

**THE NATIONAL EXAMINATIONS COUNCIL OF TANZANIA**



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

**153 ACCOUNTANCY**

**THE NATIONAL EXAMINATIONS COUNCIL OF TANZANIA**



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

**(ACSEE), 2019**

**153 ACCOUNTANCY**

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## **FOREWORD**

The National Examinations Council of Tanzania is pleased to issue the Candidates' Item Response Analysis Report (CIRA) for the Advanced Certificate of Secondary Education Examination (ACSEE) 2019. The report provides feedback to students, teachers, parents, policy makers and the public in general on the performance of the candidates.

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

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

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



Dr Charles E. Msonde

**EXECUTIVE SECRETARY**

## 1.0 INTRODUCTION

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

The examination comprised of two (2) papers, 153/1 Accountancy 1 and 153/2 Accountancy 2. Each paper consisted of seven (7) questions which were divided into two sections A and B. The candidates were required to answer any five (5) questions in each paper by choosing three (3) questions from section A and two (2) questions from section B. Each question carried twenty (20) marks.

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

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

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

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

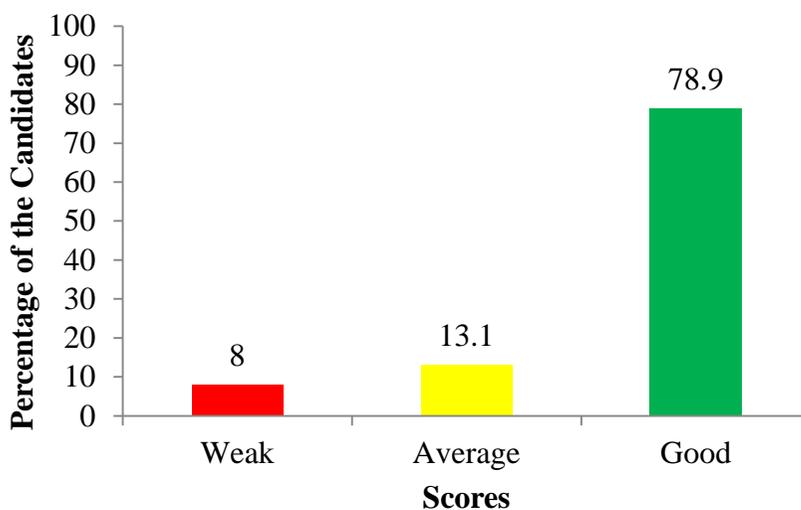
## 2.0 ANALYSIS OF THE PERFORMANCE OF THE CANDIDATES IN EACH QUESTION

### 2.1 153/1 Accountancy 1

#### 2.2.1 Question 1: The Nature and Context of Accounting

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

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



*Figure 1: The performance of the candidates in Question 1*



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

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

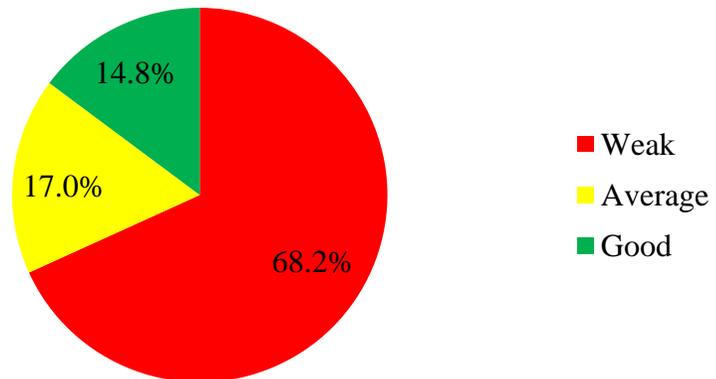
1.	Ⓐ Going concern Concept : This concept mean that after the account to be opened and all things are recorded therefore the remaining or that process is concern concept.
	Ⓑ Dual - Aspect concept The concept explain on how dual material work in the Accounts on reserves or provision.
	Ⓒ Money Measure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

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

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

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

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



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

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

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

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

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

2	JOURNAL ENTRIES		
	Details	Dr	CR
	(i) Suspense	400 0000	
	Commission received		4000000
	(ii) Purchases	7600000	
	Invoice		7600 000
	(iii) suspense	1400 000	
	Sales		1400 000
	(iv) Repairs equipment	7000000	
	Equipment		7000 000
	(v) Bad debt	900 000	
	suspense		900000
	(vi) suspense	50 000 000	
	Capital		50 000 000
	STATEMENT OF CORRECTING NET PROFIT		
	Profit		220 000 000
	Sales	1400000	
	Commission received	4000000	5400 000
			225 400 000
	LESS: Purchases	7600000	
	Bad debt	900 000	8500 000
	Statement of Profit		216900000

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

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

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

2(a)	Dr.	Journal entries	Pr.	Cr.
	Sl. No.	Name of account		
	194	Suspense ac	4,400,000	
		commission received ac		4,400,000
	197	Purchases Ac	76,00,000	
		Suspense Ac		7,60,000
	198	Sales Ac	1,40,00,000	
		Suspense Ac		1,40,00,000
	199	Debtors Ac	90,00,000	
		Bad debt recovery Ac		90,00,000
	204	Repairs Ac	7,00,000	
		Equipment Ac		7,00,000
	207	Suspense Ac	50,00,000	
		Capital Ac		50,00,000
A statement of corrected net profit				
		Profit before correction	220,00,000	
		Add: commission received	4,40,000	
		Bad debt recovery	90,000	5,30,000
				<u>225,30,000</u>
		Less: Purchases	7,60,000	
		Sales	1,40,00,000	
		Repairs	7,00,000	16,00,000
		Profit after correction of		<u>209,30,000</u>

