

**THE UNITED REPUBLIC OF TANZANIA**  
**PRESIDENT'S OFFICE**  
**REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT**  
**SENGEREMA HIGH SCHOOL**  
**FORM FIVE**  
**ACCOUNTANCY 1**  
**HOME PACKAGE DECEMBER 2024**

1. Briefly explain the following accounting concept.
  - i. Consistency
  - ii. Golden accounting principle
  - iii. Substance over form
  - iv. Materiality concept
2. Explain the following characteristics of accounting informational.
  - i. Relevance
  - ii. Comparability
  - iii. Time line
  - iv. Verifiability
3. (A) Differentiate between cash basis and accrual basis. Which method you would prefer and why?  
  
(B) Identify and explain the potential limitation associated with financial accounting.
4. Describe why the following parties need accounting information.
  - i. Creditors
  - ii. Business owners
  - iii. Financial institution
  - iv. Management.
5. Accrual basis is one of the three bases of central government accounting.
  - i. Mention five concepts which accrual basis is originally linked.
  - ii. Mention two advantages and two disadvantage of the accrual basis.

6. Mention and explain six stages of double entry.
7. Following are the transactions in the practice of her profession during October.
  - Oct. 1: Paid office rent for October Tshs. 80,000/=
  - 2: Purchased equipment on credit Tshs. 290,000/=
  - 3: Purchased X – ray film and other surgery supplies on credit Tshs. 25,000/=
  - 5: Received cash on account from patients Tshs, 472,500/=
  - 9: Paid cash to creditors Tshs. 175,000/=
  - 14: Paid cash for renewal of insurance policy Tshs. 51,000/=
  - 17: Paid from the business bank account Tshs. 170,000/= being personal and family Expenses.
  - 20: Paid invoices for laboratory analyses Tshs. 31,500/=
  - 22: Cash received from cash paying patients Tshs 295,000/=
  - 24: Paid miscellaneous expenses Tshs. 11,200
  - 26: Paid electricity bills Tshs. 32,500/=
  - 30: Recorded all fees charged to credit patients for service performed during October Tshs. 571,500/=
  - 30: Recorded use of Tshs. 55,000/= worth of surgery supplied.

**Required:-**

- (a) Open ledger accounts and insert opening balances.
  - (b) Record the above transactions in a two column journal
  - (c) Post the journal to the ledger and
  - (d) Balance off the ledger
  - (e) Extract a trial balance
8. From the following statements which give the cumulative effects of individual transactions, you are required to state as fully as possible what transaction has taken place in each case. There is no need to copy out the table; the first column of data gives the opening position. Each of the other columns represents a transaction. It is these transactions (A–I) that you are to describe.

Transaction	A	B	C	D	E	F	G	H	I
Assets	000	000	000	000	000	000	000	000	000
Land and building	450	450	450	450	575	575	275	275	275
Motor vehicle	95	100	100	100	100	100	100	100	100

Office equipment	48	48	48	48	48	48	48	48	48	48
Inventory	110	110	110	110	110	110	110	110	110	93
Account Recievable	188	188	188	188	188	108	108	108	108	108
Bank	27	22	22	172	47	127	427	77	77	77
Cash	<u>15</u>	<u>15</u>	<u>11</u>	<u>11</u>	<u>11</u>	<u>11</u>	<u>11</u>	<u>11</u>	<u>3</u>	<u>3</u>
	<u>933</u>	<u>933</u>	<u>929</u>	<u>1079</u>	<u>1079</u>	<u>1079</u>	<u>1079</u>	<u>729</u>	<u>721</u>	<u>716</u>
Liabilities										
Capital	621	621	621	621	621	621	621	621	621	616
Loan from lee	200	200	200	350	350	350	350	-	-	-
Account payable	<u>112</u>	<u>112</u>	<u>112</u>	<u>108</u>	<u>108</u>	<u>108</u>	<u>108</u>	<u>108</u>	<u>100</u>	<u>100</u>
	<u>933</u>	<u>933</u>	<u>929</u>	<u>1079</u>	<u>1079</u>	<u>1079</u>	<u>1079</u>	<u>729</u>	<u>721</u>	<u>716</u>

Note: Sign 000 on top means each figure bellows are in thousand Tanzania Shillings.

