

**THE STATE UNIVERSITY OF ZANZIBAR**  
**SCHOOL OF COMPUTING COMMUNICATION AND MEDIA STUDIES**

**DEPARTMENT OF ACCOUNTING & FINANCE (DAF)**  
**SEMESTER EXAMINATION – FEBRUARY 2024**

BACHELOR DEGREE IN INFORMATION TECHNOLOGY AND MANAGEMENT (BITAM)					
COURSE CODE:	BITAM_Y2	SEMESTER	3	ACADEMIC YEAR:	2024
SUBJECT CODE:	INF 2107	TITLE:	Principle of Accounting II		
DATE:	23TH FEBRUARY, 2024			TIME ALLOWED:	3 HRS

**INSTRUCTIONS**

1. This paper consists of **SEVEN (7)** questions. Answer **ANY FIVE (5)** questions.  
**Question ONE, is compulsory.**
2. Marks are shown at the end of the question.
3. Budget your time properly.
4. Write the number of question you have attempted in the right hand side box of your booklet and in every space provided inside it in order (1, 2, 3...)
5. This per consist of **NINE (9)** Printed pages.
6. **DON'T WRITE ANYTHING IN THIS PAPER.**

## QUESTION ONE

Write short notes on the following terms:

- |                        |          |
|------------------------|----------|
| a. Impairment          | (1 Mark) |
| b. Carrying Value      | (1 Mark) |
| c. Liquidity ratio     | (1 Mark) |
| d. Suplus              | (1 Mark) |
| e. Incomplete records  | (1 Mark) |
| f. Prime Cost          | (1 Mark) |
| g. IAS 16              | (1 Mark) |
| h. EPS                 | (1 Mark) |
| i. P/E                 | (1 Mark) |
| j. Revaluation Surplus | (1 Mark) |
| k. Profit on Disposal  | (1 Mark) |
| l. ROCE                | (1 Mark) |
- [Total: 12 Marks]



## QUESTION TWO

a. Bitam Football club (BFC) had the following assets and liabilities o 1<sup>st</sup> January 2023:

	TZS
Cash in hand	13,600,000
Buildings	520,000,000
Subscription in arrears	2,500,000
Subscription in advance	700,000

b. During the year, the following transactions occurred:

	TZS
Subscriptions for the year 31 <sup>st</sup> December 2023	90,000,000
Subscriptions from previous year <sup>o</sup>	2,000,000
Subscriptions in advance for 2024 <sup>u</sup>	1,500,000
Staff salaries	25,000,000
General expenses	54,000,000

### Required:

- (i) Calculate the Accumulated fund for BFC as at 1<sup>st</sup> January, 2023 (3 Marks)
- (ii) Prepare Subscriptions Account for BFC as at 31<sup>st</sup> December, 2023 (3 Marks)
- (iii) Prepare Receipts and Payment A/c for BFC as at 31<sup>st</sup> December, 2023 (3 Marks)
- (iv) Prepare Income & Expenditure A/c for BFC as at 31<sup>st</sup> December, 2023 (3 Marks)

[Total: 12

Marks]



### QUESTION THREE

BTM limited is a manufacturer of sugar and the following is a an extract of balances from the accounting records of the business at 31<sup>st</sup> December, 2023:

	TZS)
Inventory at 1 <sup>st</sup> January, 2023: Raw Materials	55,000,000
Work in progress	80,000,000
Finished Goods	100,450,000
Inventory at 31 <sup>st</sup> December, 2023: Raw Materials	85,000,000
Work in progress	90,000,000
Finished Goods	90,200,000
Wages for Manufacturing	1,015,400,000
Wages for factory supervision	66,625,000
Direct factory fuel and power	455,000,000
Factory heat and light	22,500,000
Royalty payable	20,000,000
Factory rent	15,000,000
Purchase raw materials	1,280,000,000
Return inwards	2,100,000
Return outwards	2,500,000
Administrative expenses	72,500,000
Selling and distributive expenses	126,430,000
Import duty on raw materials	218,000,000



Freight inward on raw materials	60,000,000
Sales	4,001,450,000

**Required:**

**Prepare the following:**

- Manufacturing Account for the year ended 31<sup>st</sup> December, 2023 (8 Marks)
  - Statement of Comprehensive Income for the year ended 31<sup>st</sup> Dec, 2023 (4 Marks)
- [Total: 12 Marks]

#### QUESTION FOUR

Assets	Carrying Value (TZS)	Recoverable Amount (TZS)	Reallocation of Impairment Loss(TZS)
Machine I	12,000,000	9,000,000	40%
Machine II	14,400,000	11,600,000	35%
Machine III	12,000,000	10,600,000	25%

**Required:**

Determine the following:

- Reallocation amount of impairment loss of each asset (4 Marks)
  - Carrying values after charging impairment loss in (a) above. (4 Marks)
  - Outline any two external factors that influence impairment (4 Marks)
- [Total: 12 Marks]



## QUESTION FIVE

Safaa, Nuru and Rams are in partnership, running an evening school, and sharing residual profits and losses in the ratio 4:3:3 respectively. At 1 October 2022 their capital and current account balances were:

	Capital account TZS	Current account TZS
Safaa	40,000,000	1,400,000 (debit)
Nuru	24,000,000	1,800,000 (credit)
Rams	<u>16,000,000</u>	<u>850,000 (credit)</u>
	<b><u>80,000,000</u></b>	<b><u>1,250,000</u></b>

By formal agreement, the partners are entitled to receive interest at 5% on capital. In addition, Nuru is paid an annual salary of TZS 5,455,000 for his part in running the business.

