800,000
Profit on Container	<u>7,296,000</u>

Extract 13.1: A sample of the correct responses to Question 5

In Extract 13.1 the candidate accurately prepared the container stock account, Container trading account and the statement of profit or loss on containers usage for the year ending 31st December 2023.

Further analysis of candidates' responses revealed that the candidates with average performance (scoring 7 to 11.5 marks) produced average quality answers. For example, most of them used appropriate container accounting method and prepared the required accounts. However, they made some errors

such as failure to reconcile the profit obtained from Container trading account with the one disclosed in the statement of profit or loss on containers usage.

On the other hand, the candidates with poor performance (scoring 0 to 6.5 marks) produced poor quality answers with substantial errors. Some of the errors included failure to accurately use the intended method of accounting for containers, and were unable to prepare the relevant accounts as required in the question. For example, some candidates failed to compute the correct amount of depreciation, which resulted into recording incorrect amounts of depreciation in the accounts. Other mistakes include reversing some of the entries or posted some entries to the wrong side of the accounts.

Moreover, some candidates recorded incorrect amounts of transactions in the containers stock account and container trading account. Yet, there are those who opened the T-Accounts with amount column only instead of preparing the columnar accounts. Additionally, others failed to prepare the statement of profit or loss; hence incorrect and incomplete answers. Extract 13.2 is a sample of the incorrect responses from one of the candidates, in question 5.

05	CONTAINERS		Stock A/c	
Dr	Amount	Cr	Amount	
Bal c/d	480,000	Customer	800,000	
Sales	19,000	Warehouse	8,000	
Sales	6,000	Cash	16,000	
Bal b/d	355,000	Purchases	12,000	
		repair	20,000	
		Cash	14,000	
	879,000		879,000	
		Bal b/d	355,000	
Dr	CONTAINERS TRADING A/c		Cr	
Detail	Amount	Detail	Amount	
Stock	855,000	Bal b/d	480,000	
Sales	19,000	Cash	16,000	
Sales	16,000	Cash	14,000	
Bal c/d	120,000			
	510,000		510,000	
		Bal c/d	190,000	

Extract 13.2: A sample of incorrect responses to Question 5

In Extract 13.2, the candidate prepared the required accounts with single column for amounts, instead of the columnar accounts used for recording containers transactions.

2.2.6 Question 6: Company Accounts

The question intended to assess the ability of the candidates to prepare and record transactions related to the redemption of preference shares in the company's accounting records and financial statements. Specifically, the candidates were provided with the following Scenario:

Telecom Plc is a public company in the telecommunication industry. The following is its statement of financial position as on 31st March 2023:

Telecom Plc Statement of Financial Position as on 31st March 2023

Details	TZS
Assets	
<i>Non-current assets</i>	5,000,000
<i>Investments</i>	2,000,000
<i>Bank balance</i>	500,000
Total Assets	7,500,000
Liabilities	
<i>(11%) Preference shares of TZS 1,000 each fully paid</i>	3,000,000
<i>Equity shares of TZS 100 each fully paid</i>	2,000,000
<i>General reserve</i>	1,000,000
<i>Income statement balance</i>	1,300,000
<i>Accounts payable</i>	200,000
Total Equity and Liabilities	7,500,000

The directors of Telecom Plc decided to redeem the preference shares at a premium of (10%) subject to the following conditions:

- (a) To sell investments for TZS 1,900,000.
- (b) A minimum balance of TZS 200,000 in the bank account shall be required to meet the working capital requirements.
- (c) To issue sufficient equity shares at a premium of TZS 25 per share.

Using the information provided, prepare Journal entries to record the transactions, Ledger accounts duly balanced and the Statement of Financial Position after redemption of the preference shares.

A total of 318 (17.39%) candidates attempted the question. The analysis of the candidates' performance indicates that 142 (44.65%) candidates scored 0 to 6.5 marks, indicating weak performance, 111 (34.91%) candidates scored 7 to 11.5 marks, which is an average performance, and 65 (20.44%) candidates scored 12 to 20 marks, indicating good performance.

Generally, the performance of the candidates in this question was average since 176 (55.35%) candidates scored from 7 to 20 marks while 142 (44.65%) candidates scored from 0 to 6.5 marks. Performance in this question is represented in Figure 14.