9. In July 2009 a Rajabu started a tailoring shop. The following are his transactions for the first week.

July 1: He opened the shop with invested capital consisting of sewing machine of 50,000/= and 3,000/= in cash

July 2: He bought tread, needles and other sewing supplies costing 500/=

July 3: He completed a shirt for a customer and received 400/= for his Services.

July 4: His neighbor Mr. Jumanne asked him to repair 2 pairs of trousers which he has Done. He was promised to be paid 300/= at the end of the month.

July5: He sewed a baby's and was paid 200/= by the baby's mother.

July 6: He bought chairs for his shop from Mwenye Furniture for 2,000/= on credit.

**Requirement:**

- i. Journalise the give transaction
- ii. Open relevant ledger account
- iii. Draw a trial balance

10. With vivid examples differentiate between

- i. Transposition errors and errors of original entry.
- ii. Errors of omission and commission errors.
- iii. Errors of principle and errors of commission.
- iv. Errors of complete reversal and compensating errors.

11. Mention and explain four types of errors which cannot be disclosed by Trial balance.

12. Mention and explain four types of errors which can be disclosed by trial balance.

13. betson drew up the following balance sheet on 31/12/1984

LIABILITIES		ASSETS	
Capital 1/1/1984	4569	<u>FIXED ASSETS</u>	
Add Net profit	<u>1969</u>	Furniture and fittings	560
	6538	Motor vans	1240
Less Drawing	<u>2038</u>	4500	
<u>CURRENT LIABILITIES</u>		<u>CURRENT ASSETS</u>	
Creditors	2130	Stock	2275
		Sundry Debtors	1345
		Balance at Bank	1210
	6630		6630

An audit of the books reveal the following :-

- a) Motorvan should have been depreciated by 280/=.
- b) Sh 240 of discount allowed was credited to discount received account.
- c) Goods of 175/= received on 30/12/ had been included in stock at 31<sup>st</sup> December 1984. This was not invoiced and passed through the books until 3<sup>rd</sup> January 1985.
- d) The purchases of goods for 245/= from Amina correct entered in nominal account, but was posted wrongly side in personal account.
- e) The amount from peter sh 300/= was credited to sales account.
- f) A debt of 65/= owing by Judith was considered to be bad and provision of 40/= was to be made for doubtful debts.
- g) The credit note for 50/= from supplier was posted in error as 100/= in personal account.
- h) Sh 45/= outstanding for light heat had not been entered in the accounts.
- i) Rates charged, was included sh 64/= prepaid .No adjustment have been made.
- j) Packing material 132/= had been charged in full to profit and loss. There was a stock of packing material at 31/12/1984 of 42/=

Required:-

- i. Open the general journal to correct the above errors.
- ii. You are required to correct the net profit.
- iii. Draw up corrected balance sheet as at 31/12/1984

14. A book keeper find its trial balance out of excess DEBIT OF Tzs 50000. He decided put the difference to the new opened suspense account ,later on the following errors were found

- i. Good worth Tzsh 1500000/= purchased from Marwa but entered in sales book.
- ii. Receive the promissory note for Tzsh 2500000 from Bet-son Company entered in bill payable book.
- iii. An item of Tzsh 350000 relating to prepaid rent account was omitted, has be brought forward.
- iv. An item of 200,000 Tszh in respect of purchases return to wambura had been wrongly entered in the purchases account.
- v. Tzsh 500000 against paid to Henry against acceptance was debited to Herry.
- vi. A bill was received for repair of furniture for TSH 250000. The amount was debited to furniture account.

REQUIRED: Use the information given above prepare the journal entry to rectify those errors and Suspense account.

