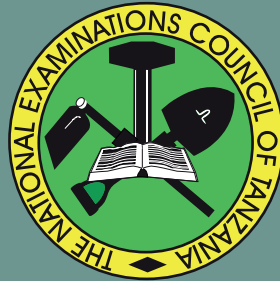


**THE NATIONAL EXAMINATIONS COUNCIL OF TANZANIA**



**CANDIDATES' ITEM RESPONSE ANALYSIS REPORT  
FOR THE ADVANCED CERTIFICATE OF SECONDARY  
EDUCATION EXAMINATION (ACSEE) 2018**

**153 ACCOUNTANCY**

**THE NATIONAL EXAMINATIONS COUNCIL OF TANZANIA**



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FOR THE ADVANCED CERTIFICATE OF SECONDARY  
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**153 ACCOUNTANCY**

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## Table of Contents

FOREWORD.....	iv
1.0 INTRODUCTION .....	1
2.0 ANALYSIS OF PERFORMANCE OF THE CANDIDATES IN EACH QUESTION .....	2
2.1 153/1 Accountancy 1 .....	2
2.1.1 Question 1: Reserves and Provisions .....	2
2.1.2 Question 2: The Nature and Context of Accounting.....	6
2.1.3 Question 3: Correction of Accounting Errors and Recognition of Revenue and Expenses .....	10
2.1.4 Question 4. Depreciation and Disposal of Non-Current Assets and Reserves and Provisions.....	15
2.1.5 Question 5: The Nature and Context of Accounting.....	20
2.1.6 Question 6: Investment Accounts and Preparation of Financial Statements .....	25
2.1.7 Question 7: Financial Statements Analysis and Interpretation .....	30
2.2 153/2 Accountancy 2 .....	33
2.2.1 Question 1: Computerised Accounting .....	33
2.2.2 Question 2: Hire Purchase Accounting .....	37
2.2.3 Question 3: Company Accounts.....	42
2.2.4 Question 4: Partnership Accounting.....	48
2.1.5 Question 5: Containers Accounts .....	51
2.2.6 Question 6: Accounting for Royalties .....	56
2.2.7 Question 7: Cost Accounting and Stock Valuation.....	60
3.0 ANALYSIS OF CANDIDATES' PERFORMANCE PER TOPIC .....	63
4.0 CONCLUSION AND RECOMMENDATIONS .....	64
4.1 Conclusion .....	64
4.2 Recommendations.....	64
Appendix A.....	65
Appendix B.....	66

## FOREWORD

The National Examinations Council of Tanzania is pleased to issue the Candidates' Items Response Analysis Report (CIRA) of the Advanced Certificate of Secondary Education Examination (ACSEE) 2018. 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 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. Essentially, the candidates' responses to the examination questions is a strong indicator of what the education system was able or unable to offer to the students in their two years of Advanced Secondary Education.

The feedback is expected to provide an opportunity to prospective candidates and other stakeholders to learn from the previous candidates' strengths and weaknesses in attempting different questions. The report shows the factors for the candidates' good/poor performance in Accountancy by using statistical data on the candidates' scores for individual question, candidates' responses and extracts drawn from the scripts.

The National Examinations Council of Tanzania will highly appreciate remarks, opinions and recommendations from all stakeholders which will facilitate better preparation of Candidates' Items Response Analysis Reports in future.

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 2018. 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 1,529 candidates sat for 153 Accountancy examination, out of which 96.51 percent passed the examination with the following grades: grade A, 2.44 percent; grade B, 14.36 percent; grade C, 25.96 percent, grade D, 31.82 percent, grade E, 17.92 percent, grade S, 4.02 percent and 3.49 percent failed. The comparison of Accountancy examination results for two consecutive years show that, in the year 2018, the results have increased by 4.09 percent compared to the year 2017. The number of candidates passed in this year is 1,465 (96.51%) compared to 1,414 (92.42%) of the last year.

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

The performance in each question is rated poor, average or good if the percentage of the candidates who scored 35 percent or above of the total marks allotted to the question falls in the range of 0 - 34, 35 - 59 or 60 - 100, respectively. Special colours have been used with the following interpretations; green stands for good, yellow for average and red for poor candidates' performance as seen in the graphs and in the Appendices.

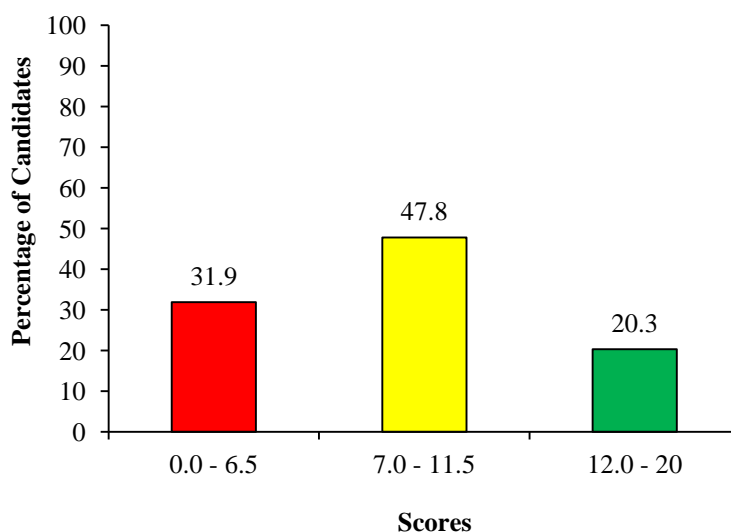
## 2.0 ANALYSIS OF PERFORMANCE OF THE CANDIDATES IN EACH QUESTION

### 2.1 153/1 Accountancy 1

#### 2.1.1 Question 1: Reserves and Provisions

The question comprised of five items extracted from the topic of Reserves and Provisions. The candidates were required to give brief explanations on Reserve, Reserve fund, Specific reserve, General reserve and Secret reserve. The question intended to measure the candidates' knowledge and comprehension ability on the given accounting terms.

The question was attempted by 50.9 percent of the candidates, of which 31.9 percent scored from 0 to 6.5 marks, 47.8 percent scored from 7 to 11.5 marks and 20.3 percent scored from 12 to 20 marks out of the 20 allotted marks. The candidates' performance in this question was good since the percentage of candidates who scored from 7 to 20 marks (68.1%) was higher than the percentage of candidates who scored from 0 to 6.5 marks (31.9%). Figure 1 shows the distribution of candidates' scores in Question 1.



**Figure 1:** *The Candidates' performance in Question 1*

The candidates who performed well in this Question (20.3%) were able to give clear explanations on three, four or all of the five accounting terms. Moreover, the candidates in this category provided relevant examples to support their explanations on Reserve, Reserve fund, Specific reserve and General reserve. These responses could be attributed to the candidates' adequate knowledge of the subject matter and ability to address the requirement of the question. Extract 1.1 is a sample of a good response from one of the candidates.

### Extract 1.1

01	(a) Reserve refers to the amount set aside out of the normal profits of the business which are used for meeting future losses and contingencies of which their amounts can not be ascertained accurately. It includes all amounts set aside out of profits and loss for specific or un-specific or known or unknown contingencies that may happen in the future. Example General reserve, specific reserve.
	(b) Reserve fund refers to a fund created out of the profit of the business operations that are used to meet future contingencies which its amount can not be ascertained accurately or its amount are not known by exact figure.
	(c) Specific Reserve. Specific reserve refers to the reserve that amounts created out of the normal profit of the business (P&L) for meeting known or expected contingencies in the future. Example Foreign exchange reserve fund.
	(d) General Reserve. General reserve refers to the amount set aside out of the business profit that are used to strengthen the financial position of the business currently or in the future. General reserve



1	ive are used to strengthen the business financial position example To purchase assets of the business, or any activity that would lead to an increase of the financial position of the business.
	(e) Secrete Reserves
	Secrete Reserves refers to the amount set aside out of the profit of the business that are not shown on the trading profit and loss account or the balance sheet, or any other financial statements of the business. They are secretly maintained in the business and they are used by the business to strengthen the financial position in case of any anticipation of the business.

Extract 1.1 is a sample of response from the candidate who provided clear explanations and relevant examples to the given accounting terms in Question 1.

The candidates with average performance in this question (47.8%) were able to provide reasonable explanations on two or three of the given terms but they could not achieve higher marks because of lack of clarity in their explanations.

The candidates who performed poorly in this question (31.9%), provided irrelevant explanations and examples on the given accounting terms. Others provided explanations unrelated to the given accounting terms because of poor mastery of the English Language. This could be attributed to poor knowledge on the meaning and implication of the given accounting terms. Extract 1.2 is a sample of poor response from one of the candidate.

### Extract: 1.2

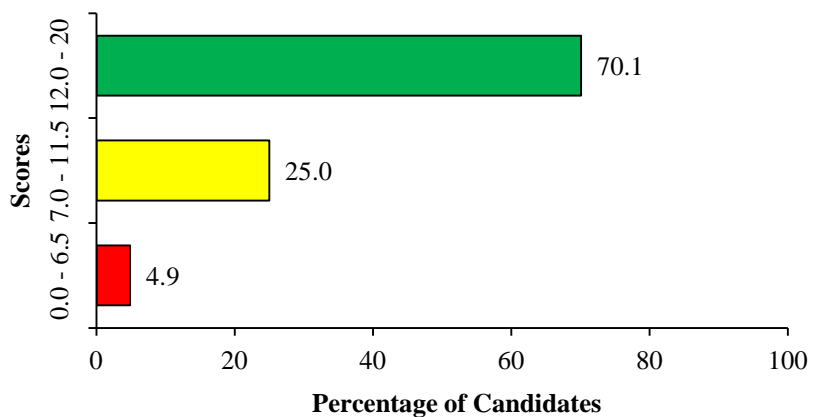
1. a).	<u>Reserve:</u> Is the amount of money which is kept in order to meet the prospect of the future. This money is been stored in order to help in future, if any problem occur within a firm/company to be solved in a proper way.
b).	<u>Reserve fund:</u> Is the fund special where by the reserve money is been kept/ deposit in order to be used in a future transaction or future dealings. This fund can be opened by a company or a individual to keep his/her money in the fund.
c).	<u>Specific reserve:</u> Is the special reserve or special amount of the one particular sector in a company which has been reserve in a reserve fund.
d).	<u>General reserve:</u> Is the whole amount of money which has been reserved/ kept without specializing. General reserve it consist of the whole amount of the money which has been reserved.
e).	<u>Secret reserve:</u> Is the small sum of money which has been reserved in

Extract 1.2: A sample of a candidate response with irrelevant explanations on Reserve, Reserve fund, Specific reserve, General reserve and Secret reserve.

## 2.1.2 Question 2: The Nature and Context of Accounting

The candidates were required to record the given transactions into the ledger accounts, complete the double entry system and balance off the accounts as at 31<sup>st</sup> March 2017.

The question was attempted by 98.3 percent of the candidates, out of which 4.9 percent scored from 0 to 6.5 marks, 25 percent scored from 7 to 11.5 marks and 70.1 percent scored from 12 to 20 marks out of the 20 allotted marks. The candidates' performance in this question was good since majority of candidates scored from 7 to 20 marks (95.1%). Figure 2 is a summary of the candidates' scores in Question 2.



**Figure 2:** *The Candidates' Performance in Question 2.*

The candidates who performed well in this Question (70.1%) were able to adhere to the requirement of the question. Some of them were able to open all the required accounts, compute the required amount for each transaction and made correct entries into the appropriate accounts. Other candidates omitted one or two of the required accounts while others posted some transactions to the wrong side of the required accounts. However, despite their mistakes in their work they were able to score good marks. Extract 2.1 is a sample of a good response from one of the candidates.