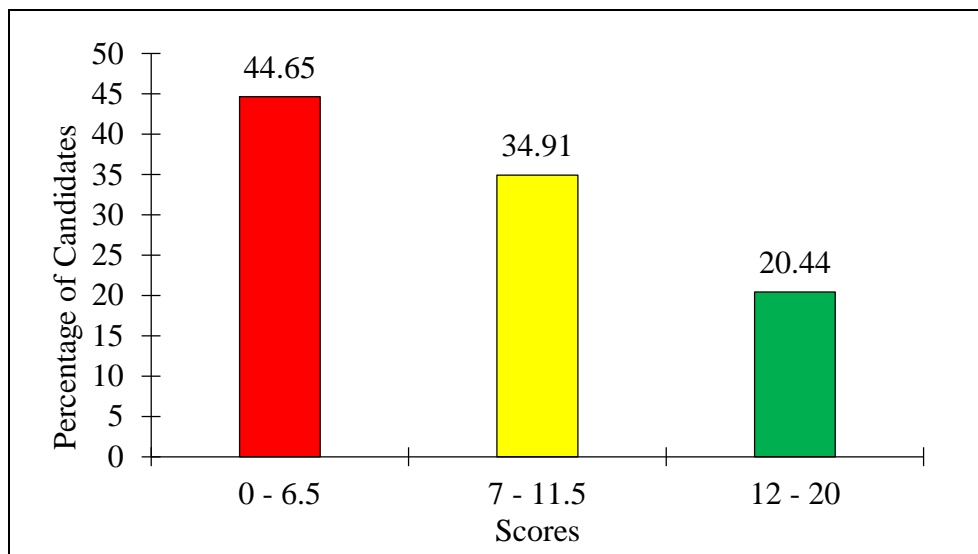


Figure 14: *The Performance of the Candidates on Question 6*

Analysis of the quality of candidates' responses to question 6 shows that the good performer (scoring 12 to 20 marks) produced quality answers without or with minor errors. Their answers indicated possession of a high level of skills and competence in company Accounts. The analysis revealed that these candidates were able to determine the amount of preference share capital required for redemption, the necessary amount for arranging the issue of ordinary shares, and the expected working capital after redemption, all of which were taken into consideration.

Furthermore, they prepared the general journal and recorded all the required entries for the redemption of the Preference shares. Additionally, these candidates prepared the statement of financial position and incorporated most of the required entries. Extract 14.1 is a sample of the correct responses from one of the candidates.

6. TELECOM PLC'S.		
JOURNAL ENTRIES.		
DETAILS.	DEBIT (TZS)	CREDIT (TZS)
Bank	1,900,000	
Profit and Loss	100,000	
Investment		2,000,000
Being investment sold at a profit of 100,000.		
11% Preference share capital	3,000,000	
11% Preference share holders		3,000,000
Being Preference shares redeemed.		
Premium on redemption	300,000	
11% Preference share holders		300,000
Being Premium on redemption		
Share Premium Profit and Loss	300,000	
Premium on redemption		300,000
Being Premium on redemption transferred to Profit & Loss		
11% Preference share holders	3,300,000	
Bank		3,300,000
Being amount paid to share holders		

6. TELECOM PLC			
JOURNAL ENTRIES			
DETAILS.		DEBIT (TZS)	CREDIT (TZS)
Bank		1,100,000	
Ordinary share application			1,100,000
Being amount received from issue of shares			
Equity share application		1,100,000	
Equity share capital.			880,000
Share Premium.			220,000
Profit and Loss		1,900,000	
Capital redemption reserve fund			1,900,000
LEDGER ACCOUNTS.			
DR 1% PREFERENCE SHARE CAPITAL ACCOUNT CR			
	TZS		TZS
Bank	3,300,000	Balance b/d	3,000,000
		Premium on redemption	300,000
	<u>3,300,000</u>		<u>3,300,000</u>
DR 10% PREFERENCE SHARE CAPITAL ACCOUNT CR			
	TZS		TZS
10% Preference share holder	3,000,000	Balance b/d	3,000,000
DR 10% PREFERENCE SHARE HOLDERS ACCOUNT CR			
	TZS		TZS
Bank	3,300,000	Preference share capital	3,000,000
		Premium on redemption	300,000
	<u>3,300,000</u>		<u>3,300,000</u>

G. DR INVESTMENT ACCOUNT		CR	
	T2J		T2J.
Balance b/d	2,000,000	Bank	1,900,000
		Profit & Loss	100,000
	<u>2,000,000</u>		<u>2,000,000</u>
DR BANK ACCOUNT		CR	
	T2J		T2J
Balance b/d	500,000	11% Preference shareholders	2,100,000
Investment Application	1,900,000	Balance b/d	200,000
	<u>2,400,000</u>		<u>2,300,000</u>
			<u>2,500,000</u>
DR EQUITY SHARE APPLICATION ACCOUNT		CR	
	T2J		T2J.
Equity share capital	880,000	Bank	1,100,000
Share Premium	220,000		
	<u>1,100,000</u>		<u>1,100,000</u>
DR EQUITY SHARE CAPITAL ACCOUNT		CR	
	T2J		T2J
Balance b/d	2,880,000	Balance b/d	2,000,000
		Application	880,000
	<u>2,880,000</u>		<u>2,880,000</u>
		Balance b/d	2,880,000
DR PREMIUM ON REDEMPTION ACCOUNT		CR	
	T2J		T2J.
Preference share holders	300,000	Share Premium	300,000