15. Juma Ally is the owner of a retail business. She has employed an inexperienced book – keeper to maintain his accounting records. On 31<sup>st</sup> March, 2019 the end of the business’s accounting year, the book – keeper extracted the following trial balance from the business’s records:

**Trial Balance at 31<sup>st</sup> March, 2019**

Details	DR	CR
Non – current assets at cost	18,300,000	
Provision for depreciation of non – current assets, 1 <sup>st</sup> April, 2018	2,800,000	
Inventory on 1 <sup>st</sup> April, 2018	3,700,000	
Inventory on 31 <sup>st</sup> March, 2019		2,960,000
Trade accounts receivable		1,825,000
Trade accounts payable	864,000	
Balance at bank (overdrawn)	382,000	
Capital		26,860,000
Drawings	7,740,000	
Sales	26,080,000	
Purchases		18,327,000

Running expenses	6,904,000	
Allowance for doubtful debts	90,000	
Suspense		16,888,000
	<b><u>66,860,000</u></b>	<b><u>66,860,000</u></b>

The following errors were found in the accounting system: -

- (a) The total of the sales day book for December, 2018 had been overstated by Tshs 120,000.
- (b) In January, 2015 some new office equipment had been purchased for Tshs 360,000 this had been debited to the purchases account.
- (c) A payment by cheque to a Creditor, Tshs 216,000 had been entered in the books as Tshs 261,000.
- (d) A credit note for Tshs 37,000 sent to customer had been overlooked.
- (e) The owner had withdrawn a cheque for Tshs 80,000 for private use in October, 2014; both the bank and drawings account had been credited with this amount.

Required: - To prepare

- (i) Journal entries to correct each of these errors.
- (ii) The suspense account

16. During 31<sup>st</sup> December 2014, the trial balance extracted from City Boys enterprises failed to agree by Tsh. 200,000/=, a shortage on debit side of the trial balance. During January 2015 the following errors were discover

- i. Tsh. 12,500/= received from sales of old office equipment has been entered in the sales account.
- ii. Purchases day book had been overcast by Tsh.100,000/=
- iii. A private purchase of Tsh.140, 000/= had been included in the business purchases.
- iv. Bank charges Tsh.23, 000/=, has been entered in the cash book, but it have not been posted to the bank charges account.
- v. A sale of goods to K Komba Tsh. 23,000/= was correctly entered in the sales book but entered in the personal account as Tsh. 32,000/=
- vi. Cash payment for rent Tsh. 20,000/=, was correctly recorded on the cash book, but it was not recorded in rent account
- vii. Credit sales to John Tsh. 300,000/= had been posted to Johnson account in error
- viii. Wages account was over-summed by Tsh. 4,000/=
- ix. Furniture purchased for Tsh. 24,000/=, was recorded in purchases account
- x. Additional capital of Tsh. 100,000/= had been omitted from the books

xi. Computer purchased for Tsh. 270,000/=, was only not recorded in computer account

**Required: prepare (a)** Suspense account

(b). Journal proper **NB; Omit narration**

17. . Modern Investment enterprises prepare it financial books of account at the end of each year, during 31<sup>st</sup> December, 2015, its trial balance had a difference of Tsh. 30,000/= being shortage on the credit side and its income statement showed a net profit of Tsh. 150,000/= , but during 1<sup>st</sup> January, 2016 the following errors were discovered by external auditor,

- i. Sales accounts was under-Summed by Tsh. 28,000/=
- ii. Tsh. 5,000/= paid for commission was only recorded on the cash book
- iii. Cash payment for rent Tsh. 50,000/= was not recorded anywhere else
- iv. Office calculator Tsh. 25,000/= was posted to purchases account in error
- v. Cash paid for Communication Tsh. 20,000/=, was correctly recorded in the cash book but not in the Communication expenses account
- vi. Tsh. 77,000/= received from Mr. Cheyo, but it was not posted to personal account

**Required: Prepare**

(a) Journal entries to correct errors

(b) Suspense account and

(c) A statement of corrected net profit

18. Careful Study the following and answer the questions below.

The trial balance of Mary Harris (Gowns) as at 31 December 20X8 showed a difference which was posted to a suspense account. Draft final accounts for the year ended 31 December 20X8 were prepared showing a net profit of 47,240. The following errors were subsequently discovered:

- i. Sales of 450 to C Thomas had been debited to Thomasson Manufacturing Ltd
- ii. A payment of 275 for telephone charges had been entered on the debit side of the Telephone account as 375
- iii. The sales journal had been undercast by 2,000.
- iv. Repairs to a machine, amounting to 390, had been charged to Machinery account.
- v. A cheque for 1,500, being rent received from Atlas Ltd, had only been entered in the cash book.
- vi. Purchases from P Brooks, amounting to 765, had been received on 31 December 20X8 and included in the closing stock at that date, but the invoice had not been entered in the purchases journal.