**Extract.2.1**

2.		CASH BOOK				
DR						CR
DATE	DETAILS	AMOUNT	DATE	DETAILS	AMOUNT	
01.03.2017	Capital account	160,000	5 March	Purchases account	60,000	
12 March	Commission received	20,000	10 March	Salary account	10,000	
			15 March	Rent account	15,000	
			25 March	Drawings account	18,000	
			31.3.2017	Balance $\frac{1}{2}$	77,000	
		180,000			180,000	
1.4.2017	Balance $\frac{1}{2}$	77,000				

DR		CAPITAL ACCOUNT				CR
DATE	DETAILS	AMOUNT	DATE	DETAILS	AMOUNT	
31.03.2017	Balance $\frac{1}{2}$	160,000	01.03.2017	Cash	160,000	
		160,000			160,000	
			01.04.2017	Balance $\frac{1}{2}$	160,000	

DR		PURCHASES ACCOUNT				CR
DATE	DETAILS	AMOUNT	DATE	DETAILS	AMOUNT	
5.3.2017	Cash	60,000	31.3.2017	Balance $\frac{1}{2}$	100,000	
7.3.2017	Dasuna	40,000				
		100,000			100,000	
1.4.2017	Balance $\frac{1}{2}$	100,000				

DR		DASUNA ACCOUNT				CR
DATE	DETAILS	AMOUNT	DATE	DETAILS	AMOUNT	
31.3.2017	Balance $\frac{1}{2}$	40,000	7.3.2017	Purchases	40,000	
		40,000			40,000	
			1.4.2017	Balance $\frac{1}{2}$	40,000	

2. DR		SALES ACCOUNT				CR
DATE	DETAILS	AMOUNT	DATE	DETAILS	AMOUNT	
31.3.2017	Balance b/d	80,000	1.3.2017	Cherehani account	30,000	
			8.3.2017	Shakila account	50,000	
		80,000			80,000	
			1.4.2017	Balance b/d	80,000	
DR CHEREHANI ACCOUNT CR						
DATE	DETAILS	AMOUNT	DATE	DETAILS	AMOUNT	
6.3.2017	Sales account	30,000	31.3.2017	Balance b/d	30,000	
		30,000			30,000	
1.4.2017	Balance b/d	30,000				
DR SHAKILA ACCOUNT CR						
DATE	DETAILS	AMOUNT	DATE	DETAILS	AMOUNT	
8.3.2017	Sales account	50,000	31.3.2017	Balance b/d	50,000	
		50,000			50,000	
1.4.2017	Balance b/d	50,000				
DR SALARY ACCOUNT CR						
DATE	DETAILS	AMOUNT	DATE	DETAILS	AMOUNT	
10.3.2017	Cash account	10,000	31.3.2017	Balance b/d	10,000	
		10,000			10,000	
1.4.2017	Balance b/d	10,000				
DR COMMISSION RECEIVED ACCOUNT CR						
DATE	DETAILS	AMOUNT	DATE	DETAILS	AMOUNT	
31.3.2017	Balance b/d	20,000	12.03.2017	Cash account	20,000	
		20,000			20,000	
			1.4.2017	Balance b/d	20,000	

Extract 2.1: A sample of correct response from the candidate who made correct computation and entries into the relevant accounts.

The candidates who scored moderately in this question (25%) were able to address the demands of the question. They opened the required accounts and recorded most of the transactions correctly. However, their computation and postings into some of the ledger accounts were not correct such that they could not score good marks.

The candidates who scored from 0 to 6.5 marks (4.9%) did not have adequate knowledge of the subject matter. Hence, their responses were characterised by a mixture of correct and incorrect responses. Some of them failed to open most of the required accounts. Others opened the required accounts but entered wrong amount. Moreover, a considerable minority of the candidates in this category posted the transactions to the wrong side of the required accounts and others left the accounts unbalanced. Extract 2.2. is a sample of incorrect response from one of the candidates.

**Extract 2.2.**

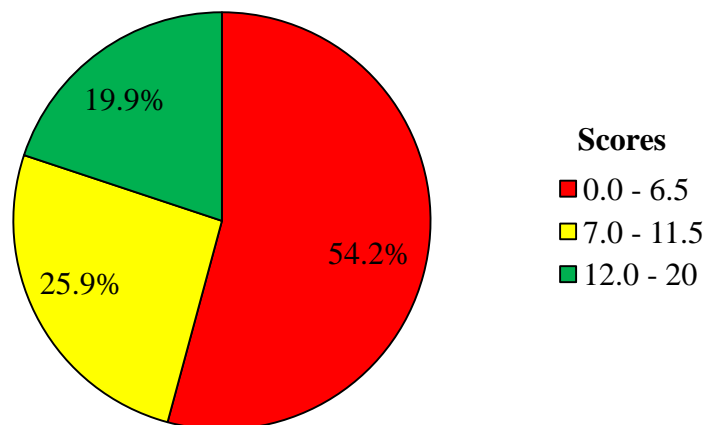
Q2.	DR	CASH ACCOUNT		CR
	1.3 Capital	160,000	6.3 Sales	20,000
	5.3 purchase	60,000	8.3 Sales	50,000
	7.3 purchase	40,000	12.3 Commission	20,000
	10.3 fha Salary	10,000		
	15.3 Rent	15,000		
	25.3 Drawing	18,000		
			31.3 Balance c/d	203,000
		203,000		203,000
	01.4 Balance b/d	203,000		
	DR	Capital a/c		CR
	31.3 Balance c/d	160,000	1.3 Cash	160,000
			1.4 Balance b/d	160,000
	DR	Purchases a/c		CR
	31.3 Bal c/d	100,000	5.3 cash	60,000
			7.3 cash	40,000
		100,000		100,000
			1.4 Balance b/d	100,000
	DR	SALARY A/c		CR
	31.3 Balance c/d	10,000	10.3 cash	10,000
			1.4 Balance b/d	10,000
	DR	RENT A/c		CR
	31.3 Balance c/d	15,000	15.3 cash	15,000
			1.4 Balance b/d	15,000

Extract 2.2: A sample of the candidate's response who reversed all the entries in the accounts except capital account and one entry in the cash account.

### 2.1.3 Question 3: Correction of Accounting Errors and Recognition of Revenue and Expenses

The question had two parts, (a) and (b). In part (a), the candidates were required to pass Journal entries to rectify errors and prepare the Suspense Account. In part (b), the candidates were required to prepare Rent Receivable Account.

The question was attempted by 52.4 percent of the candidates, out of which 54.2 percent scored from 0 to 6.5 marks, 25.9 percent scored from 7 to 11.5 marks and 19.9 percent scored from 12 to 19.5 marks out of the 20 allotted marks. The candidates' performance in this question was average (45.8%). Figure 3 shows a summary of the distribution of the candidates' scores in Question 3.



**Figure 3:** *The Candidates' Performance in Question 3.*

Majority of the candidates who performed poorly in this Question (54.2%) had inadequate knowledge of the subject matter because they scored from 0 to 6.5 marks. Most of the candidates in this category were unable to observe the principle of double entry in rectifying accounting errors. They debited items in the general journal which should have been credited and vice versa. Others could not correct all the given items since they omitted a large number of them in the journal. Also some candidates in this category lacked computational skills because they entered wrong amount in the General journal, Suspense and Rent Receivable accounts. Analysis shows further that, some candidates in this category failed to identify the accounts

affected by the given accounting errors and posted items to wrong accounts. Poor performance of candidates in this Question was attributed by inadequate knowledge of the topics of correction of accounting errors and recognition of revenue and expenses. Extract 3.1 is a sample of incorrect response from one of the candidate.

**Extract 3.1**

3 a/ JOURNAL ENTRIES			
	PARTICULAR	DR	CR
①	Purchases A/c	1500,000	
	Ravi A/c	-	1500,000
②	Bank A/c suspense A/c	2500,000	
	Arun A/c	-	2500,000
③	Prepaid rent A/c	350000	
	cash A/c	-	350000
④	Rohan A/c	200,000	
	suspense A/c	-	200000
⑤	Hari A/c	500,000	
	cash A/c	-	500,000
⑥	cash A/c	250000	
	furniture A/c	-	250000
DR SUSPENSE ACCOUNT CR			
	Arun 250000	original balance	50000
		Rohan	<del>200000</del>
	2500,000		2500,000

Extract 3.1: A sample of candidate response whose answers shows omission of most of the accounts affected by the given accounting errors, entered and posted wrong amounts into the suspense account.



The candidates who performed moderately (25.9%), were able to rectify most of the given accounting errors through journal entries. They posted relevant entries into the appropriate sides of the suspense account. However, majority of them could not compute the amount of rent receivable accurately, since they entered wrong amount into the Rent Receivable account. Other candidates were able to prepare the Rent Receivable account and made correct entries but failed to rectify the accounting errors through journal entries. Consequently, they attained average performance.

The candidates who scored good marks in this Question (19.9%) were able to address the demands of the question. They prepared the General Journal and passed correct entries, the suspense account and posted appropriate entries on it. Moreover, they constructed the Rent Receivable account and posted the transactions accurately. Extract 3.2 shows a sample of a good response from a candidate.

Extract 3.2

3		JOURNAL ENTRIES		
SN		NAME OF ACCOUNT	DR	CR
i)		Sales a/c	1500000	
		Purchases	1500000	
		Suspense a/c		3000000
ii)		Suspense a/c	5000000	
		Bills Payable		2500000
		Bills receivable		2500000
iii) a)		Rent a/c	350000	
		prepaid Rent a/c		350000
b)		Profit & Loss a/c	350000	
		Rent a/c.		350000
iv)		Suspense a/c	400000	
		Purchases a/c		200000
		Purchases returns a/c		200000
v)		Hari a/c	500000	
		Hanish a/c		500000
vi)		Suspense a/c	500000	
		Furniture a/c		250000
		Repairs furniture		250000
PT		SUSPENSE a/c		CR
	Purchases	200000	Balana b/d	50000
	Purchases returns	200000	Sales	1500000
	Bills Receivable	2500000	Purchases	1500000
	Bills Payable	2500000	Furniture	250000
			Repairs Furniture	250000
			Balana b/d	1850000
		5400000		5400000

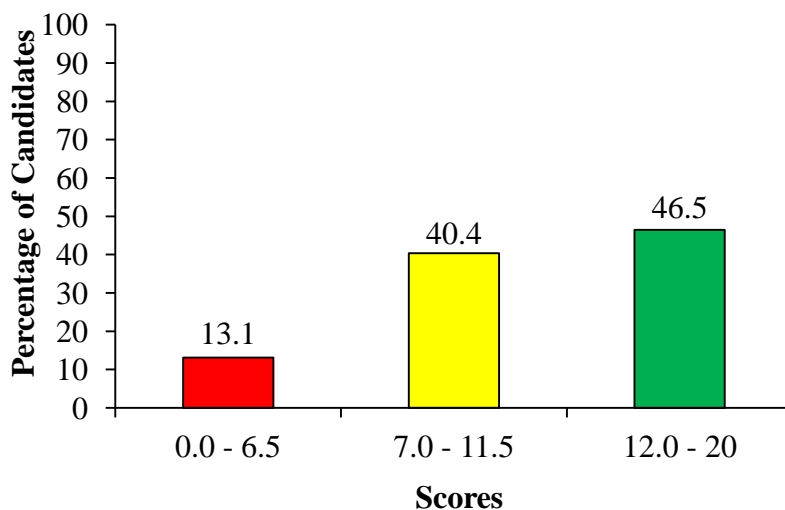
30 Dr. RENT RECEIVABLE		MC (2016) Cr	
		Bank (First floor)	34020000
P&L (Income Statement)	85330000	(Second floor)	16390000
		(Third floor)	36400000
Prepaid % of (First floor)	6930000		
Prepaid % of (Third floor)	2800000	Accrued % of (Second floor)	8250000
	95060000		95060000
Accrued % of (Second floor)	8250000	Prepaid % of (1st floor)	6930000
		(Third floor)	2800000
Workings:			
1st floor.			
Jan - March	=	$(2100000 \times 3)$	= 6300000
1 April - Dec	=	$(2310000 \times 9)$	= 20790000
Total needed,			27090000
Prepaid % of			6920000
			34020000
2nd floor.			
Jan - April 30.	=	$(2200000 \times 4)$	= 8800000
July - Dec	=	$(2640000 \times 6)$	= 15840000
			24640000
Accrued % of			(8250000)
			16390000
3rd floor.			
Jan	=		= 2800000
(March - August)	=	$(2800000 \times 6)$	= 16800000
(Sept - Dec)	=	$(3000000 \times 4)$	= 14000000
			33600000
Prepaid % of			2800000

Extract 3.2: A sample of correct response from the candidate who prepared the relevant accounts and made correct entries.

#### 2.1.4 Question 4. Depreciation and Disposal of Non-Current Assets and Reserves and Provisions

The question had two parts, (a) and (b). In part (a), the candidates were required to prepare Machine, Provision for Depreciation on Machines and Disposal of Machines Accounts. In part (b), the candidates were required to prepare Journal entries, Debtors, Bad Debts, Provision for Doubtful Debts Accounts, an extract of the Income Statement and Statement of Financial Position.

The question was attempted by 97.5 percent of the candidates, out of which 13.1 percent scored from 0 to 6.5 marks, 40.4 percent scored from 7 to 11.5 marks and 46.5 percent scored from 12 to 19 marks. The candidates' performance in this question was good as 86.9 percent of the candidates scored from 7 to 19 marks. The candidates' performance scores is summarised in Figure 4.



**Figure 4:** *The Candidates' Performance in Question 4.*

The candidates who scored good marks in this Question (46.5%), had adequate knowledge of the subject matter. In part (a), most of the candidates in this category prepared the required accounts correctly. Also their entries in the Journal and the accounts in part (b) of the Question were correct. Extract 4.1 is one of a correct responses extracted from a candidates' scripts.

