TANZANIA HEADS OF ISLAMIC SCHOOLS COUNCIL

FORM SIX INTER ISLAMIC MOCK EXAMINATION

ACCOUNTANCY 1

(For Both School and Private Candidates)

153/1

TIME: 3 Hours **Monday, 2nd March 2026 p.m.**

Instructions

1. This paper consists of **eight (8)** questions in sections A and B**.**
2. Answer **all** questions from section A and **three (3)** from section B.
3. Each question from section **A** carries **ten (10)** marks, and each question in section B carries **twenty (20)** marks.
4. Workings must be shown clearly and submitted**.**
5. All writing must be in **blue** or **black** ink, except drawings which must be in pencil.
6. Non-programmable calculators may be used.
7. Communication devices and any unauthorized materials are not allowed in the examination room.
8. Write your **examination number** on every page of your answer sheet(s).

SECTION A (40 Marks)

Answer **all** questions in this section. Each question carries **ten (10)** marks.

1. Assume you are the accountant of TEMESA. A sole proprietor asked you to help him record his transactions in the books of accounts. Explain the five (5) physical documents you will use to help him.

2. LIKUMBO Ltd purchased and sold government stocks in 2018. The company's transactions during the year were as follow:
   - On 1st February 2018, the company bought 10% government stock, worth TZS 1,200,000/= at a nominal value of 90, excluding interest.
   - On 1st May 2018, the company bought 10% government stock worth TZS 800,000/= at a nominal value of 92, including interest.
   - On 1st November 2018, the company decided to sell government stock with a nominal value of TZS 1,000,000/= at 96, excluding interest.
   - Interest is payable quarterly on the last day of March, June, September and December.

   The company's financial year ends on 31st December annually.

   Using the information provided, prepare the 10% government stock investment account to record the given transactions. (Use FIFO).

3. A firm had the following balances on 1st January, 2022

Provision for doubtful and bad debts	TZS 25,000
Provision for discount on debtors	TZS 12,000
Provision for discount on creditors	TZS 10,000

   - During the year bad debts amounted to TZS 20,000, discount allowed was TZS 1,000 and discount received was TZS 2,000.
   - During 2023 bad debts amounting to TZS 10,000 was written off while discount allowed and discount received was TZS 8,000 and TZS 5,000 respectively.
   - The total debtors on 31st December, 2022 were TZS 500,000 before writing off bad debts and discount allowed. On 31st December, 2023 the amounts of debtors were TZS 290,000 after writing off the bad debts but before allowing discounts.
   - The total creditors on those two dates were TZS 200,000 and TZS 250,000 respectively. It is the firm's policy to maintain a provision of 5% against bad and doubtful debts, and 2% for provision for discounts on debtors and creditors.

   Using the information provided, prepare: -

   (a) Provision for doubtful and bad debts account

   (b) Provision for discount on debtors account

4. On 1st January 2019, ZANLINK Limited purchased the lease of property for TZS 1,000,000. The lease would expire on 31st December 2021. ZANLINK Ltd decided to set up a sinking fund. The sinking fund was to be credited (or debited) with an annual contribution from profit, the interest on the investments and any profits (or losses) made on the realization of the sinking fund investments. The sinking fund was to be represented by specific investment, and any sums made available to the sinking fund were to be immediately invested, except at the termination of the fund. During the three years following transactions took place:
    a) On 31st December 2019, a contribution from profits of TZS 320,000 was made and this sum was invested.
    b) On 13th July 2020, investment which originally costed TZS 110,000 was sold for TZS 120,000 and the proceeds of sale were re-invested.
    c) On 31st December 2020, a contribution from profits of TZS 320,000 was made, interest on investments of TZS 16,000 was received and these amounts were re-invested.
    d) On 9th May, investment which originally costed TZS 210,000 was sold at a profit of TZS 20,000 and proceeds of sale were re-invested.
    e) On 31st December 2021, interest on investments TZS 48,000 was received which was not invested.

    All existing investments were sold for TZS 660,000. A contribution from profit of an amount required to make up the sinking fund to TZS 1,000,000 was made and this amount was not invested.

    You are required to prepare Sinking Fund Account, Sinking Fund Investment for the years 2019 – 2021

SECTION B (60 Marks)

Answer **three (3)** questions from this section. Each question carries **twenty (20)** marks.

5. The following balance sheet was prepared by an accountant trainee.

MABENGA'S BALANCE SHEET AS AT 30/11/2025

FIXED ASSSETS:		
Building at cost	50,000,000	
Fixtures	1,000,000	
Motor vehicle	5,500,000	
Drawings	2,400,000	58,900,000
CURRENT ASSETS:		
Provision for bad debts	160,000	
Provision for depreciation		
Buildings	10,000,000	
Fixtures	300,000	
Motor vehicles	1,500,000	
Stock	4,166,000	
Debtors	3,166,000	19,292,000
		78,192, 000
Financed by:		
Capital		65,900,000
Net profit		2,973,000
Load from Hilary (maturity in 2030)		3,500,000
Creditors		1,206,000
Bank overdraft		1,425,000
Cash		600,000
Accrued expenses		180,000
		75,784,000

After a deeply investigation the following issues were discovered:

i) All other accounting balances except those mentioned below i.e. (ii) – (v) were correctly extracted from the ledger accounts.

ii) Depreciation expenses for the year were not provided for. The business usually makes a provision for depreciation at the rate of 10% on cost for all fixed assets.

iii) Provision for bad debts should be reduced to TZS 100,000/=.

iv) The cash balance was wrongly extracted from the cash book. The correct amount is TZS 5,280,000/=.

v) Also, capital was wrongly extracted from the ledger accounts. The correct figure is TZS 50,268,000/=.