6. DR		PROFIT AND LOSS ACCOUNT		CR	
		<u>T25</u>			<u>T25</u>
Investment	100,000		Balance b/d		1,300,000
Capital redemption reserve	1,900,000				
Premium on redemption	200,000				
	<u>1,300,000</u>				<u>1,300,000</u>
			Balance b/d		200,000
DR		CAPITAL REDEMPTION RESERVE. A/c		CR	
		<u>T25</u>			<u>T25</u>
Balance b/d	1,000,000		Profit and Loss		900,000
			General reserve		100,000
	<u>1,900,000</u>				<u>1,900,000</u>
			Balance b/d		1,900,000
DR		GENERAL RESERVE ACCOUNT		CR	
		<u>T25</u>			<u>T25</u>
Capital redemption reserve	1,000,000		Balance b/d		1,000,000
DR		SHARE PREMIUM ACCOUNT		CR	
		<u>T25</u>			<u>T25</u>
Premium on redemption	300,000		Application		220,000
			Balance b/d		80,000
	<u>300,000</u>				<u>300,000</u>
Balance b/d	80,000				

6.	TELECOM PLC LTD.	
	STATEMENT OF FINANCIAL POSITION AT 31 ST /3/2023	
	TZS	TZS
	NON-CURRENT ASSETS	
		5,000,000
	Bank	200,000
		5,200,000
	Less: CURRENT LIABILITIES	
	Accounts payable	200,000
	CAPITAL EMPLOYED	
		5,000,000
	Financed by:	
	Equity share capital	2,880,000
	Income statement balance	100,000
	Share premium	80,000
	Capital redemption reserve	1,900,000
		5,160,000

Extract 14.1: A sample of the correct responses to Question 6

In Extract 14.1, the candidate accurately prepared the Journal entries, ledger accounts, and the statement of Financial Position after the redemption of the preference shares. Well-presented, correct and complete.

On the other hand, the candidates with average performance by scoring 7 to 11.5 marks, produced average quality answers. For instance, most of them managed to prepare the General Journal, ledger accounts and the statement of financial position accounts; however, their answers contained some errors. Examples of this include failure to determine the correct amount for the fresh issue of shares, as well as the desired working capital. Consequently, the statement of financial position prepared after the redemption of the preference shares contained incorrect amounts.

The candidates with poor performance (scoring 0 to 6.5 marks) provided poor quality answers with substantial errors. Close analysis indicates that most of them failed to interpret well the question's requirements, determine the required amount for the fresh issue and the preference shares to be redeemed, and identify the available reserves as sources of funds for redemption, in addition to the fresh issues of shares. Furthermore, candidates failed to prepare the journal and the relevant accounts, hence, the wrong amounts were carried forwards to the statement of financial position. Extract

14.2 is a sample of the incorrect responses from one of the candidates who performed poorly in question 6.

b.	Dr	Application	%	Cr
		725.		725.
	Ordinary share capital	30,000	Bank	3,030,000
	Share Premium	3,000,000		
		3,030,000		3,030,000
	Dr	C.R.R.F	%	Cr
		725.		725.
	Income statement	2,000,000	Balance b/d	2,000,000
	Dr	Income statement	%	Cr
		725.		725.
	Balance b/d	3,300,000	Balance b/d	1,300,000
		3,300,000	C.R.R.F	2,000,000
				3,300,000
	Dr	Bank	%	Cr
		725.		725.
	Balance b/d	500,000	Preference shareholder	3,000,000
	Investment	100,000	Balance b/d	5,130,000
	Equity shares	4,500,000		
	Application	3,030,000		
		8,130,000		8,130,000
	Balance b/d	5,130,000		
	Dr	Ordinary share capital	%	Cr
		725.		725.
	Balance b/d	1,800,000	Application	30,000
			Equity shares	1,500,000
		1,800,000		1,800,000
			Balance b/d	1,800,000

Extract 14.2: A sample of Incorrect Responses to Question 6

In Extract 14.2, the candidate prepared irrelevant accounts with incorrect entries instead of the required journal ledger accounts and statement of financial position.