### Extract 4.1

4(a)		MACHINES ACCOUNT				CR
DATE	DETAILS	AMOUNT	DATE	DETAILS	AMOUNT	
1.1.2015	Bank (MV 1)	5,000,000	31.12.2015	Balance b/d	7,500,000	
1.4.2015	Bank (MV 2)	2,500,000				
		7,500,000			7,500,000	
1.1.2016	Balance b/d	7,500,000	31.12.2016	Balance b/d	7,500,000	
		7,500,000			7,500,000	
1.1.2017	Balance b/d	7,500,000	1.1.2017	Disposal (MV 2)	2,500,000	
1.1.2017	Bank (MV 3)	700,000	31.12.2017	Balance b/d	5,700,000	
		8,200,000			8,200,000	
1.1.2018	Balance b/d	5,700,000				
DR PROVISION FOR DEPRECIATION ON MACHINES ACCOUNT CR						
DATE	DETAILS	AMOUNT	DATE	DETAILS	AMOUNT	
31.12.2015	Balance b/d	1,375,000	31.12.2015	Profit or Loss	1,375,000	
		1,375,000			1,375,000	
31.12.2016	Balance b/d	2,875,000	1.1.2016	Balance b/d	1,375,000	
			31.12.2016	Profit or Loss	1,500,000	
		2,875,000			2,875,000	
1.1.2017	Disposal (MV 2)	875,000	1.1.2017	Balance b/d	2,875,000	
31.12.2017	Balance b/d	3,140,000	31.12.2017	Profit or Loss	1,140,000	
		4,015,000			4,015,000	
			1.1.2018	Balance b/d	3,140,000	
DR DISPOSAL OF MACHINES ACCOUNT CR						
DATE	DETAILS	AMOUNT	DATE	DETAILS	AMOUNT	
1.1.2017	Machine (MV 2)	2,500,000	1.1.2017	Provision for depreciation	875,000	
			1.1.2017	Cash	900,000	
			1.1.2017	Profit or Loss	725,000	
		2,500,000			2,500,000	

4(b)		JOURNAL ENTRIES.			
Sl No.	DETAILS	DR	CR		
i	Bad debts <del>to</del> account	50,000			
	Debtors account		50,000		
	Being additional bad debts of value 50,000 is created				
ii	Profit or Loss (Income statement)	50,000			
	Bad debts account		50,000		
	Being transfer of bad debts 50,000 to profit or loss account				
iii	Profit or Loss account (Income statement)	100,000			
	Provision for bad debts		100,000		
	Being increase of provision for bad debts by 100,000				
DR DEBTORS ACCOUNT CR					
	Balancu b/d	2,050,000	Additional bad debts	50,000	
			Balancu y/d	2,000,000	
		<u>2,050,000</u>		<u>2,050,000</u>	
	Balancu b/d	2,000,000			
DR BAD DEBTS ACCOUNT CR					
	Debtors	30,000	Income statement	80,000	
	Debtors	50,000			
		<u>80,000</u>		<u>80,000</u>	
DR PROVISION FOR DOUBTFUL DEBTS ACCOUNT CR					
			14247 Balancu b/d	100,000	
31.12.2018	Balancu y/d	200,000	Income statement	100,000	
		<u>200,000</u>		<u>200,000</u>	
			Balancu b/d	200,000	

Extract 4.1: A response from the candidate who prepared the required accounts and made correct entries.

The analysis shows that most of the candidates who performed moderately (40.4%) were able to prepare the required accounts and recorded correct entries in the accounts in part (a) of the question. However, their computation of the provision for doubtful debts amount were not accurate. As a result, most of the accounts in part (b) together with the Journal entries and the financial statements presented contained incorrect figures. Others who had enough computational skills made accurate computations and appropriate entries in the relevant accounts, Journal and the extracts of the financial statements.

Moreover, the most notable weakness displayed by the candidates who scored from 0 to 6.5 marks (13.1%) is insufficient knowledge of the subject matter. The analysis of the candidates' performance shows that, some candidates did not know the account recording a newly purchased asset and at which amount. Furthermore, some candidates failed to identify the account which disposed assets can be transferred to and at which amount. As a result, they entered incorrect amounts in wrong accounts.

Likewise, some of the candidates failed to compute accurately the amounts of depreciation of the non-current assets and provision for doubtful debts. They made inaccurate computation of the amounts of depreciation, bad debts and provision for doubtful debts as a result their entries in the Journal and the required accounts contained incorrect figures both, in part A and B of the question.

Also, some candidates scored low marks due to inability to apply the principle of double entry system in recording financial transactions. It was observed that some candidates made single entries in the accounts while others either reversed the entries or posted some entries to the wrong sides of the accounts. Extract 4.2. is a sample of poor response from one of the candidates.

Extract 4.2.

4. (a) (i)								
DR			MACHINE ACCOUNT			CR		
Date	Particulars	Amount	Date	Particulars	Amount			
2015 1 <sup>st</sup> Jan	Machine MV1	5,000,000	21 <sup>st</sup> Dec	Bal c/d	7,500,000			
1 <sup>st</sup> April	MV2	2,500,000						
		7,500,000			7,500,000			
2016 1 <sup>st</sup> Jan	Bal b/d	7,500,000	2016 21 <sup>st</sup> Dec	Bal c/d	7,500,000			
2017 1 <sup>st</sup> Jan	Bal b/d	7,500,000	2017 21 <sup>st</sup> Dec	Bal c/d	8,200,000			
1 <sup>st</sup> Jan	Machine MV3	700,000						
		8,200,000			8,200,000			
2018 1 <sup>st</sup> Jan	Bal b/d	8,200,000						

(ii)								
DR			PROVISION FOR DEPRECIATION A/c			CR		
Date	Particulars	Amount	Date	Particulars	Amount			
2015 31 <sup>st</sup> Dec	Bal c/d	1,500,000	2015 1 <sup>st</sup> Jan	P&L	1,000,000			
			1 <sup>st</sup> April	P&L	500,000			
		1,500,000			1,500,000			
2016 31 <sup>st</sup> Dec	Bal c/d	1,500,000	2016 1 <sup>st</sup> Jan	Bal b/d	1,500,000			
2017 1 <sup>st</sup> Jan	Disposal	2,500,000	2017 1 <sup>st</sup> Jan	Bal b/d	1,500,000			
			1 <sup>st</sup> Jan	P&L	140,000			
				Bal c/d	860,000			
		2,500,000			2,500,000			
2018 1 <sup>st</sup> Jan	Bal b/d	860,000						



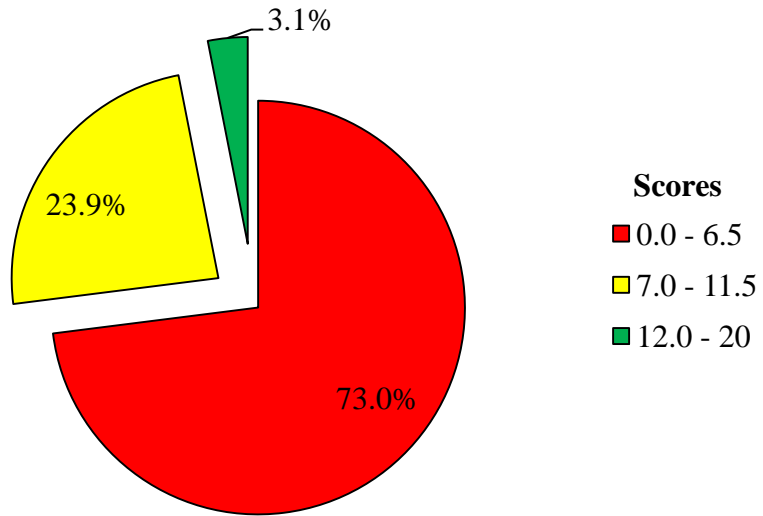
A (b)		PROVISION FOR DOUBTFUL DEBTS A/C	
DR			CR
	Bal c/d	<u>100,000</u>	Suspense
			<u>100,000</u>
			Bal b/d
			100,000
<u>INCOME STATEMENT EXTRACT AS AT 31<sup>ST</sup> MARCH 2018</u>			
	Debtors		2,050,000
	Less: Bad debts		(100,000)
			1,950,000
	Add: Provision for doubtful debts		30,000
			<u>1,980,000</u>
	Add: Bad debts written off		50,000
	Total Accumulated Fund.		<u>2,030,000</u>
<u>Statement of Financial position as at 31<sup>ST</sup> March 2018</u>			
	Debtors		2,050,000
	Bad debts		100,000
	Provision for doubtful debts	30,000	<u>2,180,000</u>
	Less: Bad debts written off		(50,000)
	Total debts		<u>2,130,000</u>

Extract 4.2: A sample of incorrect response from the candidate who recorded inaccurate narrations and amounts in the ledger Accounts and the Financial Statements.

### 2.1.5 Question 5: The Nature and Context of Accounting.

The candidates were required to pass journal entries for adjusting and closing entries for the given adjustments as at 31<sup>st</sup> December 2016.

The question was attempted by 21.1 percent of the candidates, out of which 73 percent scored from 0 to 6.5 marks; 23.9 percent scored from 7 to 11.5 marks and; 3.1 percent scored from 12 to 16 marks out of the 20 allotted marks. The candidates' performance in this question was poor since the percentage of candidates who scored from 7 to 16 marks was (27 %). Figure 5 shows the distribution of candidates' performance scores in question 5.



**Figure 5:** *The Candidates' Performance in Question 5.*

The analysis of the candidates' responses revealed that the candidates who scored from 0 to 6.5 marks (73%) were not able to pass Journal entries for the given adjustments. Most of them prepared ledger accounts instead of journal entries. Others could not understand the meaning of the concepts of *Adjusting* and *Closing entries* hence failed to record some of the items of adjustments. Further analysis showed that some of the candidates reversed entries in the Journal and others entered some items in the wrong column of the journal. These poor responses to the question indicate that the candidates lacked knowledge on the subject matter and had low comprehension skills of the concepts of adjusting and closing entries. They failed also to apply the principle of double entry system in recording the financial transactions. Extract 5.1 is one of incorrect responses extracted from a candidate's script.

**Extract 5.1**

5.	DR	Salaries a/c		CR
		profit and loss a/c	<u>270,000</u>	Owing a/d
				<u>270,000</u>
	DR	Interest a/c		CR
		Owing a/d	<u>124,000</u>	profit and loss a/c
				<u>124,000</u>
	DR	Rent receivable a/c		CR
		Owing a/d	<u>36,000</u>	profit and loss a/c
				<u>36,000</u>
	DR	Stock		CR
		<sup>2017</sup> Balance a/d	<u>185,000</u>	<sup>2016</sup> Balance a/d
				<u>185,000</u>
	DR	Drawings a/c		CR
		<sup>2016</sup> Cash	<u>126,800</u>	<sup>2016</sup> Balance a/d
		<sup>2017</sup> Balance b/d	<u>126,800</u>	<u>126,800</u>
	DR	Rent a/c Received		CR
		<sup>2016</sup> Balance a/d	<u>172,000</u>	<sup>2016</sup> Cash
				<u>172,000</u>
				<sup>2017</sup> Balance b/d
				<u>172,000</u>

Extract 5.1: A sample of incorrect response extracted from one of the candidates who prepared ledger accounts instead of Journal entries.

Furthermore, the candidates who scored from 7 to 11.5 marks (23.9%) had adequate knowledge on the subject matter, since they were able to pass some correct entries in the Journal. However, omission and reversal of some items of adjustments and entries characterised their work such that they could not score higher marks.

On the other hand there were a few candidates (3.1%) who scored from 12 to 16 marks. The candidates in this category adhered to the demands of the question and demonstrated adequate knowledge in recording of adjusting and closing entries. Most of them were able to pass correct entries for a good number of the given items of adjustments in the Journal although some candidates reversed some of the entries. Extract 5.2 presents a sample of a good response from one of the candidates.