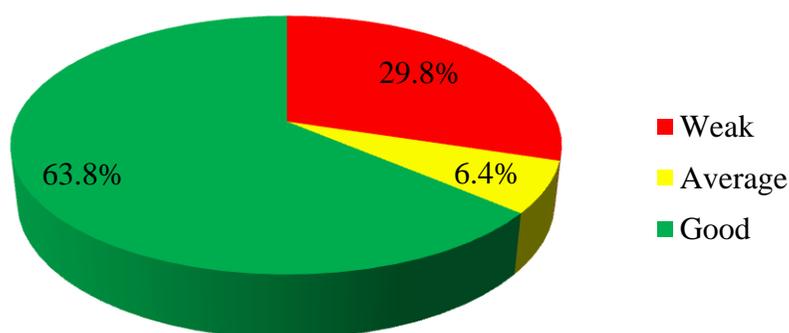
2(b)	Income statement of Namatumbo for the year ending 31/3/2016.	
	Sales	240,000,000
	less: cost of sales	
	opening stock	21,000,000
	Purchases	174,000,000
	closing stock	(15,000,000)
	<del>100,000</del>	<u>180,000,000</u>
	Gross profit	60,000,000
	less: expense	38,400,000
	net profit	<u>21,600,000</u>
	A statement of financial position as at 31/3/2016.	
	capital	122,400,000
	net profit	21,600,000
	current liabilities	12,000,000
		<u>156,000,000</u>
	non-current assets	108,000,000
	Bank	9,000,000
	debtors	24,000,000
	stock	15,000,000
		<u>156,000,000</u>

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

### 2.2.3 Question 3: Preparation of financial Statements

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

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



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

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

3 KIBO STORES' INCOME STATEMENT FOR THE YEAR 31/DEC/2017		
Sales		124,450,000
Less: Return inward		186,000
Net sales		124,264,000
Less: Cost of goods sold		
opening stock		8,000,000
Add: Purchases	86,046,000	
Add: Carriage inward	156,000	
Wages	8,250,000	
	94,452,000	
Less: Return outward	135,000	
Net purchases	94,317,000	
COGAS	102,317,000	
Less: closing stock	7,550,000	
		94,767,000
Gross profit		29,497,000
Add: All incomes		
Bad debts recovered	45,000	183,000
Discount received	138,000	24,880,000
Less: All expenses		
Provision for doubtful debts	274,000	
Bad debts	256,000	
Bank charges	120,000	
Rent	7,000,000	
Less: Paid in advance	200,000	1,750,000
Salaries		3,500,000
Traveling expenses		1,040,000
Discount allowed		48,000
General expenses		2,056,000
Gas, electricity and water		2,560,000
Carriage outward		546,000
Travelers salaries and commission		5,480,000

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

3	KIIBO STORE		
	Statement of Financial Position as at 31-12-2017		
	Non Current Assets		
	Freehold premises	8,000,000	
	Furniture & Fittings	475,000	
	Plant and Machinery	495,000	13,425,000
	C. Assets		
	Stock	755,000	
	Bank	65,000	
	Debtors (2028000 - 1014000)	1,926,600	
	Debt prepared	25,000	2,771,600
	Total Assets		<u>41,141,000</u>
	Financial by		
	Capital	2,000,000	
	Net Profit	1,073,500	
	Drawings	(175,000)	2,898,500
	long term liability		
	loan from Uncle	2,000,000	2,000,000
	Current liability		
	Creditors	1,056,000	
	Interest due	100,000	1,156,000
	Total owner equity & liability		<u>41,141,000</u>

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

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

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

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

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

3 WING STORES INCOME STATEMENT FOR THE YEAR ENDING		
31 <sup>st</sup> December 2017		
Particulars	Debit	Credit
Sales		124,450
Cost of Sales		
Opening stock	8,000	
Purchases	86,046	
Return outward	(135)	
Cost of goods available for sale	93,911	
Closing stock	(750,000)	(-7456,089)
Gross profit	7580539	7580539
Bad debts	256	
Bad debts recovered		45
Bank charges	120	
Rent	252,000	
Return inward	186	
Salaries	3500	
Wages	8,250	
Travelling expenses	1,040	
Carriage inward		156
Discount allowed	48	
Discount received		138

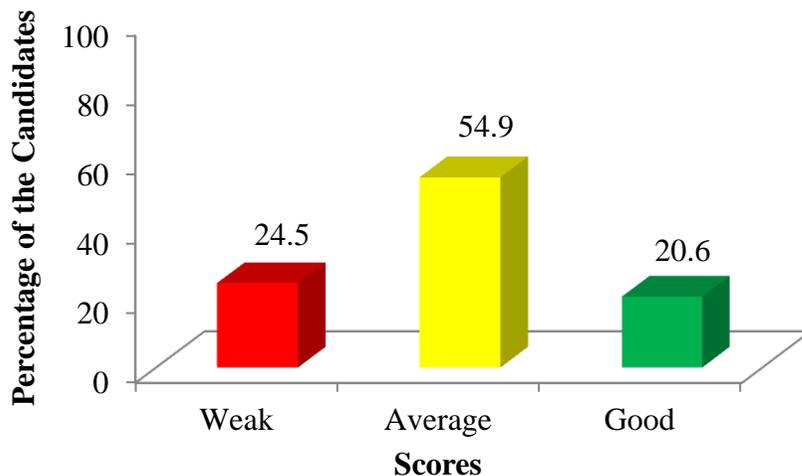
DR		STOCK AT 1 JANUARY 2017		CR	
	DETAILS	AMOUNT	DETAILS	AMOUNT	
31/12/17	balance b/d	3,000	balance b/d	7,550,000	
A			realization	7542,000	
		<u>7550,000</u>		<u>7550,000</u>	
3 DR		RENT		CR	
	DETAILS	AMOUNT	DETAILS	AMOUNT	
31/12	balance b/d	2000	balance		
			31/12/18 balance b/d	250,000	
			realization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

