TANZANIA HEADS OF ISLAMIC SCHOOLS COUNCIL
FORM SIX INTER ISLAMIC MOCK EXAMINATION
ACCOUNTANCY 2
(For Both School and Private Candidates)

153/2

TIME: 3 Hours **Thursday, 5th March 2026 a.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 **(10)** marks, and each question in section **B** carries twenty **(20)** marks.
4. All writing must be in **blue** or **black** ink, except for drawings, which must be in pencil.
5. Workings must be shown clearly and submitted**.**
6. Non-programmable calculators may be used.
7. Communication devices and any unauthorised 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. During the audit, Amani noticed that the auditor carried several documents, including working schedules, checklists, memoranda, notes, and copies of financial statements. Amani asked the auditor, what those documents were and why they were very important. As an expert in auditing, explain the term used to describe those documents and why they are important in the auditing process. Four (4) arguments.

2. JEMBE CO Ltd supplies expensive cases which are returnable after use. These cases cost TZS 400/= each and are charged out to customers on sale or return within six months at TZS 520/= each; provided they are returned within the month, they are credited at TZS 460/= each. For each case returned, an overall inspection cost of TZS 40/= is incurred. At the end of the year, the company valued all returnable cases in customers' hands and cases held in stock at TZS 320/= each.
   You are advised that:

	At the beginning of the year	*At the end of the year*
Cases held by the company	1,380	1,572
Returnable container with customer	2,395	1,455

   - During the year, 1,550 containers were purchased, 10,310 were invoiced to customers, and 8,980 were returned.
   - On inspection, 130 cases required additional repair costing TZS 3,250, and they had to be sold for TZS 600/=.

   Required: From the information given above, prepare;

   a) Cases stock account b) Cases suspense account

3. Kilimanjaro Tour Ltd has four (4) employees on its payroll. The following information is available for the month ending 31st January 2021.

S/N	Name of Employee	Basic pay per month TZS	Responsibility allowance per month (non–taxable) TZS	Other information
1	Hibba	300,000	80,000	Monthly deduction of TZS 20,000/= for the insurance premium Corporation.
2	Hizza	450,000	60,000	Took a mid – month salary advance of TZS 40,000.
3	Hisham	250,000	25,000	-
4	Hizri	480,000	10,000	Monthly deduction for car loan TZS 50,000.

   On monthly basis:

   a) All employees contribute 10% of their basic salary to the National Social Security Fund, and the employer contributes the same amount.
   b) All employees contribute 5% of their basic salary to Kilimanjaro Tour Ltd's SACCOs.
   c) Meal allowance of TZS 50,000/=

d) Transport allowance of TZS 100,000/=
e) All employees' earnings except for responsibility allowance are subject to the tax table below;
   Extract of the Tax Table.

Salary Range	Tax Payable
1 – 100,000	Non–taxable
101,000 – 400,000	15% of pay above TZS 100,000
401,000 – 600,000	TZS 35,000 plus 30% of pay above TZS 400,000
601,000 – 800,000	TZS 90,000 plus 50% of pay above TZS 600,000

Using the information provided, prepare the salary slips of the employees for the month ended January 2022.

4. MATIKU Motors' company manager is confused about whether to continue using a manual system for recording or switch to a computerised system. Help the manager by evaluating the two systems using the following points as the basis.
   a) Speed
   b) Data storage
   c) Report production
   d) Back-up retrieval

SECTION B (60 Marks)

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

5. ADP Company purchased two motor vans on 1st January 2023 from Toyota Motors Company Limited under a hire purchase agreement. The cost price was payable in TZS 24,000,000/= down payment for each van, with the balance payable in three equal instalments, together with interest at 10% per annum. The amount of the last instalment, including interest, was TZS 70,400,000/=, and depreciation was to be provided at 20% per annum on a reducing balance method. ADP Company paid the two instalments on 31st December 2023 and 31st December 2024, but was unable to pay the instalment due on 31st December 2025.

   Toyota Motors Company Ltd repossessed one Motor van and adjusted its value against the amount due. The repossession was on the basis of 25% depreciation of the original cost method.
   Toyota Motors Company Ltd spent TZS 10,000,000/= on the van repossession and sold it for TZS 62,000,000/=.
   From the information given above, show the following accounts:
   i) Motor van
   ii) Toyota Motors Company Ltd
   iii) Hire purchases sales
   iv) ADP Company
   v) Motor van repossession

6. The following was the statement of financial position of Ally and Kibaro, who were sharing profit and loss in the ratio of 3:2 on 31st December, 2020.