### Extract 5.2

JOURNAL ENTRIES			
S/No.	DETAILS	DR	CR
i	Salaries account	270,000	
	Salaries accrued account		270,000
	Being salaries accrued not recorded now is recorded		
ii	Interest account	124,000	
	Interest prepaid account		124,000
	Being interest prepaid now is rectified		
iii	Profit or Loss account		
	Rent receivable account	144,000	
	Profit or Loss account		144,000
	Being annual rent received transferred to profit or loss		
iv	Cash account	108,000	
	Rent receivable account		108,000
	Being rent received during a year		
v	Rent received accrued account	36,000	
	Rent received account		36,000
	Being rent received not received during a year		
vi	Closing stock	185,000	
	Trading account		185,000
	Being recording of closing inventory.		
vii	Drawings account	126,800	
viii	Stock account (Purchases)		126,800
	Being drawings of goods for personal use now is recorded		

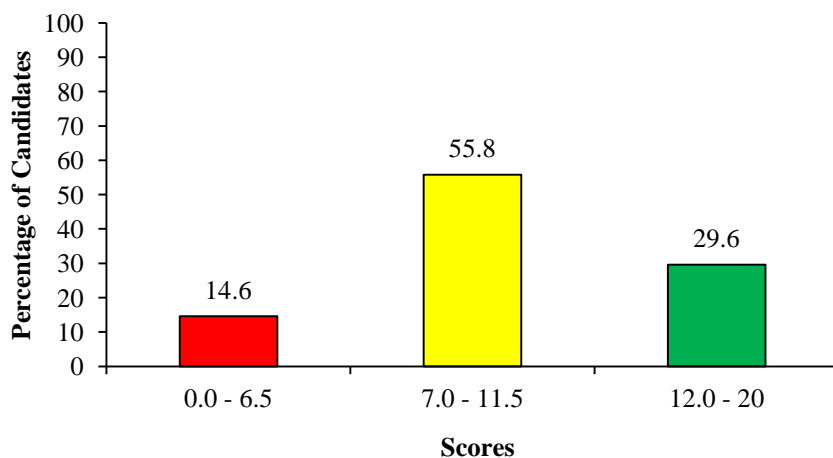
5.	1/6/01	DETAILS	DR	CR
	vi	Landlord account	172,000	
		Rent account		172,000
		Being refund of excess rent from landlord		
	vii	Commission received accrued account	132,000	
		Commission received account		132,000
		Being commission received accrued now is recorded.		
	viii	Postage and telephone prepaid account	116,000	
		Postage and telephone account		116,000
		Being prepaid postage and telephone now is corrected		
	ix	Debtors account	150,000	
		Cheque dishonoured		150,000
	x	Debtors account	118,000	
		Bad debts recovery account		118,000
		Being reinstating of debts which were previously written off.		
		Cash account	118,000	
		Debtors account		118,000
		Being cash received from a debtor		
		Bad debts recovery	118,000	
		Profit or Loss account		118,000
		Being transfer of bad debt recovery to profit or loss account.		
	xi	Debtors account	223,000	
		Suspense account		223,000
		Being omission of debtors balance now corrected.		

Extract 5.2: A sample of correct response from the candidate who prepared correct journal entries for adjustments.

### 2.1.6 Question 6: Investment Accounts and Preparation of Financial Statements

The question had two parts, (a) and (b). In part (a), the candidates were required to prepare the 15% Preference Shares Investment Account in Tehama Ltd's books and to record the given transactions. In part (b), the candidates were required to prepare Tambo Wambugu's Income Statement for the year ended 30<sup>th</sup> June 2017.

The question was attempted by 95.1 percent of the candidates, out of which 14.6 percent scored from 0 to 6.5 marks, 55.8 percent scored from 7 to 11.5 marks and 29.6 percent scored from 12 to 20 marks out of the 20 allotted marks. The candidates' performance in this question was good. Figure 6 shows the distribution of the candidates' performance scores in Question 6.



**Figure 6:** *The Candidates' Performance in Question 6*

The candidates who performed well in this Question (29.6%), were able to prepare the 15% Preference Shares Investment Account and the Tambo Wambugu's Income Statement as required in the question. The candidates' scores varied from one candidate to another because of the differences in the level of accuracy, errors and omissions. The good performance of these candidates is an indication that they had adequate knowledge and skills in the preparation of Investment Accounts and Financial Statements, particularly on Income Statement. Extract 6.1 is a sample of correct response from the candidate.

**Extract 6.1**

6 @ N THE BOOKS OF TETHAMA LTD'S									
DR 15% PREFERENCE SHARES INVESTMENT ACCOUNT CR									
Date	Details	Nominal value	Income	Costs	Date	Details	Nominal value	Income	Costs
1/10/16	Bank (Purch)	40,000	1,500	37,700	30/10/16	Bank (Inter)			
20/10/16	Income to (P/L)	-	500	-	20/10/16	Balance f/w	40,000	2,000	37,700
		40,000	2,000	37,700			40,000	2,000	37,700
1/11/16	Balance f/w	40,000	2,000	37,700	31/12	Bank (Inter)	-	3,000	-
21/10	Profit on sale	-	-	130	30/6	Bank (Inter)	-	3,000	-
4 4 "	Income to (P/L)	-	6,000	-	31/10	Bank (Sales)	40,000	2,000	37,830
		40,000	8,000	37,830			40,000	8,000	37,830

WORKINGS.

Amount Paid ~~40,000~~ = 39,200

less Accrued Interest:

$$(40,000 \times 15\% \times 3/12) = 1,500$$

37,700.

$$\text{Interest} = 40,000 \times 15\% \times 4/12 = 2,000$$

Amount Received. = 39,830.

less Accrued Interest:

$$(40,000 \times 15\% \times 4/12) = 2,000$$

37,830

Determination of P/Loss on Sale

Amount Proceeds. = 37,830.

less Costs:

$$40,000 \quad 37,700 \quad = \quad 37,700$$

$$40,000 \quad \text{Profit} \quad = \quad 130$$

G (b). IN THE BOOKS OF TAMBO WAMBUGU'S		
INCOME STATEMENT FOR THE YEAR ENDED 30 <sup>th</sup> June 17		
	Tshs	Tshs.
Sales	4,411,200	
less: Sales Return	9,600	
NET SALES.		4,401,600
less: COST OF GOODS SOLD.		
Opening Stock	329,600	
Add: Purchases:	3,312,000	
less: Purch. Return.	8,000	3,304,000
Costs of Goods Available for Sale.	3,633,600	
less: Closing Stock:	403,200	
		3,230,400
Gross Profit.		1,171,200
Add: INCOMES.		
Discount Allowed.		74,400
Total Incomes.		1,245,600
less: Operating Expenses:		
Motor Van Expenses	40,800	
Salaries & wages:	649,600	
Add: Accrued wages & Sal.	65,600	715,200
Transport & Communication.	60,000	
Add: Accrued Transp & Comm.	12,000	72,000
Increase in Prov. for Bad debts	4,000	
Bad debts:		18,400
General Expenses	89,600	
Discount Allowed.		84,000
Rent and Rates:	19,200	
less: Prepaid Rents & Rates	3,200	16,000
Depreciation. Motor van.	50,000	1090,000
Net profit for the year.		155,600

Extract 6.1: A sample of a response from the candidate who prepared the Investment Account and Income Statement accurately.



The analysis also showed that, the candidates who had an average performance in this question (55.8%) had satisfactory knowledge of the subject matter. They were able to identify the formulas used in the computation of dividend income from investments, accrued dividend, purchases and sales value of investments. They were also able to open the Investment Account and pass a good number of the transactions into the account accurately. Nevertheless, they presented the income statement in its proper format though some of them included items of assets and liabilities on it.

The candidates who performed poorly in this question (14.6%), failed to identify the appropriate formulas useful in the computation of dividend income, accrued dividend, capital and sales proceeds of investments. Others could not manage to draw the investment account properly and therefore recorded wrong amounts into the wrong columns of the account. Analysis further showed that, some candidates in this category omitted most of the items and presented the income statement in horizontal format contrary to International Accounting Standard 1 (IAS 1) while others included items of assets and liabilities on the income statement. Extract 6.2 is a sample of incorrect response from a candidate's script.

**Extract 6.2**

Qn 6 (A)		15% PREFERENCE SHARE INVESTMENT A/c IN TETANA'S							
DR		INVESTMENT A/c			CR				
DATE	DETAILS	N	L	C	DATE	DETAILS	N	L	C
1.10.2016	Purchases	40,000	-	39,200	30.6.2016	Dividend	-	1,800	
31.10.2017	profit on sale			630	31.12.2016	Dividend		200	
31.10.2017	Profit & loss		6,500		31.6.2017	Dividend		200	
					31.10.2016	Sold	40,000		39,830
		40,000	-	39,830			40,000		39,830

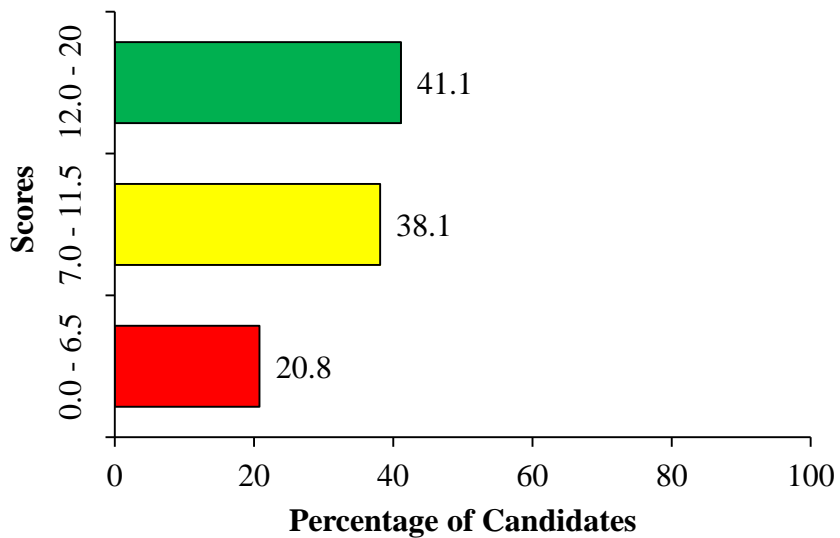
Qn 6 (B)		TAMBO'S WAMBUGU'S INCOME STATEMENT		
		FOR THE YEAR ENDING 30 <sup>th</sup> JUNE 2017		
		Tshs	Tshs	Tshs
Sales			4,411,200	
Less: Sales return			8,000	4,403,200
Less: COGS				
Opening stock	329,600			
Add: Purchases	3,312,000			
		3,641,600		
Return purchase	(9,600)			
COGAS			3,632,000	
Less: Closing stock			403,200	3,228,800
GROSS PROFIT				1,174,400

Extract 6.2: A sample of incorrect response from the candidate who entered wrong amounts in the Investment Account and omitted most of the items in the Income Statement.

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

The candidates were required to compute acid test ratio, current ratio, gross margin ratio, net profit ratio, total assets turnover ratio, return on total assets, rate of stock turnover and average debtors collection period.

The question was attempted by 81.2 percent of the candidates, out of which 20.8 percent scored from 0 to 6.5 marks, 38.1 percent scored from 7 to 11.5 marks and 41.1 percent scored from 12 to 20 marks out of the 20 allotted marks. The candidates' performance in this question was good since large percentage of candidates (79.2%) scored from 7 to 20 marks. Figure 7 shows the candidates' performance scores in Question 7.



**Figure 7:** *The Candidates' Performance in Question 7*

The candidates who had good performance in this question (41.1%), were able to compute the required accounting ratios. They used correct formulas and given data to compute accounting ratios accurately. These correct responses to the question is an indication that the candidates had adequate knowledge on the subject matter. Extract 7.1 is a sample of correct response from a candidate.

Extract 7.1

		31/12/2016	31/12/2017
7 (a)	Acidic test ratio		
	= $\frac{\text{Current Assets} - \text{Stock}}{\text{Current liabilities}}$	$= \frac{28480 - 7200}{6880}$	$= \frac{30080 - 13120}{14560}$
		$= 3.09:1$	$= 1.2:1$
(b)	Current ratio		
	= $\frac{\text{Current assets}}{\text{Current liabilities}}$	$= \frac{28480}{6880}$	$= \frac{30080}{14560}$
		$= 4.14:1$	$= 2.1:1$
(c)	Gross margin ratio		
	= $\frac{\text{Gross profit} \times 100}{\text{Sales}}$	$= \frac{51520 \times 100}{101600}$	$= \frac{60800 \times 100}{118400}$
		$= 50.7\%$	$= 51.35\%$
(d)	Net profit ratio = $\frac{\text{Net profit} \times 100}{\text{Sales}}$	$= \frac{9600 \times 100}{101600}$	$= \frac{13120 \times 100}{118400}$
		$= 9.5\%$	$= 11.08\%$
(e)	Total asset turn over = $\frac{\text{Sales}}{\text{total assets}}$	$\frac{101600}{50880}$	$\frac{118400}{67680}$
		$= 2 \text{ times}$	$= 1.75 \text{ times}$
(f)	Return on total assets = $\frac{\text{Net profit}}{\text{Total assets}}$	$= \frac{9600 \times 100}{50880}$	$= \frac{13120 \times 100}{67680}$
		$= 18.9\%$	$= 19.4\%$
(g)	Rate of stock turn Over		
	= $\frac{\text{COGS}}{\text{Average stock}}$	$= \frac{50080}{7200}$	$= \frac{57600}{16160}$
		$6.96 \text{ times}$	$5.67 \text{ times}$

Extract 7.1: A response from the candidate who calculated the accounting ratios accurately.