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

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

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

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



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

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

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

4(a) XIWALE FINANCE INVESTMENTS							
DE 12% Treasury bills Investment account				CR			
Particulars	Amount	Incr.	Capital	Particulars	Amount	Incr.	Capital
balance b/d	100,000		95,000	30/6 interest		6,000	
31/8 Purchases	40,000	800	37,600	31/10 Sales	30,000		28,200
Adjustments		600		Adjustment C/I			600
Profit on disp			300	31/12 Interest		8,400	
				25/2 Sales	20,000	400	18,800
				Less on disposal			200
Profit & loss		16100		31/31 balance	90,000	2,700	85,100
	149,000	17,500	132,800		149,000	17,500	139,800
balance b/d	90,000		85,100				

4(b) Provision for Depreciation on office Equipment account			
Particulars	Amount	Particulars	Amount
31/12 balance c/d	960,000	1/1/2015 balance b/d	700,000
		P&L	260,000
	960,000		960,000
31/12 balance c/d	1,168,000	1/1/2016 balance b/d	960,000
		P&L	208,000
	1,168,000		1,168,000
Disposal	72,000	1/1/2017 balance b/d	1,168,000
31/12 balance c/d	1,236,800	Profit and Loss	140,800
	1,308,800		1,308,800
		1/1/2018 balance b/d	1,236,800

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

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

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

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

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

4a	N.I.C = S.I.C x T.C = 30,000,000 x 38,000,000	
	T.C	100,000,000
		= 28,500,000
	Sales proceed	28,200,000 = 20,000,000 x $\frac{96}{100}$ 219,200,000
	less: cost	28,500,000
		300,000
		less: Interest Accrue 200,000

Ar

DR TREASURY BILL INVESTMENT ACCOUNT CR							
Details	N	I	C	Details	N	I	C
1.1.16 bal b/d	-	-	95,000,000	Sales	28,200,000	600,000	28,200,000
31.8. purchase	38,400,000	1,000,000	38,000,000	Interest Adj	-	-	600,000
Interest Adj	-	600,000		Interest free	-	600,000	-
Profit	-	-	300,000	31.12.2015 Sales	19,200,000	200,000	19,000,000
Deficity	9,000,000			loss	-		-
				Balance b/d	-	200,000	83,500,000
	<u>38,400,000</u>	<u>1,000,000</u>	<u>183,300,000</u>		<u>38,400,000</u>	<u>1,000,000</u>	<u>183,300,000</u>

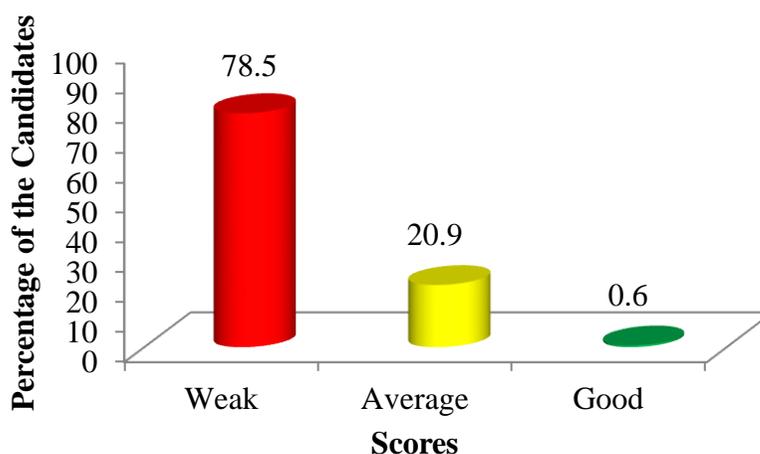
4b DR Office Equipment A/c CR					
Date	Details	Amount	Date	Details	Amount
1.1.2015	Balance b/d	1,800,000	1.3.2015	Disposal	140,000
			31.12.2015	Balance b/d	1,660,000
		<u>1,800,000</u>			<u>1,800,000</u>
1.1.2016	Balance b/d	1,660,000	31.12.2016	Balance b/d	1,660,000
		<u>1,660,000</u>			<u>1,660,000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



### 2.2.5 Question 5: Branch Accounting

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

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



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

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



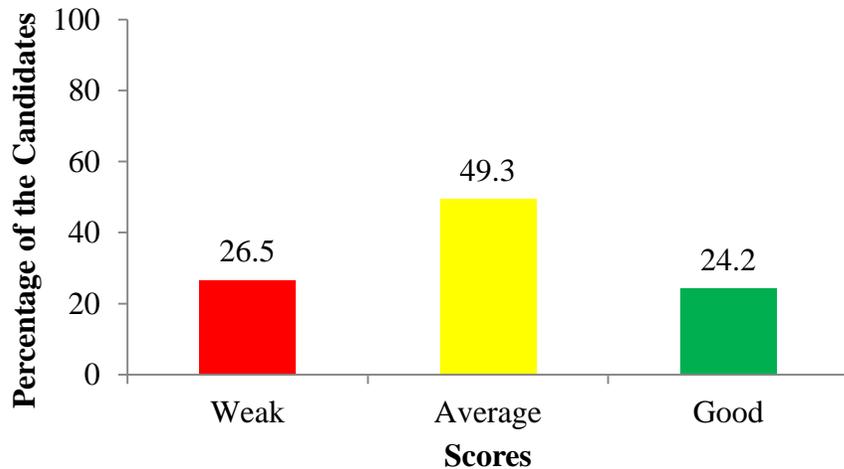
On the other hand, the candidates who scored from 7 to 11.5 marks (20.9%) had adequate knowledge of Branch Accounting since they were able to make correct entries in the branch stock, Branch stock adjustment, Goods sent to branch and Branch profit and loss Accounts. However, omissions of some transactions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