**Required**

- (a) Give the journal entries, without narratives, necessary to correct the above errors.
- (b) Show the effect of each of these adjustments on the net profit in the draft accounts and the correct profit for the year ended 31 December 20X8.
- (c) State briefly the purpose of the journal, giving a suitable example of its use.

19. Rashid extracted a trial balance from the ledgers on 31<sup>st</sup> December 2015. The trial balance total was 23884(debit) and 49984 (credit). He placed the difference on suspense account so that he could prepare a draft profit or loss account for the year ended 31<sup>st</sup> December 2015 and balance sheet as at that date.

The following errors were then discovered

- i. The total purchase day book had been under casted by Tsh 10000
- ii. Tsh 7600 for motor repair had been taken to motor vans account.
- iii. Cheque received from Christopher Tsh 3900 had been debited in the cash book but double entry had not been completed.
- iv. The return outward book had been overcastted by Tsh 5000.
- v. Sales of Tsh 4000 to Darusi has been entered in the purchases day book.
- vi. Purchases of chair from Mushi Traders for Tsh 3500 had been entered in purchases book as Tsh5300.
- vii. Goods returned by Nassor Tsh 7500 had been entered in return outward book, however Nassor account is correctly posted.

Required:-

- A. Show by means of journal entry how the errors would be corrected.
- B. Show the suspense account offset the difference in Trial Balance.
- C. The draft profit and loss account show net profit for the year ended 31<sup>st</sup> December 2015 of Tsh 8400 and balance sheet at the date showed working capital (current assets-Current liabilities) of Tsh 1250.
  - i. Calculate revised net profit for the year ending 31<sup>st</sup> December 2015.

20. Define the following terms

- i. Accrued
- ii. Prepaid
- iii. Capital expenditure
- iv. Revenue expenditure



21. Differentiate between capital expenditure and revenue expenditure (5 Point).
22. The following are the details for Rent and Rates for the year ended 31 December 2015
- i. Rent is payable of Tzs 600,000/= per annum
  - ii. Rates of Tzs 400,000/= per annum is payable
  - iii. At 1 January 2015 rent of Tzs 100,000/= had been prepaid in 2014
  - iv. On 1 January 2015 rates of Tzs 40,000/= were owed
  - v. During 2015 rent of Tzs 450,000/= was paid
  - vi. During 2015 rates of Tzs 500,000/= were paid
- Required to prepare a combined Rent and Rates Account for the year ended 31 December 2015 showing the transfer to profits and loss account and balance sheet
23. Napa Ltd took delivery of a microcomputer and printer on 1 July 2006, the beginning of its financial year. The list price of the equipment was Tsh 4,999 but Napa Ltd was able to negotiate a price of Tsh 4,000 with the supplier. However, the supplier charged an additional Tsh 340 to install and test the equipment. The supplier offered a 5% discount if Napa Ltd paid for the equipment and the additional installation costs within seven days. Napa Ltd was able to take advantage of this additional discount. The installation of special electrical wiring for the computer cost Tsh 110. After initial testing certain modifications costing Tsh 199 proved necessary. Staffs were sent on special training courses to operate the microcomputer and this cost Tsh 990. Napa Ltd insured the machine against fire and theft at a cost of Tsh 49 per annum. A maintenance agreement was entered into with Sonoma plc. Under this agreement Sonoma plc promised to provide 24 hour breakdown cover for one year. The cost of the maintenance agreement was £350.
- Required:** Calculate the acquisition cost of the microcomputer to Napa Ltd
24. Pass journal entry for adjusting and closing entries for the following adjustment as at 31<sup>st</sup> December 2016.
- i. Unpaid salaries Tsh 270000.
  - ii. Unearned interest Tsh 124000
  - iii. Annual interest receivable Tsh 144000 only nine month rent have been received.
  - iv. Closing inventory at 31<sup>st</sup> December was valued at Tsh 185000.
  - v. Drawing of goods for personal use not recorded Tsh 126800.
  - vi. Refund of excess rent received from Land lord Tsh 172000

- vii. Commission receivable accrued Tsh 132000.
- viii. Prepaid postage and telephone Tsh 116000.
- ix. Debtor's cheque dishonored Tsh 150000.
- x. Bad debts recover received in cash Tsh 118000
- xi. Debtors balance Tsh 223000 Tsh not included in Debtors list.