2.2.7 Question 7: Partnership Accounting

The question intended to assess the candidates' competence in accounting for Partnership. Specifically, the candidates were provided with the following scenario:

The following statement of financial position was prepared from the accounting records of Jibe, Maria and Mwena on 31st December, 2023. The partners shared profits or losses in proportion to their capital:

Jibe, Maria and Mwena Statement of Financial Position as at 31st December 2023

<i>Details</i>	<i>TZS</i>	<i>TZS</i>	<i>TZS</i>
<i>Assets</i>			
<i>Non – Current Assets</i>			
<i>Factory Buildings</i>		2,500,000	
<i>Plant and Machinery</i>		850,000	3,350,000
<i>Current Assets</i>			
<i>Inventory</i>		800,000	
<i>Accounts receivable</i>	500,000		
<i>Less: Provision for doubtful debts</i>	10,000	490,000	
<i>Cash at Bank</i>		550,000	1,840,000
<i>Total Assets</i>			<i>5,190,000</i>
<i>Capital and Liabilities</i>			
<i>Capital accounts:</i>			
<i>Jibe</i>		2,000,000	
<i>Maria</i>		1,500,000	
<i>Mwena</i>		1,000,000	4,500,000
<i>Current Liabilities</i>			
<i>Accounts payable</i>			690,000
<i>Total Capital & Liabilities</i>			<i>5,190,000</i>

Maria retired on 31st December 2023 and the following were agreed upon:

- Inventory is to be depreciated by 6%.*
- The provision for doubtful debts is to be brought up to 5% of accounts receivable.*
- Provision of TZS 77,000 is to be made in respect of outstanding legal charges.*
- The factory building is to appreciate by 20%.*

- (e) *The goodwill of the entire firm is fixed at TZS 1,080,000 and Maria shares be adjusted into the accounts of Jibe and Mwena who is going to share future profits or losses in the ratio of 5:3 respectively.*
- (f) *The assets and liabilities (except cash) were to appear in the statement of financial position at their old figures.*
- (g) *The capital of the new firm be fixed at TZS 2,800,000 and divided between Jibe and Mwena in the proportions of 5:3. Actual cash be brought in or paid off as the case may be.*

Use the information provided to prepare the Memorandum Profit or Loss Adjustment Account, Partners' Capital Accounts in columnar form and the Statement of Financial Position of the new firm.

A total of 1,541 (84.25%) candidates attempted the question. The analysis of the candidates' performance indicates that 718 (46.59%) candidates scored from 0 to 6.5 marks, indicating weak performance, 567 (36.79%) candidates scored from 7 to 11.5 marks, which is an average performance, and 256 (16.62%) candidates scored from 12 to 20 marks, indicating good performance.

Generally, the performance of the candidates in this question was average since 823 (53.41%) candidates scored from 7 to 20 marks while 718 (46.59%) candidates scored from 0 to 6.5 marks. Performance in this question is represented in Figure 15.

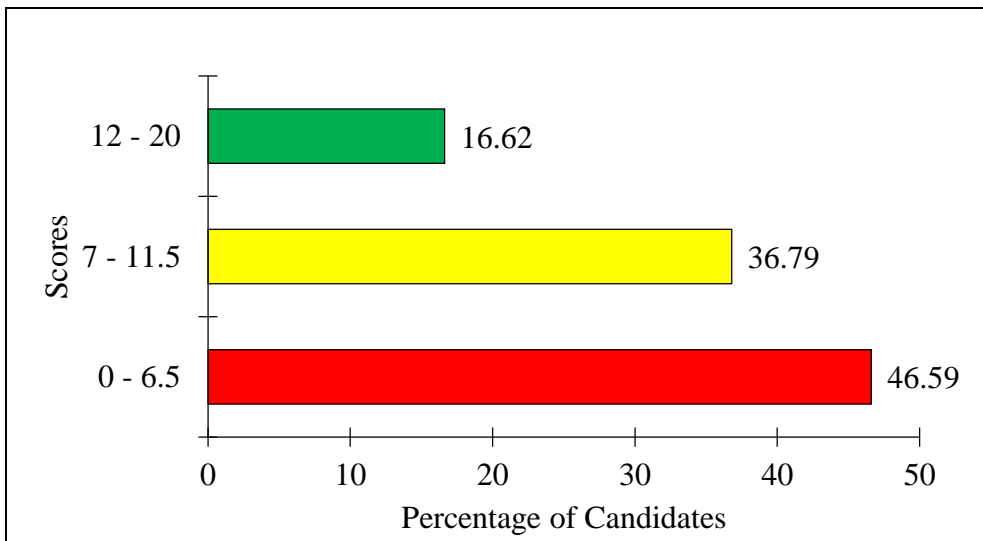


Figure 15: *The Performance of the Candidates on Question 7*

The analysis of candidates' responses to question 7 indicated that the candidates who performed well by scoring 7 to 20 marks were able to produce high quality answers. These candidates prepared all the accounts as required in question 7 such as memorandum profit or loss account, partner's capital account in columnar form and the statement of financial position of the new firm. Moreover, they managed to take into account the necessary adjustments required for the goodwill and asset revaluation. Additionally, they were able close the accounts and pay out the amount due to the retiring partner. The quality of their responses indicated that these candidates possessed adequate knowledge, skills and competence in the principles and methods of preparing partnership accounts. Extract 15.1 is a sample of the correct responses from one of the candidates, responding to question 7.