The analysis also showed that, the candidates who had an average performance in this question (38.1%) 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 led them to compute wrong accounting ratios. The average performance of the candidates could be attributed to the candidates satisfactory knowledge and computational skills on the topic of Financial Statements Analysis and Interpretation.

The candidates who performed poorly in this question (20.8%) had various weaknesses. Some failed to identify appropriate formulas used to compute accounting ratios and others failed to extract the relevant data from the financial statements. It was also observed that some candidates applied wrong data in wrong formulas, as a consequent they computed wrong accounting ratios. Moreover, other candidates confused the formulas for different accounting ratios and made inaccurate computations of the required accounting ratios. Extract 7.2 shows an incorrect response.

**Extract.7.2**

	2016	2017
7		
Ⓐ Acid test ratio	$\frac{\text{Current Asset} - \text{Stock}}{\text{Current Liability}}$	$\frac{\text{Current Asset} - \text{Stock}}{\text{Current Liability}}$
	$= \frac{28480 - 7200}{5600}$	$= \frac{30080 - 13120}{11360}$
∴ Acid test ratio	$= 3.8:1$	$= 1.5:1$
Ⓑ Current ratio	$\frac{\text{Current Asset}}{\text{Current Liability}}$	$\frac{\text{Current Asset}}{\text{Current Liability}}$
	$= \frac{28480}{5600}$	$= \frac{30080}{11360}$
	$= 5.1:1$	$= 2.6:1$
Ⓒ Gross margin ratio	$\frac{\text{Gross profit}}{\text{Sales}}$	$\frac{\text{Gross profit}}{\text{Sales}}$
	$= \frac{51520}{101600}$	$= \frac{60800}{118400}$
	$= 5.1:1$	$= 5.1:1$

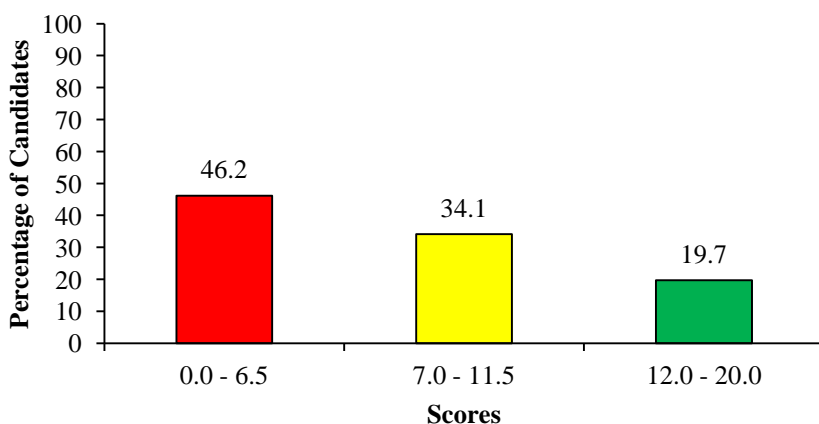
Extract 7.2: A sample of response from the candidate who computed wrong accounting ratios.

## 2.2 153/2 Accountancy 2

### 2.2.1 Question 1: Computerised Accounting

The question comprised of two parts (a) and (b). In part (a), the candidates were required to give brief explanations on Website, Intranet, Extranet and Wide Area Network (WAN). In part (b), they were required to mention four benefits of using a computerised accounting system.

The question was attempted by 54.7 percent of the candidates, out of which 46.2 percent scored from 0 to 6.5 marks, 34.1 percent scored from 7 to 11.5 marks and 19.7 percent scored from 12 to 20 marks out of 20 allotted marks. The candidates' performance in this question was average since 53.8 percent of the candidates scored 35 percent and above of the allotted marks. Figure 8 shows the distribution of the candidates' performance scores in Question 1.



**Figure 8:** *The Candidates' Performance in Question 1.*

The candidates who scored good marks in this question (19.7%) comprehended well on the concepts of computerised accounting system. They were able to provide clear explanations on website, intranet, extranet and WAN. Furthermore, the candidates demonstrated adequate knowledge of the benefits of using a computerised accounting system. For example, one candidate mentioned *speed, accuracy, easy error detection* and *enhanced reporting flexibility* as benefits of using a computerised accounting

system. Extract 8.1 is a sample of a good response from a candidate's script.

### Extract 8.1

1	
(i)	<p><u>Website</u>: Refers to the site of world wide web (www) where computers from various location can access through the internet. This is a site where various data and information are published to the public. They can be accessed by electronic devices such as computer and laptops. Various financial information can be posted onto this site by the site operator.</p>
(ii)	<p><u>Internet</u>: It refers to a interconnected network of various computers with in a specified area. Hence, there are only few people who can access this network. They can share and send various computer files through this network.</p>
(iii)	<p><u>Extranet</u>: An interconnected network of global used computer networks. It can be accessed by computer users in one area and another area. It has many users compared to Intranet. It can be shared among organizations.</p>

1	
(iv)	Wide Area network. (WAN)
	This refers to a network connection that covers a large (wide) area. Various computers can access this internet (network) by use of wifi connection. It can be around a specific area that is large, example <sup>in</sup> hotels and organisations. People can easily access the internet through this.
(b)	The following are the benefits of using a computerised accounting system.
	Increase Accuracy and speed while recording transactions. With the Aid of Computer programs the process of recording is made accurate and fast compared to physical recording.
	Proper Storage of Information and documents. Various Accounting information can be easily stored & kept in various documents. This enhances secrecy and confidentiality.
	Increase in efficiency and smooth running of the business. All matters of sales, purchasing and Remuneration can be easily processed by a computer program.
	Improvement in the internal control system. The internal control system can be improved by a computerised accounting system. Hence, frauds, errors and mistakes can be easily avoided.

Extract 8.1: A sample of response from the candidate who provided clear explanations and mentioned appropriate benefits of using a computerised accounting system.



The candidates who scored averagely in this question (34.1%), were able to provide reasonable explanations of the given terms and mentioned two or three of the benefits of using a computerised accounting system. However, because of poor mastery of the English Language their explanations on the terms used in computerised accounting system were not very clear.

Moreover, the candidates who scored low marks (46.2%), lacked knowledge and comprehension skills on the topic of Computerised Accounting system. They provided irrelevant explanations and wrong examples to the given terms. Extract 8.2 is a sample of incorrect response from a candidate's script.

### Extract 8.2

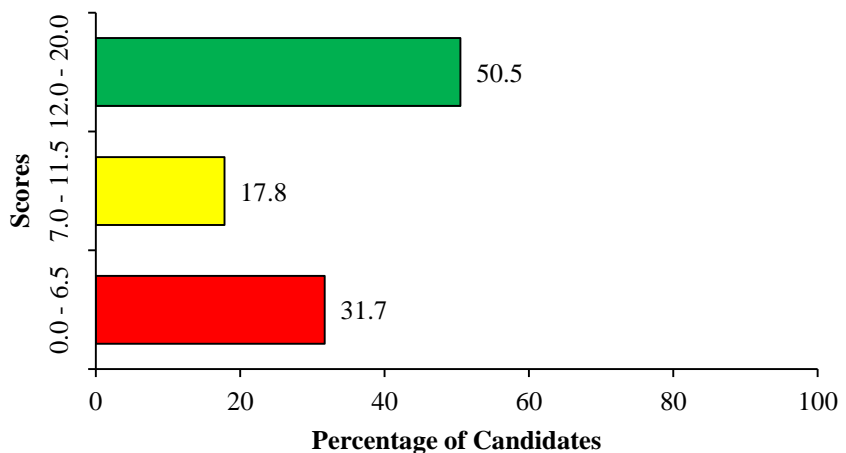
(i)	Website: Are the program which it helps to store different data in the network. Through website it helps to received different information in the area.
(ii)	Intranet: IS the network it helps to received and transport information in the different areas of the world. Through the intranet it helps to receive information in the area.
(iii)	Extranet: IS the types of network it helps to transport the information out the area in the situation to provide information.
(iv)	Wide area Network: Are the network which allocated in the different areas without any barriers to transport or to received information in the different areas.
(v)	Computerised accounting: IS the process used the computers for doing different accounts of the accounting in the computer. The following are the benefits of computerised accounting system. It safe safe to store data: Through used computer in store different data it helps the data to stay for a long period of time to computer if the data will start to report.

Extract 8.2: A sample of an incorrect response from the candidate who provided irrelevant explanations to the given terms.

## 2.2.2 Question 2: Hire Purchase Accounting

In this question, the candidates were required to prepare Sales, Hire Purchase Debtors, HP Interest Suspense Accounts, an extract of the Income Statement in the Vendor's records, Motor Vehicles, Hire Purchase Vendor, HP Interest Suspense Accounts and an extract of the Income Statement in the purchaser's records.

The question was attempted by 61 percent of the candidates, out of which 31.7 percent scored from 0 to 6.5 marks; 17.8 percent scored from 7 to 11.5 marks and; 50.5 percent scored from 12 to 20 marks out of the 20 allotted marks. The candidates' performance in this question was good since 68.3 percent of the candidates scored 35 percent and above. Figure 9 shows distribution of the candidates' performance scores in Question 2.



**Figure 9:** *The Candidates' Performance in Question 2.*

The candidates who had good performance in this question (50.5%), were able to prepare the required accounts accurately. This indicates that, the candidates had adequate knowledge of the subject matter. They are also competent in the application of the principle of double entry system in recording transactions. Extract 9.1 is a sample of correct response from a candidate.

**Extract 9.1**

Dr		HP vendor account		Cr	
Particulars	Amount	Particulars	Amount		
2016. Down pay	100,000	Motor vehicle	55,000		
Cash	300,000	Interest	120,000		
Balance b/d	300,000				
	<u>700,000</u>				
				700,000	
2017. Cash	210,000	Balance b/d	210,000		
Dr		HP Interest suspense account		Cr	
Particulars	Amount	Particulars	Amount		
HP vendor	120,000	Interest	60,000		
		Balance b/d	60,000		
	<u>120,000</u>				
				120,000	
Balance b/d 2017	60,000	Interest	60,000		
Income statement extract					
Expenses:					
2016.	Interest	60,000			
2017	Interest	60,000	120,000		

$$\begin{aligned}
 2. \quad \text{HP Interest} &= \text{HPP} - \text{Cash Price} \\
 &= 700,000 - 580,000 \\
 &= 120,000
 \end{aligned}$$

Cash price 580,000.  
 less: Deposit

In the books of the vendor-

Dr		Sales account		Cr	
Particulars	Amount	Particulars	Amount		
Trading	580,000	Tanganyika	580,000		

Dr		Hire purchases debtor account		Cr	
Particulars	Amount	Particulars	Amount		
Sales	580,000	Down pay	100,000		
Interest	120,000	2016 First Install	300,000		
		Balance B/d	300,000		
	700,000		700,000		
2017 Balance b/d	300,000	2017 Second Inst	300,000		

2	DR	HP Interest	Expense	Amount	CR
		Particulars	Amount	Particulars	Amount
		2016. Interest	60,000	H Pelebban	120,000
		Bul Yd	60,000		
			<u>120,000</u>		<u>120,000</u>
		2017 Interest	<u>60,000</u>	Balance b/d	<u>60,000</u>

$$\frac{120,000}{2} = 60,000.$$

### Income statement

Particulars	sh	sh.
Sales		580,000
2016. Interest		60,000
2017. Interest		60,000

### In the books of Hire vendor.

DR	Motor Vehicles	Account	CR	
	Particulars	Amount	Particulars	Amount
	Tahoma	550,000	2016. Bul Yd	550,000
	2017. Balance b/d	550,000	2017 Bul Yd	550,000
	2018 Bul Yd	550,000		

Extract 9.1: A sample of correct response from the candidate who prepared the required ledger accounts and the extracts of the Income Statement accurately.

The candidates who scored average marks in this question (17.8%), were able to open the required accounts, but their entries in the accounts had wrong posting, omission and unbalanced ledger accounts.

Furthermore, the candidates who performed poorly in this question (31.7%), failed to adhere to the requirements of the question as they omitted some of the required accounts. Others opened the required accounts but their entries contained either wrong amounts or incorrect narrations. It was also observed that, some candidates reversed the entries in the ledger accounts while others posted some entries to the wrong side of the ledger accounts. Extract 9.2 is a sample of incorrect response from a candidate.