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

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

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

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



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

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

6. ©		DR ACCOUNT RECEIVABLE A/C CR.	
1.1.2017: Balance		Bank	200,000
b/d	25,000,000	Bad debts (Steven)	900,000
Dishonoured		other bad debts	2,200,000
cheque	200,000	Bad debts	600,000
credit sales	2,800,000		
		31.12.2017 Bal y/d	2,390,000
	28,000,000		28,000,000
1.1.2018: Bal b/d	2,390,000		
DR PROVISION FOR DOUBTFUL DEBTS CR.			
v		1.1.2017: Bal b/d	750,000
31.12.17 P&L	33,000		
31.12.2017: Bal y/d	717,000		
	750,000		750,000
		31.12.2018 Bal b/d	717,000
DR PROVISION FOR DISCOUNT ON DEBTOR A/C CR.			
		1.1.2017: Bal b/d	606,250
31.12.17 P&L	26,675		
31.12.2017: Bal y/d	579,575		
	606,250		606,250
		1.1.2018: Bal b/d	579,575

-6-	DR	BAD DEBTS A/C		CR.
	Debtors (Steven)	900,000	31.12.2017 PaL	3800,000
	Debtors	2200,000		
	Debtors	600,000		
		<u>3800,000</u>		<u>3800,000</u>
6	(b)			
	DR	INSURANCE A/C		CR.
	Advance b/d	164,000	Income	
	Bank	350,000	statement	484,000
			31.12.2016. Prepayment	
			9d	30,000
		<u>514,000</u>		<u>514,000</u>
	1.1.2016. Prepayment b/d	30,000		
	DR	WAGES A/C		CR.
	Bank	600,000	outstanding b/d	156,000
			Income statement	549,000
	31.12.2016. Accrual b/d	105,000		
		<u>705,000</u>		<u>705,000</u>
			1.1.2017. Accrual b/d	105,000

-6-	DR	RENT RECEIVABLE A/C	CR.
	Income statement	1357000	Prepaid b/d 80,000
			Bank 1200,000
			Atrears c/d 77,000
		1357000	1357000 + 85
	1.1.2017 Atrears b/d	77000	
INCOME STATEMENT FOR THE YEAR ENDED 31 <sup>ST</sup> DEC 2016; (EXTRACT)			
	Gross Profit		xxx
	Add: Rent receivable		1357000
			xxx
	LESS: EXPENSES:		
	Insurance	484000	
	Wages	549000	
STATEMENT OF FINANCIAL POSITION AT AT 31 <sup>ST</sup> DEC 2016 (EXTRACT)			
CURRENT ASSETS			
	Atrears rent receivable	77000	
	Prepaid insurance	30,000	
CURRENT LIABILITIES			
	Accrued wages	105000	

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

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

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

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



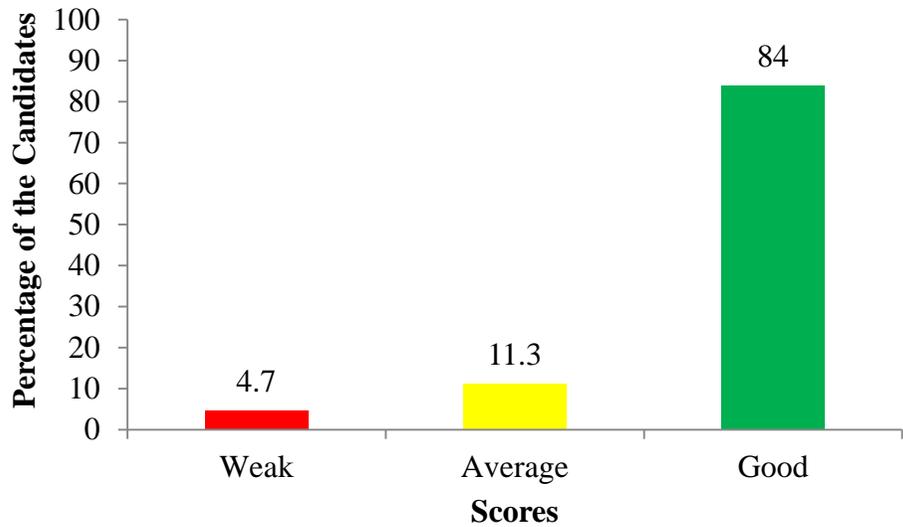
OG	b) INSURANCE, WAGES, RENT	
	DR RECEIVABLE ACCOUNTS	CR
	Insurance Prepaid b/d:	owing b/d:
	Insurance 164,000	wages 156,000
		rent 80,000
	Income <sup>and</sup> expenditure 2,070,000	cash: Insurance 350,000
		Bank: wages 600,000
		Bank: rent 1,200,000
	owing Balance c/d	31 <sup>st</sup> dec prepaid c/d:
	wages 105,000	Insurance 30,000
	rent 79,000	
	<u>2,416,000</u>	<u>2,416,000</u>

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

### 2.2.7 Question 7: Financial Statements Analysis and Interpretation

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

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



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

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

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

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

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

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

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

Qn 7: (i)	Gross profit as percentage of sales	
	Company B =	$\frac{410,000}{2,900,000}$
		= 0.1519 : 1
(ii)	Net profit as percentage of sales	
	Company A	Company B
	Net profit = 60,000	Net profit = 90,000
	sales, 1,800,000	sales, 2,900,000
		= 0.0333 : 1
	= 0.3333 : 1	
(iii)	Expenses as percentage of sales	
	A: Expense = $\frac{346,000}{1,800,000}$	Company B
	sales, 1,800,000	= $\frac{280,000}{2,900,000}$
	Company A = 0.1967 : 1	= 0.1037 : 1
iv:	Stock Turn over	Company B
	Cost of goods sold	= 2,290,000
	Average stock	260,000
	A = $\frac{1,400,000}{250,000}$	$\therefore$ 9 times
	= 5.6 times	
(vi)	Current Ratio: Company A	Company B
	C. Assets	= 692,000
	current liabilities	440,000
	= $\frac{675,000}{230,000}$	= 1.5727 : 1
	= 2.9652 : 1	

