PRESIDENT'S OFFICE REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT

ACCOUNTANCY 2

MOEDP-THE SCHOOL ORIENTED HOLIDAY EXAMINATION – FORM SIX

APRIL 2023

062 **ACCOUNTANCY 2** **FORM SIX**

TIME: 2:30 HOURS **APRIL 2023**

Instructions

1. This paper consists of **seven (8)** question in section A and B
2. Answer four **(4)** questions from section A and **three (3)** questions from section B
3. Each question carries **twenty (10)** marks is section A and **(20)** Marks in section B
4. Workings must be shown clearly and submitted
5. Non programmable calculators may be used.
6. Cellular phone are not allowed in the examination room
7. Write your **Examination Number** on every page of your answer booklet (s)

SECTION A.

1. Briefly explain the following items
   i. Quas partner
   ii. Partnership Deed
   iii. Quas rent **10 Marks**
   iv. Deferred Shares
   v. Cumulative Preference shares

2. In the following summary of data obtain from Bugati company payroll records some amounts have been intentionally omitted.

	EARNINGS	**TSHS**
I	Basic pay	---
II	Over time	504,000
III	Gross pay	------
	DEDUCTIONS	
IV	PAYE Tax	----
V	NSSF(on gross Pay)	580,650
VI	Workers association contribution	77,000
VII	**Total deduction**	**2,087,750**
	Net pay	------
	ACCOUNT DEBITED	
VIII	Factory wages	2,124,500
IX	Sales salaries	------
X	Office salaries	1,652,000

(10 Marks)

3. On 1st January 2006, Falkad100 Limited commenced business selling goods on hire purchase. Under the terms of the agreements, an initial deposit of 20 per cent is payable on delivery, followed by four equal quarterly installments, the first being due three months after the date of sale. During the year sales were made as follows:

Cost price *HP sales price*

	Tsh	Tsh
10th January	900	1,350
8th March	2,100	3,150
12th May	540	810(**10 Marks)**
6th July	1,200	1,800
20th September	840	630
15th October	1,140	1,710
21st November	960	1,440

The goods sold in July were returned in September and eventually sold in November for Tsh 1,122 cash.

All other installments are paid on the due dates.

It may be assumed that: (*a*) gross profit and interest are credited to profit and loss account in the proportion that deposits and installments received bear to hire purchase price; or (*b*) the cost is deemed to be paid in full before any credit is taken for gross profit and interest. You are to prepare for the first year of trading, a hire purchase trading account compiled firstly on assumption (*a*) on 1st and secondly assumption (*b*) and give the relevant balance sheet entries under each assumption. Workings should be clearly shown.

4. Given the following information for Joyce

Year	sales	profit
2009	240,000	18,000
2010	280,000	26,000

Calculate

i. Profit volume ratio
ii. BEP (Tsh) for year 2009
iii. Profit where sales are Tsh 200,000(**10 Marks)**
iv. Sales required to earn a profit of Tsh 40,000
v. Margin of safety in the year 2010

SECTION B.

5. T,B and C have been in a partnership for several years, they share profit and losses in the ratio 3:2:1 respectively. Their last Statement of financial position was prepared on 31st December 2017 as follows:

STATEMENT OF FINANCIAL POSITION OF T, B, AND C AS AT 31st MARCH 2017

Non-current assets	Tshs.	Tshs.
Tshs.		
Plant and equipment		2,000,000
Less: Provision for depreciation		
600,000		
Book value		1,400,000
Current Assets		
Closing stock	500,000	

Trade debtors		2,100,000
Total current assets		2,600,000
Less: Current Liabilities		
Bank	1,300,000	
Trade creditors	1,700,000	(3,000,000)
WORKING CAPITAL		
(400,000)		
CAPITAL EMPLOYED		
1,000,000		