DR		MEMORANDUM PROFIT OR LOSS ADJUSTMENT %		CR
Inventory	48,000	Factory building		500,000
Provision for doubtful debts	15,000			
Provision for outstanding legal charge	77,000			
Capital %				
Jibe	160,000			
Maria	120,000			
Mwena	80,000			
	<u>500,000</u>			<u>500,000</u>
Factory building	500,000	Inventory	480,000	
		Provision for doubtful debts	15,000	
		Provision of outstanding legal charge	77,000	
		Capital %		
		Jibe	225,000	
		Mwena	135,000	
	<u>500,000</u>		<u>500,000</u>	
DR		GOODWILL %		CR
Capital %		Capital %		
Jibe	480,000	Jibe	675,000	
Maria	360,000	Mwena	405,000	
Mwena	240,000			
	<u>1,080,000</u>		<u>1,080,000</u>	
DR		BANK %		CR
Balance b/d	550,000			
Jibe's capital	10,000			
Mwena's capital	270,000	Balance b/d	830,000	
	<u>830,000</u>		<u>830,000</u>	
Balance b/d	830,000			

7	PARTNER'S CAPITAL A/c							
	DR			CR				
	DETAILS	JIBE	MARIA	MWENA	DETAILS	JIBE	MARIA	MWENA
	Goodwill	615,000 225,000	-	405,000 135,000	Balance b/d	2,000,000	1,500,000	1,000,000
	Memorandum	225,000	-	135,000	Goodwill	480,000	360,000	240,000
	New funds	1750,000	-	1,050,000	Memorandum	160,000	120,000	80,000
	Loan	-	1,980,000	-	Bank	10,000	-	270,000
		<u>2,650,000</u>	<u>1,980,000</u>	<u>1,590,000</u>		<u>2,650,000</u>	<u>1,980,000</u>	<u>1,590,000</u>
STATEMENT OF FINANCIAL POSITION OF THE NEW FIRM								
Non-current assets								
	Factory Building				2500,000			
	Plant and machinery				850,000		3,350,000	
Current assets								
	Inventories				800,000			
	Account receivable			500,000				
	Debtors less Provision for doubtful debts			(10,000)	490,000			
	Cash at bank				830,000		2,120,000	
	Total assets						<u>5,470,000</u>	
Financed by								
Capital a/c								
	Jibe			1750,000				
	Mwena			1,050,000				
CURRENT LIABILITIES								
	Account payable				690,000			
LONG-TERM LIABILITIES								
	Loan (Main)				1980,000			
	Total Capital and Liabilities						<u>5,470,000</u>	

Extract 15.1: A sample of the Correct Responses to Question 7

In Extract 15.1, the candidate accurately prepared the required set of accounts and financial statement. Their answers are clear and accurate in line with the requirement of question 7.

On the other hand, the analysis of responses showed that the group of candidates with average scores (scoring 7 to 11.5 marks) produced average

quality answers. For example, they managed to prepare the memorandum profit or loss account, and partners' capital account. However, they failed to consider the fixed capital in the new firm decision and the amendment of capital account resulting from the retirement of one of the partners. A number of candidates managed to prepare the partner's capital account without considering the requirement for additional cash resulting from the new proportion of capital. These responses show that the candidates had satisfactory knowledge and skills in accounting for partnerships.

Further analysis of candidates' responses revealed that, those with poor performance (scoring 0 to 6.5 marks) produced low quality answers with substantial errors. Most of them failed to interpret well the requirement of the question – as a result they prepared irrelevant accounts. Furthermore, these candidates failed to analyse properly the given information, and posted incorrect figures into the memorandum profit or loss account, Partners capital accounts, and statement of financial position. Similarly, some candidates failed to adjust the capital balances to reflect the new capital ratios in the new firm.

These responses suggest that the candidates had limited knowledge, skills and competence in understanding the principles of partnership accounts and applying them to prepare various types of accounts in this topic. Extract 15.2 is a sample of the incorrect responses from one of the candidates, responding to question 7.