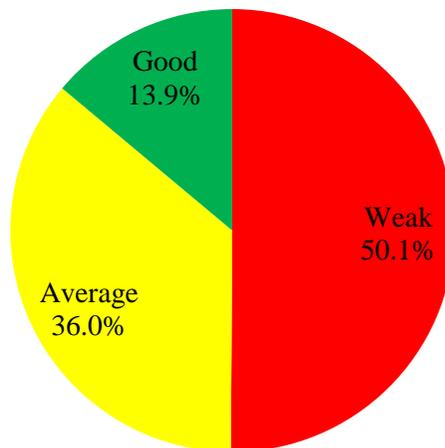
Extract 7.2: A poor response from a candidate who computed inaccurate accounting ratios

## 2.2 153/2 Accountancy 2

### 2.2.8 Question 1: Cost Accounting

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

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



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

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

4.	a) Direct cost; Are those costs incurred by a firm during production and they can be easily traced on their actual money spend for. Are the costs which are directly related to what is produced by a firm such as direct cost spent on direct raw materials, direct labours and others.
	b) Indirect costs; Refers to those costs which can not be easily traced. Are the costs which incurred by a firm but they are so difficult to know their portion on goods produced by a firm. For example electricity bills, salaries of employees and others.
	c) Overheads; They are sometimes known as operational expenses. Refers to the costs incurred by a firm while generating income or to meet day to day operational expenses to ensure smooth operation of a firm. For example electricity bills, water bills, salaries, insurances, carriage outward, and so many.
	d) Prime cost; Refers to the summation of all direct costs incurred by a firm in the production process. Are the costs which are easily to know or being traced on goods produced such cost for purchase of raw materials and direct labour wages.
	e) Product costs; Refers to the costs incurred by a firm for the production of a certain goods. It is a summation of all costs used by producer from acquisition of raw materials up to the point of making final goods. For example wages and salaries paid to specialists in production, cost of buying some ingredients used to add flavour of goods, cost of buying raw materials and other many.

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

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

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

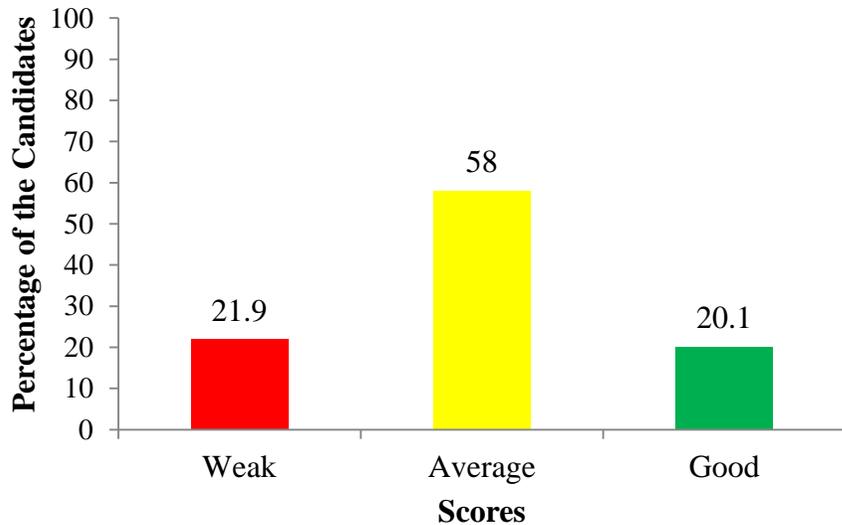
1	(a) Direct cost, is the cost which are purchased of raw material or product. or cost of raw material production cost or product cost.
	(b) Indirect cost, is the cost which obtain to the distribution and consumption of goods and services. consumption cost.
	(c) overheads, this is the factor which use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

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

### 2.2.9 Question 2: Containers Accounts

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

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



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

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

2	DR	CRATES SUSPENSE ACCOUNT						CR
	DETAILS	Quantity	Rate	Amount	DETAILS	Quantity	Rate	Amount
	Crates returned.	8200	150	1,230,000	Balance b/d	800	150	120,000
	Hiring Charge	-	-	372,000	Crates sent	12,400	180	2,232,000
	Balance b/d	5000	150	750,000				
		13,200	-	2,352,000		13,200	-	2,352,000
					Balance b/d	5000	150	750,000
	DR	CRATE STOCK ACCOUNT						CR
	DETAILS	Quantity	Rate	Amount	DETAILS	Quantity	Rate	Amount
	Balance b/d				Hiring charge	-	-	372,000
	warehouse	-	-	-	Crates damage	2480	-	-
	Customers	8000	120	960,000				
	Purchase.	14,880	120	1,785,600				
	Profit on				Balance c/d			
	Customer/ Crates.			74,400	warehouse	8000	120	960,000
					Customer	5000	120	600,000
		15,480	-	1,922,000		15,480	-	1,922,000
	Balance b/d							
	warehouse	8000	120	960,000				
	Customer	5000	120	600,000				
STATEMENT OF PROFIT & LOSS ON CRATES USAGE								
	Hiring charge.							372,000
	Less: Operting expens.							
	Crates damages.							297,600
	Profit on Crates usage							74,400