CAPITAL ACCOUNT

T' capital
400,000
B's capital
400,000
C's capital
200,000

1,000,000

Despite making good profits during recent years they had become increasingly dependent on one credit customer, Samweli, and in order to retain his custom they had gradually increased his credit limit until he owed the partnership Tshs.1, 800,000. It has now been discovered that Samweli is insolvent and that he is unlikely to repay any of the money owed by him to the partnership. Reluctantly T, B and C have agreed to dissolve the partnership on the following terms:

i) The stock is to be sold to Nelson Ltd for Tshs.400, 000.
ii) The Plant and equipment will be sold for Tshs.800, 000 except for certain items with a book value of Tshs.500, 000 which will be taken over by T at an agreed valuation of Tshs.700,000.
iii) The debtors, except for Samweli, are expected to pay their accounts in full.
iv) The costs of dissolution will be Tshs.80, 000 and discounts received from creditors will be Tshs.50,000. C is managed to pay only 20% of his liability to the partnership.

Required:

a) The realisation account
b) Partners' capital accounts and
c) Partners' Bank account

(20 Marks)

6. The annual stock taking at CHUI Ltd did not take place on the company's year ends on 30th April, 2014 due to staff illness. However stock was taken at the close of the business

on 8th May, 2014 and the resultant valuation for Tshs 238,500 was used in the preparation of the draft account for the year ended 30th April, 2014.

Subsequent investigation indicated that during the period from 30th April to 8th May, 2014 sales were Tshs 29,000. Sales return were Tshs 3,400; purchases were Tshs 42,000 and the purchases return were Tshs 5,000.

In addition it was discovered that:

(a) A quantity of stock bought in 2014 and included in the stock valuation at 8th May, 2014 at cost of Tshs 7,000 was in fact worthless; instructions have now been given for destruction of this stock.

(b) Two of the stock sheets prepared on 8th May, 2014 had been overcast by Tshs 1,000 and Tshs 400 respectively.

(c) The stock valuation of 8th May, 2014 includes the company's office stationery stock at Tshs 14,000.

(d) The stock valuation at 8th May, 2014 had not included goods which cost Tshs 4,000 sent on a sale or return basis to Hamit Gandhi on February, 2014; half of these goods in value were bought by Himit Gandhi on 29th April, 2014 but the sales had not been recorded in the company draft account for the year ended 30th April, 2014.

(e) CHUI Ltd achieves a uniform rate of gross profit of 20% on sales revenue.

Required: - Compute the value of stock of CHUI Ltd at 30th April, 2014.

(20 Marks)

7. Manyuma inters into contract with KK ltd for the lease of min. KK ltd is to pay shs 1,000 for each ton of ore extracted. The Minimum rent is to be shs 400,000 per annum. Any payments for short workings are recoupable in the two years following that in which they occurred. The table for extractions being as:

Year	(a) Tons extracted
1999	420
2000	310
2001	560
2002	280
2003	440
2004	450

2005 780

Prepare the following accounts in the books of lessee

a. Royalty payable account
b. Landlord account(**20 Marks)**
c. Short working account
d. The books for tenant

8. The following information has been extracted from the books of Palamagamba for the financial year ending 31st December 2013

The company delivers its products in returnable container that purchased at a cost of sh 10 each. The containers were issued to customers at sh 20 each and a customer was credited at sh 15 each if returned within three months times limit. The stocks of container at year ended were valued at sh 8 each for depreciation purpose.

The following were the transactions as regards to container during the year ending 31st December 2013

Container in the warehouse on 1st January 2013	8,000
Container in the hands of customer on 1st January, 2013	10,000
Container sent	50,000
Container returned within three months time limit	35,000(**20 Marks)**
Container damaged and repaired at cost of sh 2 each	5,000
Container damaged for sh 8.50 each	2,000
Container lost and there were no information available	1,000

At 31st December 2013 all containers in the warehouse had been issued to customer. 20,000 containers were in the hands of customers of which the return period was unexpired.

Using the information given above, prepare; container stock and suspense accounts as well as statement of profit and losses on containers.