### Extract 9.2

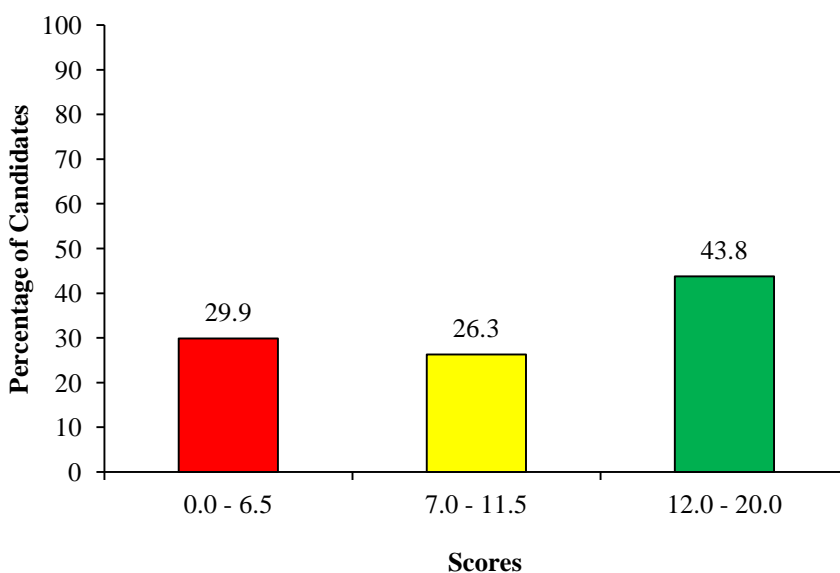
2	Dr	HP vendor etc	Cr
	31.1.2016 Cash	100,000	31.1.2016 Motor vehicle 520,000
	31.3.2016 Cash	25,000	HP interest
	30.6.2016 Cash	25,000	Suspenses 60,000
	30.9.2016 Cash	25,000	
	31.12.2016 Cash	25,000	
	Balance b/d	440,000	
		640,000	640,000
	31.3.2017 Cash	25,000	Balance b/d 440,000
	30.6.2017 Cash	25,000	HP interest
	30.9.2017 Cash	25,000	suspense 60,000
	31.12.2017 Cash	25,000	
	Bal b/d	400,000	
		500,000	500,000
		Hire Purchase Interest suspense	
	HP vendor	60,000	Profit and loss 60,000
	HP vendor	60,000	Profit and loss 60,000
		In the books of the burger seller	
	Dr	HP sales	Cr
		Income statement 520,000	Vendor 520,000

Extract 9.2: A sample of incorrect response from the candidate who entered wrong amounts in the Ledger Accounts except two entries in the HP Vendor Account.

### 2.2.3 Question 3: Company Accounts

The candidates were required to record the given transactions in the Bank, Share Application, Share Allotment, First and Final call, Ordinary Share Capital, Calls in Arrears, Forfeited Shares, Re-issued Shares, Share Premium Accounts and an extract of the Balance Sheet of the Company.

The question was attempted by 80.1 percent of the candidates, out of which 29.9 percent scored from 0 to 6.5 marks, 26.3 percent scored from 7 to 11.5 marks and 43.8 percent scored from 12 to 19.5 marks out of the 20 allotted marks. The candidates' performance in this question was average since 70.1 percent of the candidates scored 35 percent and above. Figure 10 shows the distribution of the candidates' performance scores in Question 3.



**Figure 10:** *The Candidates' Performance in Question 3.*

The candidates who scored good marks (43.8%), had adequate knowledge of the subject matter. Most of them were able to record the given transactions as required while others omitted one or two entries of the given transactions. Moreover, they managed to present the Balance Sheet of the Company in accordance to International Accounting Standards 1 (IAS1). Extract 10.1 is a sample of correct response from a candidate.

**Extract 10.1**

3		
		. dates
	31/march/2017	issued and full paid 500,000
	1/4/2017	issued but paid on Inst 500,000
	but	0.85 on application (Include premium)
		0.25 on allotment
		0.50 on first and final call on 3/8/2017
	13/4/2017	application received 750,000
		. allotted 625,000 4:5.
	1/5/2017	rejected 125,000
		allotted received on 15/5/2017
	5000	allotted failed to pay call money
	5000	forfeited on 11/9/2017
		. on 30/9/2017 were re-issued at 0.90
		BANK A/c
	1/4/2017 but b/c	500,000
	13/4/2017 Application	106,250
	15/5/2017 allotment	18,750
	30/9/2017 First and final	
	call	247,500
	30/9/2017 Re-issu	4500
		Bal c/d.
		1,301,500
		<u>1,407,750</u>
		<u>1,407,750</u>
		APPLICATION A/c
	13/4/2017 Bank	106,250
	13/4/2017 ordinary share	125,000
	13/4/2017 share premium	300,000
	Allotment	106,250
		<u>637,500</u>
		<u>637,500</u>



3	SHARE ALLOTMENT A/c	
	15/8/2017 ordinary share 125000	15/8/2017 application 106250
		Bank 127500
	<u>125000</u>	<u>125000</u>
	FIRST CALL AND FINAL CALL	
	3/8/2017 ordinary share capital 250000	3/8/2017 Bank 247500
		3/8/2017 call in arrears 2500
	<u>250000</u>	<u>250000</u>
	ORDINARY SHARE CAPITAL	
	1/9/2017 forfeited 5000	1/4/2017 bal b/d 500000
		13/4/2017 application 125000
		15/8/2017 allotment 125000
		3/8/2017 1 <sup>st</sup> and final 250000
		30/9/2017 Re-issued 5000
	• Bal c/a 1000000	
	<u>1005000</u>	<u>1005000</u>
	CALLS IN ARREAR	
	3/8/2017 first and final call 2500	1/9/2017 forfeited 2500
	<u>2500</u>	<u>2500</u>

FORFEITED A/c	
31/12/2017 ordinary share premium 2000	31/12/2017 ordinary 5000
31/12/2017 call number 2500	
30/12/2017 Re-issuE 500	
	5000
	5000
RE-ISSUED SHARE A/c	
30/12/2017 ordinary share 5000	30/12/2017 Bank 4500
	forfeited 500
	5000
	5000
SHARE PREMIUM A/c	
	31/12/2017 Application 300000
	30/12/2017 forfeited 2000
Bank A/c 302000	
	302000
	302000
BEGINE STATEMENT OF FINANCIAL POSITION (EXTRACT)	
Current asset	
Bank	1301500
Share premium	302000
financed by	
ordinary share capital	1000000

Extract 10.1: A sample of a response from the candidate who made correct entries in the ledger Accounts and proper presentation of the Company's Balance Sheet.

The candidates who performed averagely in this question (26.3%), were able to record most of the given transactions in the required accounts correctly. However, their entries in the ledger accounts were characterised by omission, wrong posting, wrong amounts and reversal of entries. Other candidates failed to prepare the Company's Balance Sheet. Despite these weaknesses in their responses, the candidates managed to score average marks. The average performance of the candidates in this category suggests that they had adequate knowledge and competence in preparing company accounts.

Furthermore, the candidates who performed poorly in this question (29.9%), failed to adhere to the requirement of the question. They failed to open most of the required accounts; they made inaccurate computations of the answers; and, they recorded wrong entries and narrations in the accounts. These poor responses to the question suggest that the candidates lacked sufficient knowledge and competence in the topic of Company Accounts. Extract 10.2 shows one of the candidate's incorrect response.

### Extract 10.2

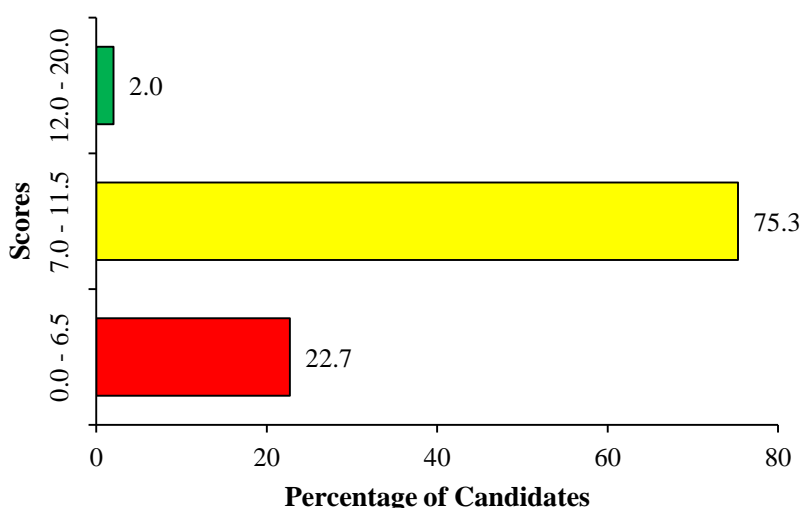
3.	DR	BANK ACCOUNT		CR
	Applications (250,000 x 0.85)	637,500	Balance c/d	1014,500
	Allocation	12,500		
	1 <sup>st</sup> and final call	247,500		
	De-licence	4,500		
		1014,500		1014,500
	DR	APPLICATION & ALLOTMENT A/c		CR
	Ordinary share	250,000	Bank	637,500
	Share premium	300,000	Bank	12,500
			Call in arrears	187
		550,000		550,000
	DR	FIRST AND FINAL CALL A/c		CR
	Ordinary share	250,000	Bank	247,500
			Call in arrears	2,500
		250,000		250,000
	DR	ORDINARY SHARE CAPITAL A/c		CR
	Issued share	8,000	Applications & Allocation	250,000
	Balance c/d	500,000	1 <sup>st</sup> and final call	250,000
			De-licence	8,000
		508,000		508,000

DR	CALL IN ARREARS ACCOUNT		CR
App's Allment	187	Forfeited Share	2687
Call and final	2500		
3			
	2687		2687
DR	FORFEITED SHARES A/c		CR
Re-Issue	3500	Ordinary share	8000
Call in arrears	2687		
Share premium	1813		
	8000		8000
DR	RE-ISSUED ACCOUNT		CR
Ordinary share	8000	Bank	4500
		forfeited share	3500
	8000		8000
DR	SHARE PREMIUM A/c		CR
forfeited share	2500	App's Allment	300,000
Balance f/d	299313	forfeited share	1713
	301813		301813

Extract 10.2: A sample of incorrect response from the candidate who omitted the Company's Balance Sheet and entered wrong amount in the Ledger Accounts.

## 2.2.4 Question 4: Partnership Accounting

The candidates were required to prepare Realisation, Partner's Capital and Bank Accounts to record the given transactions. The question was attempted by 97.4 percent of the candidates, out of which 22.7 percent scored from 0 to 6.5 marks, 75.3 percent scored from 7 to 11.5 marks and 2 percent scored from 12 to 19 marks out of the 20 allotted marks. The candidates' performance in this question was good. Figure 11 shows the distribution of the candidates' performance scores in Question 4.



**Figure 11:** *The Candidates' Performance in Question 4.*

The candidates who performed well in this question (2%), were able to open all the required accounts, computed the answers accurately and made correct entries and postings into the relevant accounts. Despite their good answers, the candidates in this category made errors, omitted and wrongly posted some entries which caused their scores to vary from 12 to 19 marks. These candidates had adequate knowledge on the subject matter and competence on the application of the double entry system in recording the financial transactions. Extract.11.1 is a good response from one of the candidates.

### Extract.11.1

4.		REALIZATION A/C			
DR				CR	
Debtor	395,000	Provision for bad debts		25,000	
Stock	600,000	Creditors		590,000	
Furniture	60,000	Bank; Debtors		300,000	
Bank; Creditors	575,000	- Stock		450,000	
- Unrecorded creditors	5000	- Furniture		50,000	
Bella; - Commission	41,000	- Goodwill		20,000	
- Realization expenses	6000	Capital; - Alan		98,800	
		- Bella		74,100	
		- Catherine		74,100	
	1,682,000			1,682,000	

4.		PARTNER'S CAPITAL A/C							
DR								CR	
DETAILS	ALAN	BELLA	CATHERINE	DETAILS	ALAN	BELLA	CATHERINE		
Balance b/d	-	-	45,000	Balance b/d	300,000	200,000	-		
Realization	98,800	74,100	74,100	Bank	-	-	30,000		
Deficiency	53,480	35,640	-	Realization	-	47,000	-		
Bank	147,740	137,260	-	Deficiency; Alan	-	-	53,480		
				- Bella	-	-	35,640		
				Bank	-	-	-		
	500,000	247,000	119,100		300,000	247,000	119,100		

4.		DEFICIENCY A/C			
DR				CR	
Capital; Catherine	89,100	Capital; - Alan		53,480	
		- Bella		35,640	
	89,100			89,100	

4.		BANK ACCOUNT			
DR				CR	
Balance b/d	15,000	Realization; - Creditors		575,000	
Realization; - Debtors	300,000	- Unrecorded creditors		5,000	
- Stock	450,000	Capital A/c; - Alan		147,740	
- Furniture	50,000	- Bella		137,260	
- Goodwill	20,000				
Catherine's capital a/c	30,000				
	865,000			865,000	

Extract 11.1: A sample of response from the candidate who prepared the required accounts correctly.