Details	TZS	TZS
Non-current Assets		
Land and Building		5,000,000
Plant and Machinery		200,000
Furniture		300,000
		5,500,000
Current Assets		
Inventory	300,000	
Accounts receivable	700,000	
Bank	1,000,000	
	2,000,000	
Current Liabilities		
Accounts payable	1,500,000	500,000
Capital employed		6,000,000
Partners' Capital Accounts		
Ally		3,000,000
Kibaro		2,000,000
		5,000,000
Reserve		1,000,000
Total capital and liabilities		**6,000,000**

The partners agreed to admit Rizeg into partnership on 1st January, 2021 on the following terms:

a) Rizeg was to receive ⅙ a share of profit and bring TZS 2,500,000 in capital.

b) Goodwill valued at TZS 900,000

c) The value of plant and machinery depreciated by 15%.

d) The land and buildings are valued at TZS 6,000,000

e) A provision of 5% on accounts receivable was to be created for doubtful and bad debts.

f) Furniture was depreciated by TZS 45,000

g) At the end of the year, 31st December, 2021. The capital balances of Ally and Kibaro required to be TZS 4,000,000 and TZS 2,500,000, respectively, after Rizeg's admission.

h) Ally and Kibaro agreed to increase or withdraw cash in partnership to meet the required capital balances.

You are required to prepare the following:

i) Memorandum revaluation account

ii) Partners' capital account

iii) Statement of financial position after Rizeg admission (Assets and Liabilities shown with old values).

7. The following trial balance was extracted from the books of HDL Ltd as on 31st December 2023.

Details	Debit	Credit
Share capital, authorised and issued 40,000 ordinary shares of TZS 10/= each		400,000
Trade debtors and creditors	126,180	139,700
Motor vehicles at cost (TZS 57,500) less sale on 1/01/2023	55,100	
Provision for depreciation of motor vans to 31/12/2022		28,450
Freehold land and building at cost	370,000	
Stock in trade 31/12/2022	95,000	
Purchases and sales	920,000	1,320,250
Wages and salaries	153,120	
Motor and delivery expenses	14,810	
Rates and insurance	6,390	
General expenses	69,840	
Cash in hand	460	
Cash at the bank	117,500	
Director's fees	45,000	
Profit and loss a/c at 31/12/2022		85,000
	1,973,400	**1,973,400**

Additional notes:

i. Stock in trade at 31-12-2023 was TZS 88,000.

ii. Provision for depreciation of motor vehicles is to be made at the rate of 20% per annum on cost.

iii. A motor vehicle, which had a cost of TZS 8,000, was sold on 01-01-2023 for TZS 2,400. The depreciation provided on this motor vehicle up to 31-12-2022 was TZS 5,200.

iv. The rates and insurance paid in advance at 31-12-2023 was TZS 1,120.

v. The cash in hand shown in the trial balance (TZS 460) includes a postdated cheque for TZS 280, which was cashed for a customer on 31-12-2023.

vi. The amounts shown in the trial balance for sales and trade debtors include goods sent out on sale or returns invoiced at TZS 3,000, which represented cost plus 50%. These goods were returned on 3rd January 2024.

vii. In December 2023, goods costing TZS 7,250 were destroyed by fire. The company is expecting to receive a full claim from the insurance Company, as the entire amount has been accepted, but no entry has been made in the company's books.

viii. The directors have decided to recommend a dividend of 10% for the year 2023.

Required:

Prepare the income statement for the year ended 31-12-2023 and the statement of financial position as at that date. *Ignore taxation*.

8. After stock-taking for the year ended 31st May, 2022, the closing stock of Hizri was aggregated to TZS 8,761,200.

   During the course of the audit which followed, the under-noted facts were discovered:

   a) Some goods stored outside had been included at their normal cost of TZS 57,000. They had, however, deteriorated and would require an estimated TZS 12,000 to restore them to their original condition, after which they could be sold for TZS 80,000.
   b) Some goods had been damaged and were now unsalable. They could, however, be sold for TZS 11,000 as spares after repairs estimated at TZS 4,000 had been carried out. They had originally cost TZS 20,000.
   c) One stock sheet had been over-added by TZS 12,600, and another was under-added by TZS 7,200.
   d) Hizri had received goods costing TZS 201,000 during the last week of May 2022, but because the invoices did not arrive until June 2022, they have not been included in stock.
   e) A stock sheet total of TZS 123,400 had been transferred to the summary sheet as TZS 124,300.
   f) Invoices totaling TZS 63,800 arrived during the last week of May 2022 (and were included in purchases and creditors), but, due to transport delays, the goods did not arrive until late June 2022 and were not included in closing stock.
   g) Portable generators on hire from another company at a charge of TZS 34,700 were included in this figure in stock.
   h) Free samples sent to Hizri by various suppliers had been included in the stock at the catalogue price of TZS 6,300.
   i) Goods costing TZS 41,800 sent to customers on a sale-or-return basis had been included in Hizri's stock at a selling price of TZS 60,200.
   j) Goods sent on a sale or return basis to Hizri had been included in the stock at the amount payable (TZS 26,700) if retained. No decision to retain had been made.

   Required:

   Using the information above as it is relevant, prepare a schedule amending the stock figures as at 31st May, 2022.