(a) *Employee's details*

Employee Name	Hours Worked	Rate per Hour
<i>Wilien</i>	<i>180</i>	<i>5,000</i>
<i>Xulfer</i>	<i>220</i>	<i>5,000</i>
<i>Yana</i>	<i>200</i>	<i>4,500</i>
<i>Zibwe</i>	<i>240</i>	<i>6,000</i>

(b) *All employees' earnings are subject to income tax as follows: Salary above TZS 800,000 but not exceeding TZS 1,000,000, 7.5% of the excess of TZS 800,000; Salary above TZS 1,000,000 up to TZS 1,500,000, TZS 1,750 plus 10 per cent of the amount in excess of TZS 1,000,000; Salary above TZS 1,500,000 up to TZS 2,000,000; TZS 2,250 plus 20 per cent of the amount in excess of TZS 1,500,000; salary above TZS 2,000,000, TZS 3,750 plus 25% of the amount in excess of TZS 2,000,000.*

(c) *All employees are entitled to the following:*

- (i) Transport allowance at 20 per cent of the basic salary.*
- (ii) Meal allowance at 20 per cent of the basic salary;*
- (iii) NSSF at 5 per cent of basic salary to be contributed by employee and 15% of basic salary to be contributed by employer.*
- (iv) Twenty per cent of basic salary deduction for house mortgage loan.*
- (v) 1½ per cent of basic salary deduction car loan.*
- (vi) Both Xulfer and Zibwe receive TZS 200,000 each as responsibility allowance.*

Using the information provided, prepare the Salary Slips for each employee for the month ending 31st December 2020.

A total of 1,819 (99.45%) candidates attempted the question. The analysis of the candidates' performance indicates that 94 (5.17%) candidates scored from 0 to 6.5 marks, indicating weak performance, 296 (16.27%) candidates scored from 7 to 11.5 marks, which is an average performance, and 1,429 (78.56%) candidates scored from 12 to 20 marks, which is good performance.

Generally, the performance of the candidates in this question was good since 1,725 (94.83%) candidates scored 7 to 20 marks, while 94 (5.17%) candidates scored 0 to 6.5 marks. Performance in this question is presented in Figure 16 as follows.

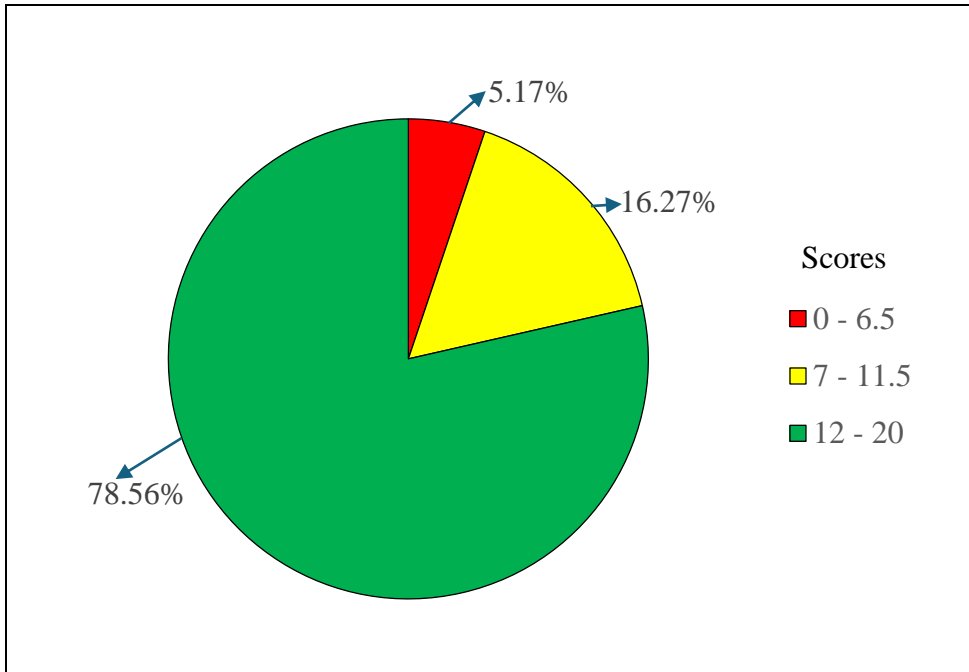


Figure 16: *The Performance of the Candidates on Question 8*

Analysis of the quality of answers to question 8 indicates that, candidates who performed well by scoring 12 to 20 marks produced high quality answers. These candidates addressed well the requirements of the question by opening the salary slips for each employee and correctly calculated the employee's allowances, the PAYE and other payroll deductions. As a result, these candidates were able to ascertain correctly the amount of net salary for each employee. These responses suggest that the candidates possessed adequate knowledge, skills and competence in payroll accounting. Extract 16.1 is a sample of the correct responses from one of the candidates, responding to question 8.