The partners are allowed to take out drawings at any time during the year, but they have agreed to charge interest on such drawings. The date of taking out the drawings, the amount drawn out by each partner, and the interest payable, were as follows during the year to 30 September 2023.

	Date of drawings	Drawings TZS	Interest on drawings TZS
Safaa	5 June 2023	9,500,000	550,000
Nuru	10 June 2023	6,500,000	400,000
Rams	15 June 2023	4,000,000	250,000

The profit before before charging salary and interest for the year ended 30 September 2023 was TZS25,480,000.

### REQUIRED:

- Prepare the profit and loss appropriation account for the year ended 30 September 2023. (6 Marks)
- Prepare the partners' current accounts for the year ended 30 September 2023. (6 Marks)

(Total: 12 Marks)



## QUESTION SIX

As a newly employed Accountant of SAFAA RAMS Ltd, you have been presented with the following financial statements:

### Statement of Profit or Loss for the year ended 31, December

	2022	2023
	TZS	TZS
Net Turnover	456,500	420,000
Cost of Sales	<u>(295,000)</u>	<u>(227,000)</u>
Gross Profit	161,500	193,000
General, Administrative and Selling Expenses	<u>(109,500)</u>	<u>(93,000)</u>
Operating Profit	52,000	100,000
Finance cost	(14,500)	(3,000)
Investment Income	<u>5,000</u>	<u>4,500</u>
Profit before Tax	42,500	101,500
Corporate Tax	<u>(12,500)</u>	<u>(15,000)</u>
Profit for the year	<u>30,000</u>	<u>86,500</u>

**Statement of Retained Earnings for the year ended 31 December 2022**

2023	TZS	TZS
Balance b/f	149,500	89,500
Net Profit for the year	<u>30,000</u>	<u>86,500</u>
	179,500	176,000
Dividends: Preference Shares	(10,000)	(9,000)
Ordinary Shares	<u>(12,000)</u>	<u>(17,500)</u>
Balance c/f	<u>157,500</u>	<u>149,500</u>

**Statement of Financial Position as at 31 December**

	2022 TZS	2023 TZS
<b>Assets</b>		
Goodwill	10,000	5,000
Tangible Non-current	106,000	132,000
Inventories	147,000	118,500
Accounts Receivable	80,000	24,000
Cash and Bank balances	<u>26,000</u>	<u>28,500</u>
	<b><u>369,000</u></b>	<b><u>308,000</u></b>
<b>Liabilities and Capital</b>		
Accounts Payable	37,500	26,500
Accruals	25,500	20,000
Debentures	58,500	37,000
Share Capital		
Preference Shares	40,000	25,000
Ordinary Shares	50,000	50,000
Retained Earnings	<u>157,500</u>	<u>149,500</u>
	<b><u>369,000</u></b>	<b><u>308,000</u></b>

**Required:**

a) Compute, for the two years, the following ratios:

- I. ROCE
- II. Current Ratio
- III. Quick Ratio
- IV. DCP ratio
- V. Debt/Equity Ratio
- VI. Interest Cover

**(12 Marks)**



## QUESTION SEVEN

A: NURAMS is in the process of negotiating the acquisition of machinery for the production of maize flour. The following activities are accordingly carried out:

- (i) A special site has to be prepared for the machinery installation. Cost of construction of the special site amounted to TZS 56,000,000
- (ii) The machinery will be purchased at listed price TZS 234, 670,000. less 12.5% trade discount
- (iii) TZS 89, 000,000 was incurred on freight and TZS 4.780,000 on installation.
- (iv) TZS 12,790,000 was incurred on the Test run.
- (v) Machinery was finally installed but owing to high capacity utilization, it incurred a profit of TZS 60,000,000
- (vi) UMURAMS incurred the costs of TZS 6,866,000 for launching the new product.

### REQUIRED

- a. Compute the financial cost of the new machinery

(5 Marks)

B. The following balances were extracted from SAFARAMS on 1.1.2023:

	(TZS)
Buildings	678,900,000
Accumulated depreciation -Buildings	125,890,000

During the year on 1.1.2023 was revalued by professional valuer for TZS 734,500,000. the depreciation rate was 2% p.a. on cost. Financial year ends 31<sup>st</sup> December each year.

### REQUIRED ;

- (i) Revaluation surplus
- (ii) Accumulated depreciation account
- (iii) Machinery Account

(2 Marks)

(3 Marks)

(2 Marks)

[Total: 12 Marks]