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

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

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

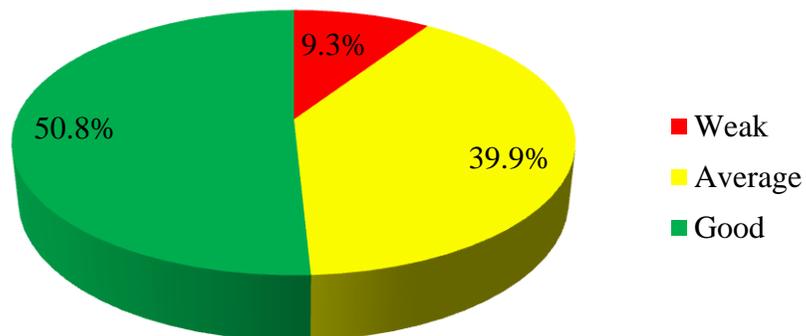
2							
DR		CRATES STOCK ACCOUNT				CR	
Details	QTY	Rate	Amount	Details	QTY	Rate	Amount
Purchases	14,680	120	1,761,600	Crates Suspense	15,600	150	2,340,000
Profit on business	-	-	2,528,400				
				Balance c/d			
				Customer	5,000	150	750,000
				Warehouse	8,000	150	1,200,000
	28,600	-	4,290,000		28,600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

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

### 2.2.10 Question 3: Partnership Accounts

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

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



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

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

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

ii) The following are reasons for partnership dissolution.

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

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

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

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

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

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

Dr	Partners Capital Account				Cr	
	Details	Hemed	Maryam	Details	Hemed	Maryam
	Realisation	25,000	25,000	Balance b/d	200,000	150,000
	Cash	175,000	-	Cash	-	100,000
		<u>200,000</u>	<u>25,000</u>		<u>200,000</u>	<u>25,000</u>

iii)			
Dr	Cash Account	Cr	
Balance b/d	180,000	Sundry Creditors	275,000
Debtors	270,000	Dissolution expenses	10,000
Other Assets	95,000	Partners Capital Account	
Land and building	40,000	Hemed	175,000
Maryam Capital A/c	100,000		
	<u>595,000</u>		<u>460,000</u>

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

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

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

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

39 (i) Partnership dissolution, this is the situation where by partnership to be end.

ii. Reason for partnership dissolution

(a) When partners are bankrupt

(b) Death of one partner

(c) When partnership are operating on loss,

(d) When partnership are meet their objective.

ii. Reason for partnership dissolution

(a) when partnership are bankrupt.

(b) when partnership are operating on loss

(c) when partnership meet their objective

(d) Death of one partner

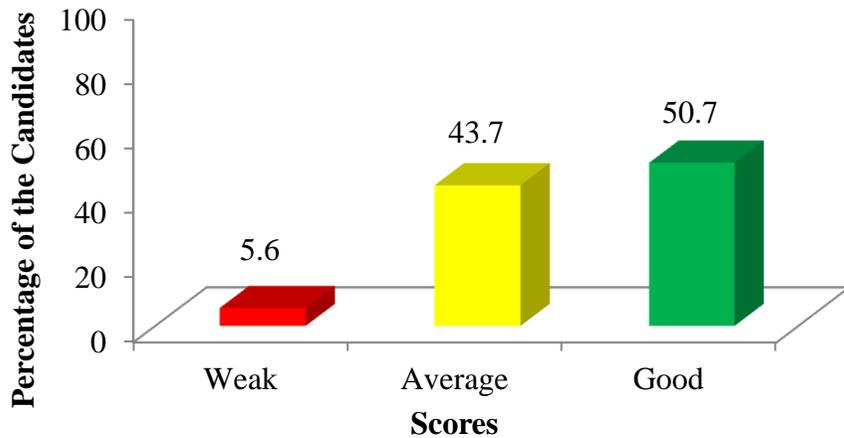
(e) when have the conflict between the partnership.

36

Realization Account

Cash	180,000	Debtor	270,000
Sundry debtor	280,000	Other assets	95,000
Other assets	85,000	Land and build	40,000
Land and build	80,000	Sharing	
Expenses legal	10,000	Interest = 15,000	
		Maryam 15,000	
			30,000
	435,000		435,000





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

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

04.	In the books of MTWARA Gas Ltd.			
	DR: BANK ACCOUNT		CR:	
	Share application	450,000	Share application	150,000
	Share allotment	500,000	Balance c/d	1,200,000
	First call	250,000		
	Second and final call	150,000		
		1,350,000		1,350,000
	Balance b/d	1,200,000		
	b			
	DR: SHARE APPLICATION ACCOUNT		CR:	
	Share capital (10,000 x 30)	300,000	Bank (15,000 x 30)	450,000
	Bank (rejected) (5,000 x 30)	150,000		
		450,000		450,000
	c			
	DR: SHARE ALLOTMENT ACCOUNT		CR:	
	Share capital (10,000 x 30)	300,000	Bank (10,000 x 50)	500,000
	Share premium (10,000 x 20)	200,000		
		500,000		500,000
	d			
	DR: FIRST CALL ACCOUNT		CR:	
	Share capital (10,000 x 25)	250,000	Bank (10,000 x 25)	250,000
	e			
	DR: SECOND & FINAL CALL ACCOUNT		CR:	
	Share capital (10,000 x 15)	150,000	Bank (10,000 x 15)	150,000

