TANZANIA HEADS OF ISL SCHOOLS COUNCIL

FORM SIX INTER ISL MOCK EXAMINATION

ACCOUNTANCY 2

for Both Schools and Private Candidates

MARKING SCHEME

2024

SECTION A (40 marks)

1. Auditor opinion is an independent comment made by the auditor to show wether financial statement examined by him/her shows true and fair view of financial position of an organization

Auditor's opinion

i. Unqualified/Clean report,
Is a report presented by the auditor after auditing financial account of the firm to the management that everything is alright in the book of account.

ii. Qualified audit report, this report issued when an auditor is unable to satisfy him/her self that the financial statement give a free and fair view of the state of affair and other books of accounting information.

iii. Adverse audit report, This report issued when the auditor is not all satisfied with the financial statement due to high level of material misstatement or irregularities which can breach the trust of the government or investors.

iv. Disclaimer auditor report, this is issued when an auditor is unable to complete an accurate audit report, this may occur due to various reasons such as poor support from the management of the audited firm

5 ticks @ 2 marks (5x2)

Total 10 Marks

2

CASES STOCK A/C

DR			CR
Balance b/d Factory	59600	Cases kept by customer	14000
Customer	33600	Loss on cases delivery	47400
Material used	3800	Balance c/d Factory	28000
Wages for repair	15600	Customer	23200
	112600		112600
Balance b/d Factory	28000		
Customer	23200		

CASES RESERVE A/C

DR			CR
Cases Kept by customer	14000	Balance b/d customer	84000
Cases returned by customer	32600	Case sent to customer	314000
Balance c/d Customer	58000		
	398000		398000
		Balance b/d	58000

20 ticks @ 0.5 (20x0.5)

Total 10 Marks

3. i. Basic pay

This is an amount of wages/salaries agreed to be payable to an employee as per contract of employment. It is the base of determining the net take home or net pay of an employee

ii. Overtime payment

This is an additional amount paid to employee. Where the worked hours excess the normal ones.

iii. Allowances

Is an amount that employees are entitled as per agreement of employment on top of the basic pay. Allowance will be determined based on the basic.

iv. Gross pay

Is an amount of wages/salary to be paid after considering allowances to which an employees is entitled to get

that is Gross pay = Basic pay + Allowances + Overtime payment

3--- v. Net pay

Is an amount obtained as a net taken home by an employee after deducting all the needed deductions from gross pay

5 ticks @ 2 Marks (5X2)

Total 10 Marks

4

MWEMBECHAI Ltd

CASH BUDGET FOR THREE MONTHS ENDED 30th SEP

DETAILS	JULY	AUGUST	SEPTEMBER	TOTAL
Cash balance at start	390,000	504200	541120	390000
Add: Cash collection:				
Sales: Cash	96000	48000	72000	216000
Credit	176400	141120	70560	388080
Cash available for use	662400	693320	683680	994080
Less: Cash disbursement.				
Payment of raw material	36000	54000	81000	171000
Direct labour	16000	24000	36000	76000
Direct prod expenses	48000	24000	36000	108000
Variable selling expenses	40000	32000	16000	88000
Fixed expenses	18200	18200	18200	54600
Total cash disbursment	158200	152200	187200	497600
Cash balance at close	504200	541120	496480	496480

40 ticks @ 0.5 40X0.5

Total (10 marks)

SECTION B (60 Marks)

5. **INCOME STATEMENT FOR THE YEAR ENDED 31 AUG 2018**

Hire purchase sales			540,000
Add Cash sales			71000
			611000
less: Cost of goods sold			
Opening stock		15000	
Add: Purchases	342000		
Repossessed stock	2500	344500	
Cost of goods available for sales		359500	
Less: Closing stock		12000	347500
Unrealized profit			99792
Gross profit			163708
Profit on sales of repossession stock			700
Total Income			264200
Less: Operation expenses:			
Administration expenses		130,000	
Dep: Premises and Equipment		15000	145000
Net Profit for the year			19408
Add: Balance b/d for net profit on 1st Sep 2017			8000
Balance c/d for net profit on 31 Aug 2018			24408

20 tick @ 1 mark

(20 x 1) = 20

(Total 20 marks)

6. I) APPLICATION AND ALLOTMENT A/C

DR		CR	
Bank	310,000	Bank Application	3170000
Share capital	4000 000	Allotment	5140000
Share premium	4000 000		
	8310000		8310000

II) 1st CALL A/C

DR		CR	
Share capital	8000000	Bank	8000000
	8000 000		8000 000

III) 2nd AND FINAL CALL A/C

DR		CR	
Share capital	8000000	Call in arrears	4000
		Bank	7996000
	8000000		8 000 000

IV) FORFETURE A/C

DR		CR	
Call in arrears	4000	Share capital	10000
Re-issue	1000		
Share premium	5000		
	10000		10000

CREDITORS A/C

Bank	630000	Balance	b/d	1000000
Defficiency	370000			
	1000000			1000000

DEFFICIENCY A/C

Kimaros Capital	350000	Creditors	370000
Lemas Capital	140000	Leilas Capital	120000
	490000		490000

40 ticks @ 0.5 (40x0.5)

(Total 20 Marks)

8\. a) Computation of Inventory values as on 31 July

i) first in first out method

July 25	5000 Litres	@ Tshs 2350	=	11750000
July 9	5000 Litres	@ Tshs 2330	=	11650000
	10,000 Litres			

Value of Inventory as at 31st July ⟹ 23400000

7.

