TANZANIA HEADS OF ISL SCHOOL COUNCIL

FORM SIX INTER ISL MOCK EXAMINATION

ACCOUNTANCY 1

For Both Schools and Private Candidates

MARKING SCHEME

2024

SECTION A (40 Marks)

1. i) Lenders / Bankers

Lenders / Banker would like to know the company is capable for repaying the amount that is lent. An established business will have to show lenders the accounting reports of the recent past to illustrate that you are indeed a business worth lending to.

ii) Investors and Stakeholders

Investors study the income statement and cash flow statement in the company to determine if it is financially healthy. Income statement are also useful to study if the business is generally income consistently or if it is sporadic and unreliable.

iii) Business owners

Important decisions such as how much to budget of the time period, whether to expand the business acquire more equipment or manpower or downsize should be made based on the actual financial status of the company. Financial information gives a longer overview of the company's finances.

iv) Accountants

An accountant is often called upon when financial decision such as buying more equipment or taking more human resources are considered. An accountant can only give sound advice and make decisions based on the financial reports of the company.

4 tick @ 2.5 (4x2.5) = 10

Total 10 Marks

2. KAUTHAR COSMETICS SHOP
STATEMENT of FINANCIAL POSITION AS AT
31 MAY 2021

Details	Tshs	Tshs
Fixed Assets		600,000
Current assets		
Closing stock	200000	
Debtor	250000	
Bank	50000	
	500 000	
Current liabilities	(200,000)	300000
		900000
Capital		500000
Add: Net profit (Retained earning)		250000
		750,000
Long term debt		150000
		900,000

10 ticks @ 1 (Total 10 Marks)

3\. COMPUTER A/c

DR			CR
Balance b/d	2215000	Disposal	430000
Cash / Bank	480000	Balance c/d	2265000
	2695000		2695000
Balance b/d	2265000		

PROVISION FOR DEPRECIATION A/c

DR			CR
Disposal	336000	Balance b/d	996760
Balance c/d	1283000	P&L Adjustment	257240
		Profit and loss	365000
	1619000		1619000
		Bal b/d	1283000

DISPOSAL A/c

DR			CR
Computer	430000	Prov for depreciation	336000
		Bank/Cash	30000
		Loss (Profit & loss)	64000
	430000		430000

Total accumulated Depreciation (Straight line method)	1254000
Less: Total accumulated depreciation (Reducing B/m)	996760
Adjustment for Depreciation	257240

16 ticks @ 0.625 (16 × 0.625) = 10

(Total 10 Marks)

4. PROVISION FOR DOUBTFUL DEBTS A/C

DR					CR
31.12.17	Bad debts	8400	1.1.17	Bal b/d	65000
31.12.17	Balance c/d	92500	31.12.17	Income statement	35900
		100900			100900
31.12.18	Bad debts	6000	1.1.18	Bal b/d	92500
31.12.18	Balance c/d	87500	31.12.18	Income statement	1000
		93500			93500
31.12.19	Bad debts	81000	1.1.19	Bal b/d	87500
31.12.19	Balance c/d	~~252150~~ 240000	31.12.19	Income statement	~~245650~~ 233500
		~~333150~~ 321000			~~333150~~ 321000
			1.1.20	Bal b/d	~~252150~~ 240000

STATEMENT OF FINANCIAL POSITION as at 31 Dec 2017, 18 and 19

Details		Tshs	Tshs
2017	Debtors	925000	
	Less: Provision for doubtful debts	92500	832500
2018	Debtors	700000	
	Less: Prov for doubtful debts	87500	612500
2019	Debtors	1600000	
	Less: Prov for doubtful debts	~~252150~~ 240000	~~1347850~~ 1360000

Workings

2017 $(933400 - 8400)\frac{10}{100} = 92500/=$

2018 $(706000 - 6000)\frac{12.5}{100} = 87500/=$

2019 $(1681000 - 81000)\frac{15}{100} = \cancel{252150}/=$ 240000

25 ticks @ 0.4

(Total 10 Marks)

5. i)

DR BRANCH STOCK ACCOUNT CR

DETAILS	MEMO	BASE	DETAILS	MEMO	BASE
Balance b/d	42,150	33,720	Goods sent returns	3,120	2,496
Goods sent	131,400	105,120	Cash sales	50,000	50,000
Branch stock	1,740	1,740	Credit sales	85,240	85,240
Gross profit	....	24,929	Reduction in selling price	900	
			Normal loss	1,314	
			Abnormal loss	1,496	1,197
			Balance c/d	33,220	26,576
	175,290	165,509		175,290	165,509
Balance b/d	33,220	26,576			

ii)

DR BRANCH DEBTORS ACCOUNT CR

DETAILS	AMOUNT	DETAILS	AMOUNT
Balance b/d	9640	Returns inwards	1,740
Credit sales	85,240	Bad debts	1,700
		Discount allowed	2,500
		Balance c/d	88,940
	94,880		94,880
Balance b/d	88,940		

5. iii/

BRANCH

INCOME STATEMENT FOR THE YEAR ENDING 31^{ST} DECEMBER, 2020

	TZS.	TZS.
Gross profit		24,929
LESS:		
Discount allowed	2,500	
Bad debts	1,700	
Head office expenses	16,440	
Abnormal loss	1,197	21,837
NET PROFIT		3,092