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

### JOURNAL ENTRIES

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

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

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

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

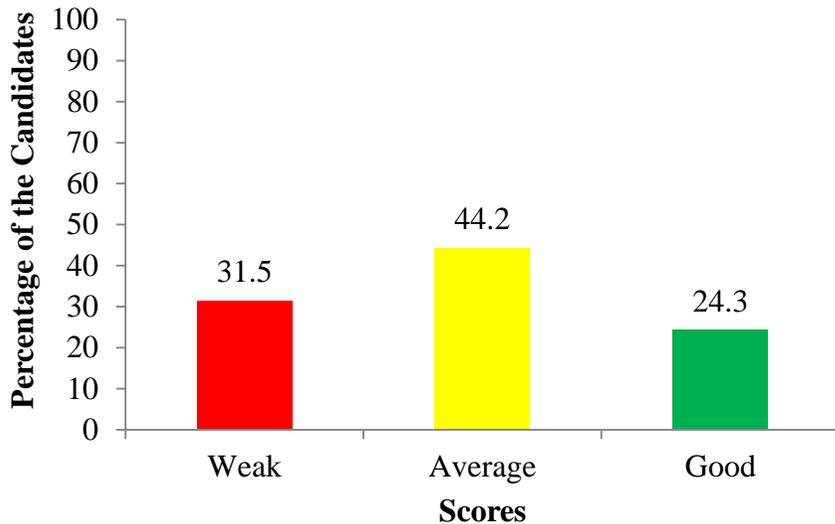
4	DR	BANK	ACCOUNT	CR
	Application	300,000	Application	150,000
	Allotment	900,000		
	First call	250,000		
	Final call	100,000		
	Call in advance	500,000	Balance c/d	1,900,000
		<u>20,50,000</u>		<u>2,050,000</u>
	Balance b/d	1,900,000		
	DR	APPLICATIONS	ACCOUNT	CR
	OSC	<u>300,000</u>	Bank	<u>300,000</u>
	DR	ALLOTMENT	ACCOUNT	CR
	OSC	300,000	Bank	900,000
	Call in advance	250,000		
	Call in advance	250,000		
	Call in advance	100,000		
		<u>900,000</u>		<u>900,000</u>
	DR	1 <sup>st</sup> CALL	ACCOUNT	CR
	OSC	<u>250,000</u>	Bank	<u>250,000</u>
	DR	FINAL CALL	ACCOUNT	CR
	OSC	250,000	Bank	100,000
			Call in advance	100,000
		<u>250,000</u>		<u>250,000</u>

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

## 2.2.12 Question 5: Hire Purchase Accounts and Payroll Accounting

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

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



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

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

5(a) NO RENTALS

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

Provision for unrealised profit =  $\frac{72,000,000 \times 50,000,000}{122,000,000}$

Provision for unrealised = 32,000,000

5(a) Company Income Statement for the year ended 31/12/15

	Adjustments	Amount
Sales: Cash	63,000,000	
Hire purchase	122,400,000	185,400,000
Less Cost of sales:		
Purchases	120,000,000	
Less closing stock	(10,000,000)	(110,000,000)
		75,400,000
Less provision for unrealised G profit		(32,000,000)
		43,400,000
Less operating Expenses		
General Expenses		(19,600,000)
Net profit		23,800,000

5(a) Working

BY		PROVISION FOR UNREALISED PROFIT % CV.	
31/12/15 Balance c/d	320,000	31/12/15 Income statement	320,000
	320,000		32,000,000
		31/12/16 Balance c/d	320,000

5(c)

## WORKINGS

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

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

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

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

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

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

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

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

$$\text{Unpaid Computer} = (600 - 210) \times 200,000 = 50$$

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

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

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

$$\text{But provision for unrealised} = \frac{\text{Unpaid instalment} \times \text{Gross profit}}{\text{HP sales}}$$

S(5)	Salary slip for the month October 2017	
	Julieth	Tigwela.
Basic pay	200,000	180,000
Over time payment	15000	6750
Meal Allowance	20,000	18000
Trans port allowance	40,000	36000
Responsibility allowance.	875,000	290750.
Gross pay	550,000	481500
<del>Less Salary Advance</del>		
<del>Less Deductions</del>		
Salary Advance	150,000	95000
Staff Loan	170,000	115,000
PAYE tax	220,000	192,600
total deductions	540,000	402600
Net pay / take home	10,000	78900
	WORKING:	
	PAYE = 550,000 x 40%. Julieth	
	481500 x 40%. Tigwela.	
	Paytax for Julieth = 550,000 x 40% = 220,000	
	paytax for Tigwela = 481500 x 40% = 192600	

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

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

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

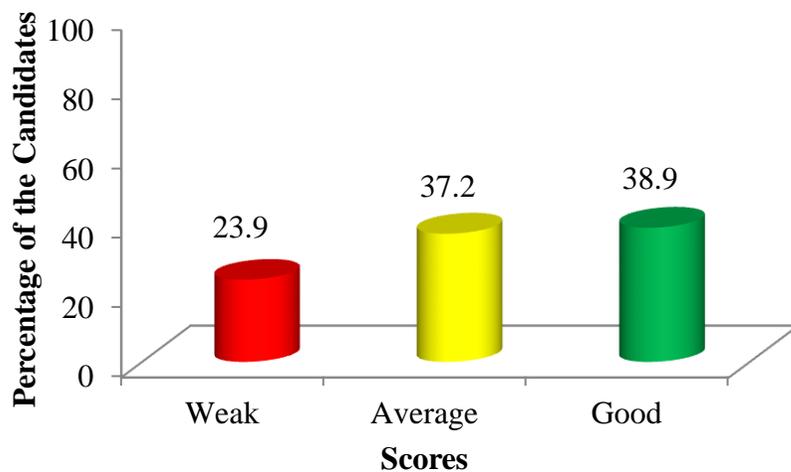
5a) INCOME STATEMENT FOR THE YEAR ENDED 31/12/2015.			
		Sh	Sh
	Purchases Sales	63,000,000	
	Add: Cash received	50,400,000	
	Net Sales		113,400,000
	less: Costs		
	Purchases: Cash		
5b) SALARY SLIP			
	Details	Julieth	Tigwela
	Basic pay	270,000	184,500
	Add: Payments		
	Salary advance	150,000	96,000
	Meals allowance	21,000	18,450
	Transport allowance	42,000	36,900
	Responsibility allowance	10,500	9,225
	Overtime payment	15,000	6,750
	Gross pay	543,000	438,825
	less: Deductions		
	Staff loan	170,000	115,000
	PAYE	217,200	173,540
		155,800	148,310

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

### 2.2.13 Question 6: Stock Valuation

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

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



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

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

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

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

By LIFO Method.