Using the information shown above to prepare:

a) Journal entries to correct the above errors.

b) Suspense account

c) Re – draft a statement of profit and loss and the statement of financial position after the above errors have been corrected.

6. The financial statements of HIMAYA Enterprises for the two years ended 31st December, 2018 and 2019 are given as follows:

Himaya Enterprises

Income Statement for the year ended 31st December, 2018 and 2019

Details	2018 (TZS)	2019 (TZS)
Sales	101,600	118,400
Cost of sales	(50,080)	(57,600)
Gross Profit	51,520	60,800
Less: Expenses	41,920	47,680)
Net profit	9,600	13,120
Less: Corporation Tax	4,800	6,400
Profit after Tax	4,800	6,720
Less: Proposed dividend	1,280	3,200
Retained profit for the year	3,520	3,520

Note: The only interest paid was on CRDB loan and only 10% of sales were made on cash.

Himaya Enterprises

Statement of Financial Position as at 31st December, 2018 and 2019

Details	**2018**		**2019**	
	TZS	**TZS**	**TZS**	**TZS**
Non-Current Assets				
Plant and Machinery	4,800		16,800	
Less: Accumulated depreciation	-	4,800	-	16,800
Freehold property	19,200		24,000	
Less: Accumulated depreciation	4,480	14,720	5,600	18,400
Motor vehicles	5,600		5,600	
Less: Accumulated depreciation	2,720	2,880	3,200	2,400
Total fixed assets		22,400		37.600
Current Assets				
Stock		7,200		13,120
Debtors		10,400		15,040
Bank		10,880		1,920
		28,480		30,080
Creditors	5,600		11,360	
Proposed dividends	1,280	6,880	3,200	14,560
Working capital		21,600		15,520
Net assets		44,000		53,120
Financed by:				
Authorized Share Capital		16,000		16,000
Issued and fully paid ordinary shares of TZS 10 each.		12,000		16,000
Share premium		-		1,600
Retained earnings		22,400		25,920
Shareholders' funds		34,400		43,520
Non-Current Liabilities				
12% CRDB Loan		9,600		9,600
Shareholders' equity and long-term liabilities		44,000		53,120

Additional information:

- At the end of December, 2018 and 2019 the quoted price of ordinary shares of HIMAYA Enterprises were TZS 28 and TZS 32 per share respectively.
- Value of stock as at 31st December, 2017 was TZS 9,600.

  NB: Number of days in a year should be taken as 365.

Use the information provided to calculate the following accounting ratios for the two years ended 31st December, 2018 and 2019:

i) Acid test ratio.
ii) Current ratio.
iii) Gross profit margin
iv) Net profit margin
v) Price Earnings (P/E)
vi) Rate of stock turnover
vii) Return on capital employed
viii) Average debtor's collection period
ix) Earnings per share (EPS)
x) Interest cover

7. The following is a Trial Balance of PABLO as on 31st December 2020.You are required to prepare Statement of Profit or Loss and Statement of Financial position as on 31st December 2020

DETAILS	**DR (TZS)**	**CR (TZS)**
Account Receivables and Payables	500,000	200,000
Outstanding Liability for Expenses	55,000	
Wages	100,000	
Carriage Outwards	110,000	
Carriage Inwards	50,000	
General Expenses	70,000	
Cash Discount	20,000	
Bad debts	10,000	
Motorcar	240,000	
Printing and Stationery	15,000	
Furniture and Fittings	110,000	
Advertisement	85,000	
Insurance	45,000	
Salesman commission	87,500	
Rates and Taxes	25,000	
Postage and Telephone	57,500	
Salaries	160,000	
Drawings and Capital	20,000	1,443,000
Purchases and sales	1,550,000	1,987,500
Inventory at 1st January 2020	250,000	
Cash at Bank	60,000	
Cash in hand	10,500	
	3,630,500	**3,630,500**

The following adjustments are to be made:

i) Inventory as at 31st December 2020 was valued at TZS 725,000
ii) A provision for bad and doubtful debts is to be created to the extent of 5% on Sundry debtors.
iii) Depreciate Furniture and Fittings by 10% and Motorcar by 20%
iv) Purchases include purchase of furniture worth TZS 50,000
v) Account Receivables of TZS 25,000 include bad debts
vi) Withdraw goods worth TZS 25,000 during the year
vii) Printing and Stationery Expenses of TZS 55,000 relating to last year had not been provided in that last year but was paid in this year by debiting outstanding Liability
viii) The salesman is entitled to a commission of 5% on total sales
ix) Sales include goods worth TZS 75,000 sent out to FEZA schools company on approval and remaining unsold on last date, the cost of goods was TZS 50,000

8. Hizri Ltd. whose head office is in Songwe operates a branch in Katavi. All goods are purchased by the head office and invoiced to and sold by branch at cost plus $33^1/_3$%. Other than sales ledger kept to Katavi, all transactions are recorded in the books of head office in Songwe.

The following particulars are given of the transactions at the branch during the year ended 31st December, 2022.

DETAILS	TZS
Sock at 1st January,2022 at invoice price	880,000
Debtors 1st January,2022	789,200
Stock in hand 31st December, 2022 at invoice price	729,600
Goods sent from Songwe during the year where at invoice price	4,960,000
Credit sales	4,200,000
Cash sales	480,000
Return to Head office at invoice price	200,000
Return by branch debtors to head office	88,000
Transfer to another branch	42,000
Invoice value of goods stolen	120,000
Bad debts written off	29,600
Reduction in selling price	15,000
Cash from debtors	4,480,000
Normal loss at invoice price due to wastage	20,000
Cash discount allowed to debtor	85,600

From the information provided prepare Branch stock account, Goods sent to branch account, Branch adjustment account, Branch debtors account and Branch income statement for the year ended 31st December, 2022.