8. SALARY SLIP					
NAME OF THE FIRM: MILLENIUM BOUTIQUE					
NAME OF THE EMPLOYEES: WILLEN, XULFER, YANA AND ZIBWIE					
MONTH: DECEMBER			YEAR: 2020		
	WILLEN (TZS)	XULFER (TZS)	YANA (TZS)	ZIBWIE (TZS)	
Basic pay	900,000	1,000,000	900,000	1,200,000	
Add: Overtime	-	150,000	-	360,000	
Allowance					
Transport	180,000	200,000	180,000	240,000	
Meal	180,000	200,000	180,000	240,000	
Responsibility	-	200,000	-	200,000	
GROSS PAY	1,260,000	1,750,000	1,260,000	2,240,000	
Less: Deductions:					
SELF	45,000	50,000	45,000	60,000	
PAYE	23,250	42,250	23,250	48,750	
House mortgage loan	180,000	200,000	180,000	240,000	
Car loan	13,500	15,000	13,500	18,000	
TOTAL DEDUCTIONS	261,750	307,250	261,750	366,750	
NET PAY	998,250	1,442,750	998,250	1,873,250	
Workings:					
PAYE: Willem $(1,260,000 - 45,000)$					
$(1,215,000 - 1,000,000) 10\% + 1750 = 23,250$					
Xulfer $(1,750,000 - 50,000)$					
$(1,700,000 - 1,500,000) 20\% + 2250 = 42,250$					
Zibwie $(2,240,000 - 60,000)$					
$(2,180,000 - 2,000,000) 25\% + 3750 = 48,750$					

Extract 16.1: A sample of the correct responses to Question 8

In Extract 16.1, the candidate provided detailed views on how to compute different types of employee deductions and prepared the required employee salary slips accurately.

On the other hand, candidates with average performance (scoring 7 to 11.5) produced answers of average quality containing various errors. For example, some candidates correctly computed certain benefits while others were

incorrectly computed. Based on these calculations, they prepared employee salary slips, but failed to determine the correct amounts of PAYE. Yet, some failed to incorporate non-guaranteed pay policy and consequently, their gross pay and net pay to some employees were incorrect. This indicated that the candidates had satisfactory competence in payroll accounts.

Further analysis indicated that the candidates with poor performance (scoring 0 to 6.5 marks) produced poor-quality answers containing substantial errors. To a large extent, these candidates failed to meet the demand of the question. For example, they failed to compute the amounts of basic pay and overtime payments. They also failed to compute the correct amounts for allowances, based on the basic pay, overtime, PAYE and the employee's net pay.

Moreover, these candidates used wrong amounts of PAYE, NSSF contributions and allowances to employees, such as transport and rent. Others failed to differentiate between taxable and non-taxable components of allowances, which resulted in incorrect taxable income and amount of net salary.

The other common mistake or errors included combining salary slips of different employees in one statement instead of preparing them separately or in columnar format. Other candidates prepared the payroll summary of the organisation which was not part of the question. Extract 16.2 is a sample of the incorrect responses from one of the candidates, responding to question 8.

YANA SALARY SLIP FOR THE MONTH END DEC 2017		
Basic salary		1350,000
Add: Allowance		
transport allowance	270,000	
meal allowance	270,000	540,000
Gross pay		1890,000
LESS: DEDUCTION		
NSSF	202500	
PAYE	39,750	
mortgage loan	270,000	
car loan	20250	532,500
NET PAY		1,357,500
ZIRWE SALARY SLIP FOR MONTH END 31 st DEC		
Basic salary		1,440,000 2,160,000
Add: Allowance		
Transport allowance	4320,000	
meal allowance	4320,000	
Responsibility allowance	200,000	1064000
Gross pay		3,224,000
LESS: DEDUCTION		
NSSF	324000	
PAYE	228750	
mortgage loan	432000	
car loan	32400	1017150
NET PAY		2,206,850

Extract 16.2: A sample of the incorrect responses to Question 8

In Extract 16.2, the candidate prepared the salary slips for the four employees with incorrect amounts.

3.0 ANALYSIS OF CANDIDATES' PERFORMANCE PER TOPIC

153/1 Accountancy1

The paper consisted of eight (8) questions from eight (8) topics, namely: *Branch Accounting, Recognition of Revenue and Expenses, The Nature and Context of Accountancy, Depreciation and Disposal of Fixed Assets/Non-Current Assets, Investment Accounts, Preparation of Financial Statements, Correction of Accounting Errors and Financial Statements Analysis and Interpretation.*

153/2 Accountancy 2

The paper consisted of eight (8) questions from eight (8) topics, namely: *Auditing, Stock Valuation, Cost Accounting, Hire Purchase Accounting, Containers Accounts, Company Accounts, Partnership Accounting and Payroll Accounting.*

The analysis of candidates' performance across the identified topics indicates that 14 out of the 16 topics examined in 2025 showed good performance, while 2 topics demonstrated average performance. The candidates performed well in the following topics:

Preparation of Financial Statements (99.62%), The Nature and Context of Accountancy (96.66%), Depreciation and Disposal of Non-Current Assets (96.17%), Financial Statements Analysis and Interpretation (95.39%), Payroll Accounting (94.83%), Branch Accounting (93.28%), Auditing (90.21%), Recognition of Revenue and Expenses (87.70%), Containers Accounts (81.43%), Cost Accounting (76.87%), Correction of Accounting Errors (71.96%), Stock Valuation (69.82%), Investment Accounts (67.60%) and Hire Purchase Accounting (59.60%).