(a)

STOCK RECORD CARD FOR JUNE 2017

Date	PURCHASED			SOLD			BALANCE		
	Unit	Unit Cost	Total Cost	Unit	Unit Cost	Total Cost	Unit	Unit Cost	Total Cost
June 1	18	3000	54000				18	3000	54000
7				9	3000	27000	9	3000	27000
15	15	3200	48000	-	-	-	9	3000	27000
							15	3200	48000
							24		75000
18				10	3200	32000	9	3000	27000
							5	3200	16000
							14		43000
23				5	3200	16000	9	3000	27000
30	15	3400	51000	-	-	-	9	3000	27000
							15	3400	51000
	30		99000	24		75000	24		78000

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

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

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

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

DB      STOCK VALUATION BY FIFO      CR

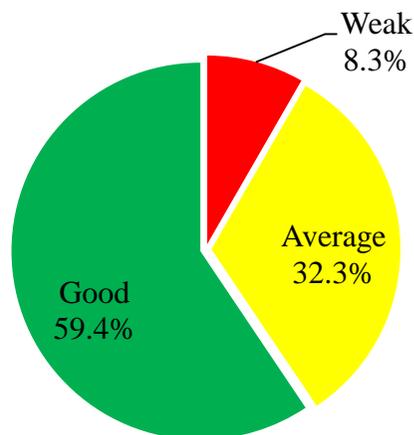
6	Received						Issued					
	Date	Detail	Qty	Unit	Amount	Qty	Unit	Amount	Qty	Unit	Amount	
	6/1	Balance	3000	18	54,000	-	-	-				
	6/7	Sold	-	-	-	15,000	9	135,000	-	-	-	
	6/15	Purchase	3200	15	48,000	-	-	-				
	6/18	Sold	-	-	-	15,000	10	150,000	-	-	-	
	6/22	Sold	-	-	-	15,000	5	75,000	-	-	-	
									30,000	23	264,000	
									30,000	33	264,000	
									15,000	10	150,000	
									45,000	43	414,000	
									30,000	18	54,000	
									15,000	10	150,000	
							30,000	5	15,000			
							10,000	5	60,000	30,000	5	15,000
	6/30	Purchase	3400	15	51,000	-	-	-				
									64,000	20	66,000	
6b      Income Statement												
	Opening stock					54,000						
	Add: purchases					153,000						
						207,000						
	Less: Sales					15,000						
	Less: COG					59,000						
	Gross					36,000		36,000				
	Closing stock					171,000						
	Net Profit = Gross profit					51,000		-				
	Less: Expenses					50,000						
	Net profit					= 1,000						

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

### 2.2.14 Question 7: Accounting for Royalties

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

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



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

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

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

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

7 Dr SHORT WORKINGS ACCOUNT (continue) Cr			
<del>2015</del>			
2015		2015	
Balance b/d 200,000			
Dr ROYALTIES PAYABLE ACCOUNT Cr			
2015		2015	
Tshs		Tshs	
Minimum rent	75,000	Production	75,000
	75,000		75,000
2016		2016	
Minimum rent	250,000	Production	250,000
	250,000		250,000
2017		2017	
Landlord	375,000	Production	375,000
	375,000		375,000
Dr LANDLORD ACCOUNT Cr			
2015		2015	
Tshs		Tshs	
Bank	300,000	Minimum Rent	300,000
	300,000		300,000
2016		2016	
Bank	300,000	Minimum Rent	300,000
	300,000		300,000
2017		2017	
Bank	300,000	Royalty Payable	375,000
Short working	75,000		
	375,000		375,000

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

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

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

7(c) CR		LANDLORD ACCOUNT					DR
Date	Details	Amount	Date	Details	Amount		
2015	Bank	75000	2015	Royalty receivable	75000		
		75000				75000	
2016	Bank	250,000	2016	Royalty receivable	250,000		
		250,000				250,000	
2017	Bank	375,000	2017	Royalty receivable	300,000		
				Shortworkings	75,000		
		375,000				375,000	

7(d) CR		SHORTWORKINGS ACCOUNT					DR
Date	Details	Amount	Date	Details	Amount		
2017	Landlord	75000	2017	Balance b/d	75000		
2018	Balance b/d	75000					

7

Royalty Analysis Table

Year	Royalty Toni	Today Royalty	Minimum Kent	Short working Profit/Loss	Bank/ Cash
2015	1500	750,000	300,000	-	750,000
2016	5000	250,000	300,000	-	250,000
2017	7500	375,000	300,000	75,000	<del>375,000</del>

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7 b)

CR ROYALTY PAYABLE ACCOUNT DR

Year	Details	Amount	Year	Details	Amount
2015	Landlord	750,000	2015	Profit/Loss	750,000
		<u>750,000</u>			<u>750,000</u>
2016	Landlord	250,000	2016	Profit and loss	250,000
		<u>250,000</u>			<u>250,000</u>
2017	Landlord	375,000	2017	Profit and loss	375,000
		<u>375,000</u>			<u>375,000</u>

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

### 3.0 ANALYSIS OF THE CANDIDATES' PERFORMANCE PER TOPIC

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

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

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

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

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

## **4.0 CONCLUSION AND RECOMMENDATIONS**

### **4.1 Conclusion**

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

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

### **4.2 Recommendations**

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

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

## The Summary of Candidates' Performance per Topic

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

## Appendix B

### Candidates' Performance per topic in 2018 and 2019

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