25. The financial year of T Guinness ended on 31 December 2006. Show the ledger accounts for the following items including the balance transferred to the necessary part of the financial statements, also the balances carried down to 20X7:

- i. Motor expenses: Paid in 2006 Tsh 819; Owing at 31 December 2006 Tsh 94.
- ii. Insurance: Paid in 2006 Tsh 840; Prepaid as at 31 December 2006 Tsh 68.
- iii. Stationery: Paid during 2006 Tsh370; Owing as at 31 December 2005 Tsh 110; Owing as at 31 December 2006 Tsh 245.
- iv. Business rates: Paid during 2006 Tsh 1,654; Prepaid as at 31 December 2005 Tsh 140; Prepaid as at 31 December 2006 Tsh120.
- v. Guinness sub-lets part of the premises. He receives Tsh 1,400 during the year ended 31 December 2006.
- vi. Harte, the tenant, owed Guinness Tsh 175 on 31 December 2005 and Tsh 185 on 31 December 2006.

26. On 1 January 20X6 the following balances, among others, stood in the books of B Baxter:

- (a) Lighting and heating, (Dr) £192.
- (b) Insurance, (Dr) £1,410.

During the year ended 31 December 20X6 the information related to these two accounts is as follows:

- (i) Fire insurance, £1,164 covering the year ended 31 May 20X7 was paid.
- (ii) General insurance, £1,464 covering the year ended 31 July 20X7 was paid.
- (iii) An insurance rebate of £82 was received on 30 June 20X6.
- (iv) Electricity bills of £1,300 were paid.
- (v) An electricity bill of £162 for December 20X6 was unpaid as on 31 December 20X6.
- (vi) Oil bills of £810 were paid.
- (vii) Stock of oil as on 31 December 20X6 was £205.

You are required to write up the accounts for lighting and heating, and for insurance, for the year To 31 December 20X6. Carry forward necessary balances to 20X7.

27. Insurance expenses payable (required to be paid) per year 2013 is 20,000, has to be paid in four installments. We close our books at 31<sup>st</sup> Dec every year.

<b>Insurance Expenses Payable (Tshs.)</b>	<b>Date to be paid</b>	<b>Date Paid</b>	<b>Amount Paid</b>
5,000	31 <sup>th</sup> March	31 <sup>th</sup> March	5,000
5,000	30 <sup>th</sup> June	1 <sup>st</sup> July	5,000
5,000	30 <sup>th</sup> Sept	3 <sup>rd</sup> October	5,000
5,000	31 <sup>th</sup> Dec	8 <sup>th</sup> Jan. 2014	5,000

Show Insurance expenses account, and the amount to be charged in profit and loss account

28. For the business of J Charles, wholesale chemist, classify the following between ‘capital’ and ‘revenue’ expenditure:

- (a) Purchase of an extra van.
- (b) Cost of rebuilding warehouse wall which had fallen down.
- (c) Building extension to the warehouse.
- (d) Painting extension to warehouse when it is first built.
- (e) Repainting extension to warehouse three years later than that done in (d).
- (f) Carriage costs on bricks for new warehouse extension.
- (g) Carriage costs on purchases.
- (h) Carriage costs on sales.
- (i) Legal costs of collecting debts.
- (j) Legal charges on acquiring new premises for office.
- (k) Fire insurance premium.
- (l) Costs of erecting new machine.

29. Classify the following items as either revenue or capital expenditure:

- (a) An extension to an office building costing £24,000.
- (b) The cost of replacement valves on all the labelling machines in a canning factory.
- (c) Repairs to the warehouse roof.
- (d) Annual service costs for a courier firm’s fleet of vans.
- (e) Replacement of rubber treads on a printing press with a plastic one that has resulted in the useful economic life of the printing press being extended by three years.
- (f) A new bicycle purchased by a newsagent for use by the newspaper delivery boy.

(g) Repairs to a refrigeration system of a meat wholesaler.

(h) Repainting of the interior of a bar/restaurant which has greatly improved the potential for finding a buyer for the bar/restaurant as a going concern.

(i) Wages paid to employees who worked on the construction of their company's new office building.