REALIZATION A/C

DR		CR	
Building	400000	Bank (Realization of Assets)	
Machinery	400000	Debtor	110000
Furniture & Fixture	160000	Building	160000
Stock	160000	Stock	100000
Debtor	200000	Machinery	200000
Bank (Realization exp)	10,000	Furniture	40000
		Partners capital	
		Leila	240000
		Kimaro	240000
		Lema	240000
	1330000		1330000

LEILA, KIMARO & LEMA PARTNERS CAPITAL A/C

DR / CR

Details	Leila	Kimaro	Lema	Details	Leila	Kimaro	Lema
Bal b/d		130000		Balance b/d	160000		100000
Realization	240000	240000	240000	Loan	200000		
Defficiency	120000			Bank		20000	
				Defficiency	–	350000	140000
	360000	370000	240000		360000	370000	240000

BANK A/C

DR		CR	
Balance b/d	10000	Realization exp	10,000
Realization	610000	Creditors	630000
Kimaro's capital	20000		
	640000		640000

8... ii) Last in first out

Balance as at 1st July 1000 litres @ 2280 = 2280000

9000 Litres @ 2300 = 20700000

10,000 Litres

Value of Inventory as at 31 July ⟹ 22980000

iii) Average cost method

$$WAC = \frac{\text{Cost at start + Costs of Purch}}{\text{Units at start + Total Units Purch}}$$

$$= \frac{2280000 + 113750000}{1000 + 49000}$$

$$= \frac{116030000 \text{ Tshs}}{50,000 \text{ Litres}}$$

= Tshs 2320.6 per unit

Value of Inventory = 10,000 X 2320.6

= Tshs 23206000

10 ticks @ 1 mark (10X1) = 10

(Total 10 Marks)

6--- v) DR RE - ISSUE A/A CR

Share capital	10000	Bank	9000
		Forfeture	1000
	10000		10000

vi) DR SHARE PREMIUM A/C CR

Balance c/d	4005000	Application & Allotment	4000000
		Forfeture	5000
	4005000		4005000

vii) DR BANK A/C CR

Application & Allotment	8310000	Application & Allotment	310000
1st Call	8000000	Balance c/d	24005000
2nd call	7996000		
Re-issue	9000		
	24315000		24315000
Bal b/d	24005000		

viii) DR ORDINARY SHARE CAPITAL A/C CR

Forfeture	10000	Application & Allotment	4000000
Balance c/d	20000000	1st Call	8000000
		2nd Call and final	8000000
		Reissue	10000
	20010000		20010000
		Balance b/d	20000000

34 ticks @ 0.6 (34 × 0.6) = 20
(Total 20 Marks)

8 b)

DR **ROYALTIES A/c** CR

31/12/16	Olivera Co	500000	31/12/16	Production	500,000
		500,000			500 000
31/12/17	Olivera Co	5500000	31/12/17	Production	5500,000
		5500,000			5500,000
31/12/18	Olivera Co	13000000	31/12/18	Production	13000000
		13000000			13000000
31/12/19	Olivera Co	2000000	31/12/19	Production	2000000
		2000000			2000000
31/12/20	Olivera Co	11,000,000	31/12/20	Production	11000000
		11,000000			11000000

OLIVERA Co A/c

31/12/16	Bank	5000000	31/12/16	Royalties Payable	500000
			31/12/16	Shortworking	4500000
		5000000			5000000
31/12/17	Shortworking	500000	31/12/17	Royalties Payable	5500000
31/12/17	Bank	5000000			
		5500000			5500000

31/12/18	Shortworkings	1500000	31/12/18	Royalties Payable	13000000
31/12/18	Bank	11500000			
		13000000			13000000
31/12/19	Bank	5000000	31/12/19	Royalties Payable	2000000
			31/12/19	Shortworking	3000000
					5000000
		5000000			
31/12/20	Bank	9000000	31/12/20	Royalties Payable	11000000
31/12/20	Shortworking	2000000			
		11000000			11000000

DR SHORTWORKINGS A/c CR

31/12/16	Olivera Co	4500000	31/12/16	Balance c/d	4500000
1/1/17	Balance b/d	4500000	31/12/17	Olivera Co	500000
				Balance c/d	4000000
					4500000
		4500000			
1/1/18	Balance b/d	4000000	31/12/18	Olivera Co	1500000
			31/12/18	Profit & Loss	2500000
					4000000
		4000000			

~~31/12~~

31/12/19	Olivera Co	3000000	31/12/19	Bal c/d	3000000
		3000000			3000000
1/1/20	Bal b/d	3000000	31/12/20	Olivera Co	2000000
			31/12/20	Profit & loss	1000000
		3000000			3000000

40 ticks @ 0.25 (40 × 0.25) = 10

Total 10