THE UNITED REPUBLIC OF TANZANIA
PRESIDENT'S OFFICE
REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT

DAR ES SALAAM REGION

FORM SIX MOCK EXAMINATION

ACCOUNTANCY 1

Code: 153/1

Time: 3:00 Hours **Tuesday 4th February, 2025 P.M**

INSTRUCTIONS

1. This paper consists of sections **A** and **B** with a total of **eight (8)** questions.
2. Answer **all** questions in section **A** and **three (3)** questions from section **B.**
3. Each question in section **A** carries **ten (10)** marks and in section B **twenty (20)** marks.
4. Workings must be shown clearly and submitted.
5. Non programmable calculators may be used.
6. Cellular phones and any unauthorized materials are **not** allowed in the examination room.
7. Write your **Examination Number** on every page of your answer booklet(s).

This paper consists of 4 printed pages

SECTION A (40 Marks)

Answer **all** questions from this section.

1. In balancing off a ledger account, there are necessary steps to be observed before you give a credit or debit balance to that account. Sequentially explain five stages that every book keeper must observe in balancing off an account.

2. A. Michael commenced business on 1st Jan 2013 and makes his account to 31st December each year. For the year ended 31st December 2013, Bad debts written off amounted to TZS 60,000. It was also found necessary to create a provision for doubtful debts of TZS 100,000.
   In the year 2014 debts amounting to TZS 80,000 proved bad and were written off. Mrs Maneno whose debts of TZS 17,500 was written off as bad debt in 2013 settled her account in full on 30th November 2014. On 31st December 2014 total debts amounted TZS 2,800,000 it was decided to bring the provision to 5% of the debtors on that date.
   In year 2015 TZS 117,500 debts were written off as bad and another recovery of TZS 7,500 was made in respect of debtors written off in 2013. At 31st December 2015 total debts outstanding were TZS 2,100,000. The provision for doubt full was to be maintained at 5% percent of the debt.
   You are required to prepare the following accounts:
   i- Bad debt
   ii- Bad debt recovery
   iii- Provision for bad debts

3. Kazi moto has an accounting year ending on 30th June. The following amount has been paid as rent

DATE	**QUARTER ENDED**	**AMOUNTS (TZS)**
2nd June 2020	31st August 2020	60,000
1st September 2020	30th November 2020	60,000
3rd December 2020	28th February 2021	66,000
5th March 2021	31st May 2021	66,000
4th June 2021	31st August 2021	72,000

You are required to show the entries in the rent account for the year ended 30th June 2021

4. Chapa kazi bought Tzs 4,000 4% stock at 78 – 80 brokerages Tzs. 80 on May 2020. Interest is paid half yearly on 1st January and 1st July. The company sold Tzs. 3,000 of the stock on 1st December 2021 at 76 – 78 ex div, brokerages amount to Tzs. 30
   You are required to show the ledger account for the stock to 28th February, the end of the company's financial year.

SECTION B (60 Marks)

Answer any **three (3)** questions in this section

5. Evelina employed inexperienced book keeper who prepared the trial balance for the year 2021
   Trial balance as at 31st December 2021

Name of account	**DR TZS**	**CR TZS**
Capital	120,000	
Sales	40,000	
Purchases	20,000	
Opening stock		4,000
Closing stock	5,000	
Motor van		12,000
Debtors		6,000
Creditors		3,000
Bank	23,000	
Cash	8,000	
Returns	3,000	4,000
Machine		60,000
Discounts	1,000	2,000
Rent	2,500 3250	
Rates		3,500
Adverting		1,500
Suspense		126,500
	222,500	222,500

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The following errors were found after investigation

(i) The purchase of motor van from Ally for TZS 20,000 omitted in motor van account
(ii) The returns inward TZS 1,000 entered in return outward account
(iii) Cheque paid as rent TZS 500 entered in rates account
(iv) Sales day book overcast by TZS 2500
(v) Purchases day book overcast by TZS 1000
(vi) Discount allowed TZS 500 recorded in discount received account

Required

(a) Correct above errors using journal entries.
(b) Suspense account
(c) Prepare the corrected trial balance

6. The following trial balance was extracted from the books of Mr BAKARI on 31st March,2022.

Name of account	DR "TZS"	CR "TZS"
Drawings and capital	1,340,000	4,000,000
Purchases and sales	17,884,000	23,672,000
Carriage	660,000	
Discounts	370,000	420,000
Trade debtors and creditors	740,000	1,680,000
Salaries	2,080,000	
Office expenses	920,000	
General expenses	740,000	
Rent		350,000
Stock (1.4.2021)	1,791,000	
Returns	362,000	738,000
Cash in hand	8,000	
Cash at bank	1,011,000	
Bad debts written off	16,000	
Loose tools	168,000	
Lease hold premises	2,000,000	
Motor vehicles	1,750,000	
Furniture and fittings	160,000	
Provision for depreciation on;		840,000
Premises		75,000
Furniture and fittings		225,000
Motor vehicles		
Total	**32,000,000**	**32,000,000**

Additional information

(a) Closing stock was valued at TZS 1,556,000
(b) 75% of the carriage expenses were incurred on purchases and rest on sales.
(c) Premises have been on a 50years lease
(d) Provide 10% depreciation on furniture and fittings using reducing instalment method
(e) Loose tools are revalued at TZS 103,000
(f) A motor vehicle that had cost TZS 250,000 and accumulated depreciation of TZS 85,000 was destroyed in an accident on 4th April,2021. Insurance company has agreed to TZS 180,000 as compensation, however, to 31st March,2022 cash was not realized and entry had not been made in the books to record this fact. Provide 20% depreciation on the book value of the remaining motor vehicles.

Required; Mr. BAKARI's statement of profit or loss for the year ended 31st March,2022 and statement of financial position as at that date.

7. Paragon Ltd has a head office at Pugu road and a branch at Kariakoo. Accounting records are centralized at Pugu road

The company invoices all goods at selling price which is 50% on cost for both the head office and the branch The profit loading on such goods is reflected in the branch adjustment account

The following are the opening balance of the company as at January 1st,2024

	Pugu Road (TZS)	Kariakoo (TZS)
Stock in hand at cost	224,640	65,520
Trade debtors	264,700	62, 100
Cash in hand	25,500	900

The company had the following transactions during the year ended 31st December 2024

	TZS
Cash Purchase	1,142,640
Goods sent to branch at selling price	604,800
Goods returned by branch to head office at selling price	32,400
Branch expenses met by head office	69,480
Goods returned by HQ's customers to branch at selling price	21,600
Branch expenses met by branch	49,320
Head office expenses	435,960
Discount allowed to branch customers	20,160
Discount allowed to branch customers	2.700

The closing balances of the company as at 31st December 2024

	Pugu road (TZS)	Kariakoo (TZS)
Stock in hand at cost	170,640	77,040
Trade debtors	238, 500	47,700
Cash in hand	49, 320	8,640
Cash in transit	26,280	

a) You are required to show the following accounts relating to the branch in the books of head office
   i) Branch stock
   ii) Branch debtors
   iii) Branch Adjustment

b) Prepare income statement for the year ended 31 Dec 2024

8. ECA Ltd prepares her financial statement by using financial ratios. From the following variable accounting ratios prepare her statement of financial position as at 30th June, 2024

	(TZS 000)
Gross profit (20% of sales	60
Shareholders' equity	50
Credit sales to total sales	80%
Total Assets turnover	3 times
Stock turnover	8 times
Average collection period	18 days
Current ratio	1.6 times
Long term debt equity	40%