On the other hand, the candidates who performed averagely (75.3%), were able to open the required accounts, made accurate computation but their entries in the relevant accounts contained inappropriate narrations, wrong posting and reversed entries. This indicates that the candidates had satisfactory knowledge and competence in Partnership Accounts.

However, the candidates who performed poorly in this question (22.7%), did not have adequate knowledge of the subject matter. Hence, their responses were characterised by a mixture of correct and incorrect responses. Some of them could not open all of the required accounts while others computed inaccurate amounts. Moreover, their accounts contained inappropriate narrations, omissions and reversed entries. Extract 11.2 is a sample of incorrect response from a candidate.

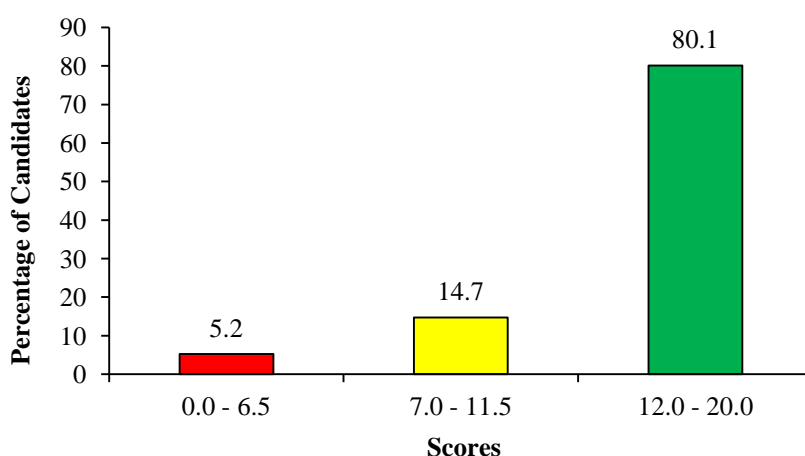
**Extract 11.2**

4. DR		REALIZATION ACCOUNT				CR			
Debtors	395,000	Stock			60,000				
Creditors	15,000	Furniture			60,000				
Bank Stock	600,000	Debtors			395,000				
Provision for bad debts	20,000	Bank			15,000				
Stock Bella	60,000	Goodwill			20,000				
Allen Furniture	60,000	Allen			96,000				
Goodwill		Bella			723,000				
		Calhoun			723,000				
DR		PARTNERS CAPITAL ACCOUNT				CR			
Debit		Allen	Bella	Calhoun	Debit	Allen	Bella	Calhoun	
Goodwill	11428	8571	-		Furniture	5000	5000	-	
Creditor	7500	7500			Goodwill	11428	8571	-	
Creditor	5000				Capital	300,000	200,000	-	
Goodwill	96,000	723,000	723,000		Particulars	6000	6000	-	
					Stock	75000	75000	-	
DR		BANK ACCOUNT				CR			
Balance b/d	15,000	Balance b/d							15,000
Capital	45,000								
By Allen	96,000	17142							
Bella	723,000	72357							

Extract 11.2: A sample of response from the candidate who entered inappropriate narrations and wrong amounts in the Accounts.

### 2.1.5 Question 5: Containers Accounts

The candidates were required to prepare the Cases Stock, Cases Suspense Accounts and Statement of Profit or Loss on Cases Usage for the year ended 31<sup>st</sup> December 2017. The question was attempted by 96.2 percent of the candidates, out of which 5.2 percent scored from 0 to 6.5 marks, 14.7 percent scored from 7 to 11.5 marks and 80.1 percent scored from 12 to 20 marks out of the 20 allotted marks. The candidates' performance in this question was good. Figure 12 shows the distribution of the candidates' performance scores in Question 5.



**Figure 12:** *The Candidates' Performance in Question 5.*

The candidates who had good performance in this question (80.1%), demonstrated sufficient knowledge and mastery of the subject matter. They opened all the required accounts and computed the required amounts of the transactions accurately. Most of them managed to record and post the transactions from the Cases stock account to the Cases suspense account. They also prepared the statement of profit or loss on cases usage and reported the accurate profit on cases usage of TZS 14,210,000. A few candidates had their accounts containing wrong narrations, posting and omission of some transactions. Nevertheless, they managed to score from 12 to 20 marks out of the 20 allotted marks. Extract 12.1 is a sample of a correct response from a candidate.



### Extract 12.1

5.	Purchase rate = 1,200/- €								
	Charging rate = 1,500/- €								
	Returnable rate = 1000/- €								
	Valuation rate = 750/- €								
DR				CASES STOCK A/c				CR	
DETAILS	QUANTITY	RATE	AMOUNT	DETAILS	QUANTITY	RATE	AMOUNT		
1/1/2017 Balance b/d				Scrapped cases	1600	750	1,200,000		
Premises	14,000	750	10,500,000	Retained cases	2,000	750	1,500,000		
Customers	5,000	750	3,750,000	depreciation	-	-	8,550,000		
Purchases	19,000	200	22,800,000						
				31/12/2017 Balance b/d					
				Premises	24,000	750	18,000,000		
				Customers	10,400	750	7,800,000		
	38,000		37,050,000		38,000		37,050,000		
1/1/2018 Balance b/d									
Premises	24,000	750	18,000,000						
Customers	10,400	750	7,800,000						
DR				CASES SUSPENSE A/c				CR	
DETAILS	QUANTITY	RATE	AMOUNT	DETAILS	QUANTITY	RATE	AMOUNT		
Cases returned	34,600	1000	34,600,000	1/1/2018 Balance b/d	5,000	1000	5,000,000		
Retained cases	2,000	1000	2,000,000	Cases sent	47,000	1500	70,500,000		
Hiring charge	-	-	23,500,000						
€ 31/12/2018									
Balance c/d	10,400	1000	10,400,000						
	52,000		75,500,000		52,000		75,500,000		
				1/1/2019					
				Balance b/d	10,400	1000	10,400,000		

5.		
	KAYUMBA Ltd STATEMENT OF PROFIT OR LOSS ON CASES 31/2/2017	
	Revenue:	
	Hiring Charge	23,500,000
	Retained revenue	500,000
	Sold cases	20,000
		24,020,000
	less: Expenses/other costs	
	" Repairs to cases	60,000
	depreciation	2,550,000
	Value of sold cases	1,200,000 (9,810,000)
	Net Profit	14,210,000
	WORKINGS:	
	i) Hiring charge	
	= Charged cases (charging rate - Returnable rate)	
	= 47,000 (1500 - 1000)	
	= 23,500,000	
	ii) Retained revenue	
	= Retained cases (Returnable rate - Valuation rate)	
	= 2,000 (1000 - 750)	
	= 500,000	

Extract 12.1: A sample of correct response from the candidate who prepared correct ledger Accounts and Statement of Profit or Loss on cases usage.

The candidates who had average performance in this question (14.7%), demonstrated adequate mastery of the subject matter and computational skills. They were able to open the required ledger accounts and managed to record a large number of the transactions correctly. However, some of them omitted some entries in the accounts, others reversed one or two of the entries in one or two of the accounts.

The candidates who performed poorly in this question (5.2%), lacked sufficient knowledge on the subject matter. Most of them could not draw the ledger accounts properly. Others failed to compute the amounts of hiring profit, profit on sale of scrapped cases and profit on retained cases. Analysis revealed further that some candidates in this category failed to apply the principle of double entry system to record the given transactions. They also recorded some items once, reversed some entries or posted some items on the wrong side of the account. In addition, other candidates recorded wrong amounts in the ledger accounts and in the statement of profit or loss on cases usage. Hence their profit on cases usage was incorrect. Extract.12.2.is a sample of incorrect response from a candidate.

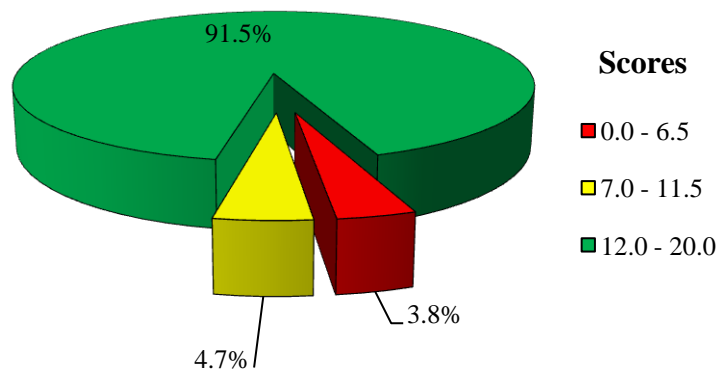
**Extract 12.2**

5 DR		CASES STOCK ACCOUNT			CR		
Particular	Qty	R	Amount	Particular	Qty	R	Amount
Balance B/d Company	14000	750	10500,000	Balance B/d	1600	-	20,000
premises	5000	750	3750,000	Loss	-	-	230,000
Purchase	19000	1000	19000,000	Cass kept	11000	750	8250,000
				depreciation	-	-	3800,000
				Kept	2000	750	1500,000
				Balance B/d	-	-	230,000
				Cash	10400	750	7800,000
				Premises	13000	750	9750,000
	38000	-	3120,000		38000	-	3120,000
Balance B/d	10400	750	7800,000				
Premises	13000	750	9750,000				
DR		CASES SUSPENSE ACCOUNT			CR		
	Qty	R	Amount		Qty	R	Amount
Balance B/d	39600	1200	47520,000	Balance B/d	14000	1200	16800,000
Cash kept	11000	750	8250,000				
Depreciation	-	-	3800,000	Cash Invoice	47000	1500	70,500,000
Kept	2000	<del>750</del>	240,000				
Balance B/d	10400	1200	12480,000				
				Balance B/d	10400	1200	12480,000
STATEMENT OF PROFIT AND LOSS ON CASES.							
Wing charge							14,100,000
Cash kept							4,950,000
damage sold							20,000
NO Cash Expense							
Repairs							60,000
Depreciation							3800,000

Extract 12.2: A sample of response from the candidate who made inaccurate entries in the ledger accounts and the statement of profit or loss on cases usage.

### 2.2.6 Question 6: Accounting for Royalties

The candidates were required to prepare the Royalties Payable, Land Lord, and Short Workings Accounts for the five years ended 31<sup>st</sup> March 2014, 2015, 2016, 2017 and 2018. The question was attempted by 99 percent of the candidates, out of which 3.8 percent scored from 0 to 6.5 marks, 4.7 percent scored from 7 to 11.5 marks and 91.5 percent scored from 12 to 20 marks out of the 20 allotted marks. The candidates' performance in this question was good. Figure 13 shows the distribution of the candidates' performance scores in Question 6.



**Figure 13:** *The Candidates' Performance in Question 6.*

The candidates who scored from 12 to 20 marks (91.5%), were able to prepare the Royalties Payable, Land Lord, and Short Workings Accounts. They accurately computed the amounts of actual royalties payable to Land lord, short workings and short working recovered. 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 as omission of some entries in the accounts and entries of wrong narrations. Moreover, other candidates posted some entries to the wrong side of an account. These variations in the candidates' responses led their scores to vary from 12 to 20 marks. The good performance was attributed by the candidates' adequate knowledge and competence in the topic of Accounting for Royalties. Extract 13.1 is a sample of a good response from one of the candidates.