Topics with average performance included *Company Accounts (55.30%)* and *Partnership accounting (53.40%)*. The candidates' performance in these and other topics is summarised in the Appendix at the end of this report.

The trend analysis of candidates' performance between 2025 and 2024 indicates an improvement in the topics of *Preparation of Financial Statements, The Nature and Context of Accounting, Depreciation and Disposal of Non-Current Assets, Financial Statements Analysis and*

Interpretation, Payroll Accounting, Branch Accounting, Containers Accounts, Investment Accounts and Hire Purchase Accounting. However, a decrease in performance has been noted in the topics of *Correction of Accounting Errors, Company Accounts and Partnership Accounting.*

By looking into the quality of candidates' answers, the decline in performance in these topics is closely associated with different factors. These include candidates' failure to interpret well the demand of the question due to limited knowledge and competence in solving key issues in topics of accounting errors and Company accounts. Moreover, the decline in candidates' performance is also attributed to candidates' limited knowledge and skills in accounting for the retirement of a partner in Partnership Accounting.

4.0 CONCLUSION AND RECOMMENDATIONS

4.1 Conclusion

The general performance of candidates in Accountancy (ACSEE) 2025 was good, with 1,812 (99.18%) candidates passing the examination by obtaining grades ranging from A to S. The pass rate increased by 0.68%, from 98.50% in 2024 to 99.18% in 2025.

The analysis indicates that the candidate's good performance is a result of a clear understanding of the principles and methods of accounting, having adequate knowledge, competence and organisational skills, as well as the ability to interpret the demand of the questions accurately. On the other hand, the average performers appeared to have partial knowledge and skills on the principles of accounting in general, and in particular, the various concepts tested in the examination. Importantly, most of the candidates in this category failed to provide detailed explanations of the tested concepts.

On the other hand, candidates with weak performance significantly lacked various skills and knowledge of accounting principles, formulas, methods, and their application in solving different accountancy problems. This deficiency also led to their failure to interpret the demands of the questions correctly and identify the appropriate information required to prepare the required accounts. As a result, they produced poor-quality answers and were awarded low marks.

4.2 Recommendations

To maintain the overall good performance of candidates and improve on topics with average results, the following recommendations are proposed:

- (a) Teachers should provide students with more exercises related to various topics, including Company and Partnership Accounts, to help them practice and improve their competence. Additionally, teachers should assess students' work by marking their exercises and assignments, and provide feedback highlighting areas of weakness.
- (b) Teachers should review the Candidates Item Analysis Report (CIRA) prepared by the National Examinations Council of Tanzania (NECTA) to understand the reasons behind poor, average and good candidate performance. This knowledge will not only enhance their teaching but also better guide their students throughout the learning process.

APPENDIX

Summary of Candidates' Performance per Topic

S/N	Topic	ACSEE 2025			
		Question Number		Percentage of candidates who scored 35 % or above	Remarks
		Paper 1	Paper 2		
1	<i>Preparation of Financial Statements</i>	6		99.62	Good
2	<i>The Nature and Context of Accountancy</i>	3		96.66	Good
3	<i>Depreciation and Disposal of Fixed Assets/Non-Current Assets</i>	4		96.17	Good
4	<i>Financial Statements Analysis and Interpretation</i>	8		95.39	Good
5	<i>Payroll Accounting</i>		8	94.83	Good
6	<i>Branch Accounting</i>	1		93.28	Good
7	<i>Auditing</i>		1	90.21	Good
8	<i>Recognition of Revenue and Expenses</i>	2		87.70	Good
9	<i>Containers Accounts</i>		5	81.43	Good
10	<i>Cost Accounting</i>		3	76.87	Good
11	<i>Correction of Accounting Errors</i>	7		71.96	Good
12	<i>Stock valuation</i>		2	69.82	Good
13	<i>Investment Accounts</i>	5		67.60	Good
14	<i>Hire Purchase Accounting</i>		4	59.60	Good
15	<i>Company Accounts</i>		6	55.35	Average
16	<i>Partnership accounting</i>		7	53.41	Average