40 ticks @ 0.5 = 20 Marks

6. DR ORDINARY STOCK INVESTMENT A/C IN RIAM Ltd CR

Date	Details	N	I	C	Date	Details	N	I	C
1.1.19	Purchases	25000		175000	1.3	Dividend		5000	
	Bonus issue	6250			10.5	Right sold			25000
	Income		14875		16.9	Dividend		9375	
						Balance c/d	31200		150000
		31250	14875	175000			31250	14875	175000
	Bal b/d	31200		150000					

DR ORDINARY STOCK INVESTMENT A/C IN ALPHA Ltd CR

Date	Details	N	I	C	Date	Details	N	I	C
						Dividend		5000	
12.1.19	Purchases	200000		150000	20.11	Dividend		6000	
31.12	Income (P&L)		11000			Balance c/d	200000		150000
		200000	110000	150000			200000	11000	150000
	Balance b/d	200000		150000					

6 DR $7\frac{1}{4}\%$ LOAN STOCK INVESTMENT A/C IN ALPHA Ltd CR

Date	Details	N	I	C	Date	Details	N	I	C
1.8	Application	500000		245000					
	1st Installment			122500					
	Final Installment			122500		Balance c/d	500000		490000
		500000		490000			500000		490000
1.1.20	Balance b/d	500000		490000					

Workings

1.1.19 Purch of Ordinary shares from Riam Ltd

$100{,}000 \times 0.25 = 25000$

$100000 \times 1.75 = 175000$

1.3/19 Dividend received

$(100000 \times 0.25) \times 20\% = 5000$

30 ticks @ 0.66

(Total ≈ 20 Marks)

7 DR SUSPENSE A/C CR

DR		CR	
Alima	4800	Balance b/d	7200
Hizah	43200	Shop fitting	48000
Khira	24000	Bank charge	16800
	72000		72000

GENERAL JOURNAL

Details	DEBIT	CREDIT
Shop fitting account Suspense account	48000	48000
Asma Account Suspense account Alima account	48000 4800	52800
Bank charge account Suspense account	16800	16800
Suspense account Hizah account	43200	43200
Suspense acount Khirah account	24000	24000

Calculation of Adjusted Net Profit

Unadjusted Net Profit	4397600
Less: Bank charge	16800
	4380800
Corrected Net Profit	

Statement of financial Position as at 31 June 2022

Details	Tshs	Tshs
Fixed Assets		
Shop fitting	1248000	
Less Depreciation	240000	1008000
Wheelbarrow		
less: Depreciation	2560000	
	640000	1920000
Current Assets		
Stock	2333600	
Sundry debtors	1656000	
Cash at bank	876000	
Cash in hand	102400	4968000
		7896000
Owner Equity.		
Capital	6000000	
Add: N. Profit	4380800	
	10380800	
Less: Drawing	4000000	6380800
Current Liabilities		
Creditors		1515200
		7896000

$(40 \times 0.5) = 20$

40 ticks @ 0.5

(Total 20 Marks)

MR. ABDULLAH'S

INCOME STATEMENT FOR THE YEAR ENDED 31ST MAY, 2023

DETAILS	AMOUNT (TZS)	AMOUNT (TZS)
Sales		324,650,000
less: Sales returns		1250000
		323400000
LESS: COST OF GOODS SOLD:		174840000
GROSS PROFIT		148560000
Add: (incomes):		
• Discount received	690000	
• Provision for doubtful debts	21000	711000
		149271000
less: Expenses:		
Assistants wages	33100000	
Discount allowed	1820000	
Insurance	5900000	
Telephone and e-mail	5400000	
Lighting and heating	6230000	
Security guards wages expenses	12800000	
Repair to premises	3970000	
Rent and rates	17000000	
Sundry expenses	3940000	
Debenture interest	3,000	
Website maintanance cost	905,000	
Publicity and adverfising	9740000	
Depreciation:		
– Premises	3000000	
– Equipment	2880000	
– Shop fittings	3400000	109788000
NET PROFT		39,483,000

60 ticks @ 1/3 = 20 Marks

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ABDULLAH'S
STATEMENT OF FINANCIAL POSITION AS AT 31ST MAY, 2023

DETAILS	AMOUNT (TZS.)	AMOUNT (TZS.)	AMOUNT (TZS.)
FIXED ASSETS:			
Premises		60000,000	
less: provision for depreciation		21000 000	39,000,000
Equipment		12,000 000	
less: provision for depreciation		7680000	4,320,000
Shop fittings		34 000 000	
less: provision for depreciation		13600000	20,400,000
TOTAL FIXED ASSETS			63,720,000
CURRENT ASSETS:			
Stock		27,580,000	
Debtors	3400000		
less: provision for doubtful debt	34,000	3,366,000	
Cash in hand		520,000	
Website maintanance pre-paid		525,000	
TOTAL CURRENT ASSETS		31991000	
LESS: CURRENT LIABILITIES:			
Creditors	18950000		
Bank overdraft	2325000		
Security guards outstanding	400,000		
Telephone and e-mail outstanding	200,000		
Debenture interest outstanding	3,000	21878000	10,113,000
			73,833,000
FINANCED BY:-			
Capital		58,630,000	
Add: Net profit		39,483000	
		98,113,000	
less: Drawings		25 000 000	
		73,113,000	
Long-Term liabilities:-			
5% Debenture		720,000	73,833,000

60 ticks @ 1/3 mark = 20 marks