**Extract 13.1**

6 AGREEMENT BETWEEN LANDLORD AND TENANT							
Year	Tonne	Royalty payable 200000	M. Rent	Shortwork- ing	recouped shortworking	Unrecouped shortworking	Actual Payment
2014	1500	30,000,000	40,000,000	10,000,000	-	-	40,000,000
2015	1800	36,000,000	40,000,000	4,000,000	-	-	40,000,000
2016	1900	38,000,000	40,000,000	2,000,000	-	-	40,000,000
2017	2500	50,000,000	40,000,000	-	10,000,000	-	40,000,000
2018	2600	52,000,000	40,000,000	-	<del>600,000</del> 4,000,000	-	46,000,000

6. (1) DE ROYALTIES PAYABLE ACCOUNT CR					
Date	Details	Amount	Date	Details	Amount
2014	landlord	30,000,000	31/3/2014	Manufacturing	30,000,000
2015	landlord	36,000,000	2015	Manufacturing	36,000,000
2016	landlord	38,000,000	2016	Manufacturing	38,000,000
2017	landlord	50,000,000	2017	Manufacturing	50,000,000
2018	landlord	52,000,000	2018	manufacturing	52,000,000

6 (d) LANDLORD ACCOUNT					
Date	Details	Amount	Date	Details	Amount
2014	Bank	40,000,000	2014	Landlord Royalty payable	34,000,000
			"	Shortworking	10,000,000
		40,000,000			40,000,000
2015	Bank	40,000,000	2015	Royalty payable	36,000,000
			"	Shortworking	4,000,000
		40,000,000			40,000,000
2016	Bank	40,000,000	2016	Royalty payable	38,000,000
				Shortworking	2,000,000
		40,000,000			40,000,000
2017	Bank	40,000,000	2017	Royalty payable	50,000,000
	Recovered shortworking	10,000,000		Shortworking	
		50,000,000			50,000,000
2018	Bank	46,000,000	2018	Royalty payable	52,000,000
"	Recovered shortworking	6,000,000			
		52,000,000			52,000,000

DR SHORTWORKING ACCOUNT Cr					
Date	Details	Amount	Date	Details	Amount
2014	Landlord	10,000,000	2014	Balance b/d	10,000,000
2015	Balance b/d	10,000,000			
	Landlord	4,000,000	2015	Balance b/d	14,000,000
		14,000,000			14,000,000
2016	Balance b/d	14,000,000			
	Landlord	2,000,000	2016	Balance b/d	16,000,000
		16,000,000			16,000,000
2017	Balance b/d	16,000,000	2017	Recovered shortworking	10,000,000
			"	Balance b/d	6,000,000
		16,000,000			16,000,000
2018	Balance b/d	6,000,000	2018	Recovered shortworking	6,000,000

Extract 13.1: A sample of response from the candidate who prepared Royalties Payable, Land Lord and Short Workings Accounts correctly.

The candidates who had an average performance in this question (4.7%), were able to adhere to the demands of the question. They managed to open the Royalties Payable, Land Lord, and Short Workings Accounts. However, they made wrong computation of the amount of actual royalties, short workings and short working recovered. Others posted some entries to the wrong side of the accounts and reported wrong profit on cases usage for the year. The candidates in this category had satisfactory knowledge and competence as they managed to score from 7 to 11.5 marks.

The candidates who scored poor marks (3.8%), lacked knowledge of the subject matter. Most of them made incorrect computation of the amounts of actual royalties, short workings and short workings recoupable. Others opened the required accounts but entered wrong amounts and failed to apply the principle of double entry system in recording and posting the entries in the required accounts. Moreover other candidates in this category did not prepare the statement of profit or loss on cases usage. A few candidates reported wrong profit or loss on cases usage for the year. Extract 13.2 is a sample of incorrect response from a candidate.

**Extract 13.2**

6-> Dr Royalties Payable Cr					
	Manufacture Acc	30,000,000	31/03/14	P&L	30,000,000
	Manufacture Acc	36,000,000	31/03/15	P&L	36,000,000
	Manufacture Acc	38,000,000	31/03/16	P&L	38,000,000
	Manufacture Acc	50,000,000	31/03/17	P&L	50,000,000
	Manufacture Acc	52,000,000	31/03/18	P&L	52,000,000
Dr Land Lord Acc Cr					
Date	Details	Amount	Date	Details	Amount
31/03/14	Bank	40,000,000	31/03/14	Man Acc	40,000,000
31/03/15	Bank	40,000,000	31/03/15	Man Acc	40,000,000
31/03/16	Bank	40,000,000	31/03/16	Man Acc	40,000,000
31/03/17	Bank	40,000,000	31/03/17	Man Acc	40,000,000
31/03/18	Bank	40,000,000	31/03/18	Man Acc	40,000,000
Dr Short workings Accounts Cr					
Date	Details	Amount	Date	Details	Amount
2014	Short workings	1,500			
2015	Short workings	1,800			
2016	Short workings	1,900			
2017	Short workings	2,500			
2018	Short workings	2,600			

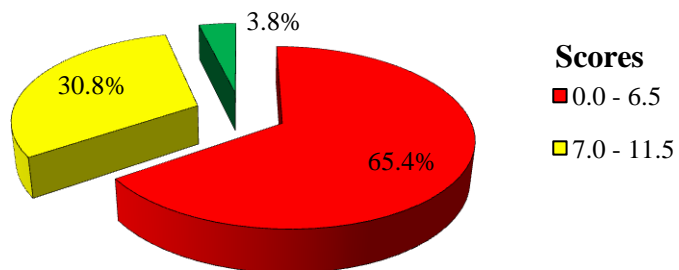
Extract 13.2: A sample of incorrect response from the candidate who entered inaccurate amounts and narrations in the ledger Accounts.



### 2.2.7 Question 7: Cost Accounting and Stock Valuation

The question had two parts, (a) and (b). In part (a), the candidates were required to prepare a cost statement showing marginal cost and profit or loss for the month of January 2018. They were also required to calculate the break even point in revenue and number of bottles and thereafter to show that at breakeven point, the total revenue is equal to the total cost. In part (b), the candidates were required to compute the value of stock of Mwambao Ltd on 30<sup>th</sup> April 2018.

The question was attempted by 3.4 percent of the candidates, out of which 65.4 percent scored from 0 to 6.5 marks, 30.8 percent scored from 7 to 11.5 marks and 3.8 percent scored from 12 to 20 marks out of the 20 allotted marks. The candidates' performance in this question was average. Figure 14 shows the distribution of the candidates' performance scores in Question 7.



**Figure 14:** *The Candidates' Performance in Question 7.*

The candidates who performed poorly (65.4%), lacked sufficient knowledge and competence on Cost Accounting and Stock Valuation. In part A, most of the candidates in this category failed to draw the cost statement. They did not classify the items of cost into marginal and fixed costs. Other candidates failed to determine the amount of total cost and marginal cost. Moreover, the candidates in this category failed to compute the correct amount of total cost and profit for the month of January 2018. These candidates also computed a wrong break even point in sales revenue and number of bottles. None of them under this category was able to prove that at break even point the total revenue is equal to the total cost. In part (b), most of the candidates who scored below 7 marks skipped the question while others computed inaccurate value of stock for the Mwambao Ltd on

30<sup>th</sup> April 2018. Extract 14.1 is a sample of incorrect response from one of the candidates.

**Extract 14.1**

Q7.	(b)
	Data Given
	Opening Stock
	Closing Stock 238500
	Purchases 42000
	Returns Outward 5000
	Sales 29000
	Sales Returns 3400
	Soln
	Purchases $\Rightarrow 42000 - (7000 + \frac{400}{100}) = 34600$
	Sales $\Rightarrow (29000 + 2000) - 1000 = 30000$
	STATEMENT OF COMPUTING STOCK OF 30.04.2018.
	Stock at 8 <sup>th</sup> May 2018 238500
	Add: Sales 30000
	less: Sales returns 3400
	26600
	less: Gross Profit 6000
	<u>20600</u>
	259100
	less: Purchases 34600
	<del>Purchases</del> Returns (5000)
	<u>29600</u>
	Stock at 30 <sup>th</sup> April 2018 <u>229500</u>

Extract 14.1: A sample of incorrect response from the candidate who skipped part (a) of the question and used inaccurate amounts to calculate the wrong value of Stock in part (b).

The candidates who scored from 7 to 11.5 marks (30.8%), were able to classify the items of cost into marginal and fixed costs. Some of them managed to prepare the cost statement and show the marginal cost and the profit for the month of January 2018, but they failed to compute the correct break even point in sales revenue and number of bottles. Others managed to compute some of the adjustments required in the calculation of the value of stock but failed to get the accurate value of stock for Mwambao Ltd on 30<sup>th</sup> April 2018.

Analysis of the responses of a few candidates who had good performance in this question (3.8%) showed that, they had adequate knowledge and sufficient computational skills. They were able to make a clear classification of costs and compute accurately the break even point in sales revenue and number of bottles although they failed to prove that at break even point total revenue equals total cost. This failure has been attributed by the candidates' limited skills in using the equation method in Cost - Volume - Profit (CVP) analysis.

### 3.0 ANALYSIS OF CANDIDATES' PERFORMANCE PER TOPIC

This section presents the analysis of the candidates' performance in various topics. The performance is categorised as good, average or poor if the percentage of the candidates who scored 35 percent or above lies in the interval of (60 to 100%), (35 to 59%) or (0 to 34%), respectively. The analysis shows that, the candidates had good performance in the topics of *Accounting for Royalties, Containers Accounts, Depreciation and Disposal of Non - Current Assets, Investment Accounts, Preparation of Financial Statements, Financial Statements Analysis and Interpretation, Partnership accounting, Company Accounts, Hire Purchase accounting, Reserves and Provisions*. The reasons for good performance on these topics is attributed by adequate knowledge, competence, computational skills and ability of the candidates to apply the principle of double entry in recording of the financial transactions.

Furthermore, the candidates had an average performance in the topics of *Computerized Accounting, Correction of Accounting Errors, Recognition of Revenue and Expenses, Cost Accounting and Stock Valuation*. The average performance in these topics has been due to the candidates' poor comprehension, analysis and evaluation skills.

Moreover, the candidates performed poorly in the topic of *The Nature and Context of Accounting*. The poor performance on this topic was caused by; misconception and misinterpretation of the requirement of the question by the candidates; inability to apply the principle of double entry in recording and posting the financial transactions; and lack of sufficient knowledge and comprehension skills on some of the concepts used in the topic.

Further analysis in Appendix B shows that in 2018, there has been a noticeable improvement in the candidates' performance on the topics of *Accounting for Royalties, Financial Statements Analysis and Interpretation, Containers Accounts and Partnership Accounting* compared to 2017. As like 2017, the candidates continued to perform poorly in the topic of *The Nature and Context of Accounting*.

The comparison of the candidates' performance in each topic for the year 2018 is presented in *Appendix A* while *Appendix B* shows the comparison of performance in each topic tested across the years 2017 and 2018.

## **4.0 CONCLUSION AND RECOMMENDATIONS**

### **4.1 Conclusion**

The performance of candidates in ACSEE 2018 Accountancy was good as 96.51 percent of the candidates passed. Comparison of the candidates' performance in Accountancy subject across 2017 and 2018 indicates that, there is an increase of 4.09 percent in the general performance of the candidates from 92.42 percent in the year 2017 to 96.51 percent in the year 2018. This shows that a good number of the candidates had adequate knowledge and skills in the respective topics from which the questions were set.

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

### **4.2 Recommendations**

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

- (a) Students should be taught how to identify demands of the questions and how to approach questions as they answer.
- (b) Students should spend enough time practising English Language. They should be assigned a lot of tasks which will improve their writing, speaking, reading and listening skills.
- (c) Students should develop a habit of reading extensively and doing a lot of practice on various topics of Accountancy to improve their computational skills and application of the principle of double entry system in recording financial transactions.
- (d) Teachers should exhaustively teach the topic of The Nature and Context of Accounting in order to reinforce students' knowledge, comprehension and competences of the students in the learned sub topics.

## Appendix A

### The summary showing the candidates' performance topic wise for the year 2018

S n	Topic	ACSEE2018		
		Number of questions	Percentage of the candidates who scored 35 % or above	Remarks
1	Accounting for Royalties	1	96.2	Good
2	Containers accounts	1	94.8	Good
3	Depreciation and Disposal of Non - Current Assets and Reserves and Provision	1	86.9	Good
4	Investment Accounts and Preparation of Financial Statements	1	85.4	Good
5	Financial Statements Analysis and Interpretation	1	79.2	Good
6	Partnership Accounting	1	77.3	Good
7	Company Accounts	1	70.1	Good
8	Hire Purchase Accounting	1	68.3	Good
9	Reserves and Provisions	1	68.1	Good
10	Computerized Accounting	1	53.8	Average
11	Correction of Accounting Errors and Recognition of Revenue and Expenses	1	45.8	Average
12	Cost Accounting and Stock Valuation	1	35	Average
13	The Nature and Context of Accounting	2	27	Poor

## Performance per topic for ACSEE across the years 2017 and 2018

Sn	Topic	2018			2017		
		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	Accounting for Royalties	1	96.2	Good	1	29.2	Poor
2	Containers accounts	1	94.8	Good	1	85.3	Good
3	Depreciation and Disposal of Non - Current Assets and Reserves and Provisions	1	86.9	Good			
4	Investment Accounts and Preparation of Financial Statements	1	85.4	Good			
5	Financial Statements Analysis and Interpretation	1	79.2	Good	1	46.3	Average
6	Partnership Accounting	1	77.3	Good	2	69.1	Good
7	Company Accounts	1	70.1	Good			
8	Hire Purchase Accounting	1	68.3	Good	1	75.9	Good
9	Reserves and Provisions	1	68.1	Good			
10	Computerized Accounting	1	53.8	Average			
11	Correction of Accounting Errors and Recognition of Revenue and Expenses	1	45.8	Average			
12	Cost Accounting and Stock Valuation	1	35	Average			
13	The Nature and Context of Accounting	2	27	Poor	1	33.1	Poor

