ACCOUNTANCY 1
MARKING SCHEME

QUESTION 1

02 Marks @ = 10 Marks

Source Documents:

i) Invoice
ii) Cheque
iii) Cash receipts
iv) Debit note
v) Credit note
vi) Petty Cash voucher
vii) Bank pay in slips

QUESTION 2

20 Ticks @ 0.5 = 10 Marks

DR LUKUMBO LTD 10% GOVERNMENT STOCK INVESTMENT ACCOUNT CR

DATE	DETAILS	N	T	C	DATE	DETAILS CR	N	T	C
11/2/18	Purchases	1,200,000		10,80000	10/8/18	Adj. Int 'c'		20,000	
11/2/18	Adj. Int 'c'			20,000	30/6/18	Bank (Int'y)		50,000	
11/6/18	Purchases	800,000	6,667	729,333	30/6/18	Bank (Int'y)		50,000	
11/11/18	Adj. Int 'c'		16,667		11/11/18	Sales	1,000,000		960,000
11/11/18	Profit on sale			60,000	11/11/18	Adj. Int 'c'			16,667
					31/12/18	Bank (Int'y)			50,000
31/12/18	Profit & Instmt		146,660		31/12/18	Balance c/d	1,000,000		872,666
TOTALS		2,000,000	170,000	1,889,333	TOTALS		2,000,000	170,000	1,889,333
1/1/19	Balance b/d	1,000,000		872,666					

Workings:

11/2/2018 Purchases at Ex-Div 1,200,000 × 90% = 1,080,000 Add: Excluded int 1,200,000 × 2/12 × 10% = 20,000 Total: 1,100,000	30/6/18 Interest received 2,000,000 × 3/12 × 10% = 50,000 30/6/18 Interest received 2,000,000 × 3/12 × 10% = 50,000	11/11/18 Profit/loss on Sales Sales proceed: 976,667 Less: Cost 1,000,000 × 110,000/916,667 = 1,200,000 Profit: 60,000

16/2/18 Purchases at cum-div 800,000 × 92% = 736,000 Less: Included int 800,000 × 1/12 × 10% = 6,667 Total: 729,333	11/11/18 Sales at Ex-Div 1,000,000 × 96% = 960,000 Add: Excluded int 1,000,000 × 2/12 × 10% = 16,667 Total: 976,667	

QUESTION 3

32 Ticks @ 0.3125 = 10 Marks

DR BAD DEBTS ACCOUNT CR

DATE	DETAILS	AMOUNT	DATE	DETAILS	AMOUNT
2022	Account receivables	20,000	2022	Income Statement	20,000
2023	Account receivables	10,000	2017	Income Statement	10,000

DR PROVISION FOR DOUBTFUL DEBTS ACCOUNT CR

DATE	DETAILS	AMOUNT	DATE	DETAILS	AMOUNT
2022	Bad debts	20,000	2022	Balance b/d	25,000
	Balance c/d	23,950		Income Statement	18,950
		43,950			43,950
2023	Bad debts	10,000	2023	Balance b/d	23,950
	Balance c/d	14,100		Income Statement	150
		24,100			24,100
				Balance b/d	14,100

DR PROVISION FOR DISCOUNT ALLOWED ACCOUNT CR

DATE	DETAILS	AMOUNT	DATE	DETAILS	AMOUNT
2022	Discount allowed	1.,000	2022	Balance b/d	12,000
	Income Statement	1,479			
	Balance c/d	9,521			
		12,000			12,000
2023	Discount allowed	8,000	2023	Balance b/d	9,521
	Balance c/d	5,518		Income Statement	3,997
		13,518			13,518
				Balance b/d	5,518

QUESTION 4

25 Ticks @ 0.4 = 10 Marks

DR **SINKING FUND ACCOUNT** **CR**

DATE	DETAILS	AMOUNT	DATE	DETAILS	AMOUNT
31/12/19	Balance c/d	320,000	31/12/19	Depreciation	320,000
			1/1/20	Balance b/d	320,000
				Sinking fund invest.	10,000
				Interest	16,000
				Depreciation	320,000
31/12/20	Balance c/d	666,000	Total		666,000
Total		666,000			
1/1/21	Sinking fund investment	26,000	1/1/21	Balance b/d	666,000
31/12/21	Lease	1,000,000		Sinking fund invest.	20,000
Total		1,026,000		Interest	48,000
				Depreciation	292,000
			Total		1,026,000

DR **SINKING FUND INVESTMENT ACCOUNT** **CR**

DATE	DETAILS	AMOUNT	DATE	DETAILS	AMOUNT
31/12/19	Bank	320,000	31/12/19	Balance c/d	320,000
1/1/20	Balance b/d	320,000		Bank	120,000
	Sinking fund	10,000			
	Bank	120,000			
	Bank	336,000	31/12/20	Balance c/d	666,000
Total		786,000	Total		786,000
1/1/21	Balance b/d	666,000		Bank	230,000
	Sinking fund	20,000		Bank	660,050
	Bank (Sales proceed)	230,000		Sinking fund	26,000
Total		916,000	Total		916,000

QUESTION 5

50 Ticks @ 0.4 = 20 Marks

JOURNAL ENTRIES

DETAILS	DEBIT	CREDIT
Statement of profit and loss Provision for depreciation on building account	5,000,000	5,000,000
Statement of profit and loss Provision for depreciation on fixture account	100,000	100,000
Statement of profit and loss Provision for depreciation on motor vehicle account	550,000	550,000
Provision for doubtful debts account Statement of profit and loss	60,000	60,000
Cash account Suspense account	4,680,000	4,680,000
Capital account Capital account	15,632,000	15,632,000

STATEMENT OF CORRECTED NET PROFIT FOR THE YEAR ENDED 31ST DEC 2025

DETAILS	TZS	TZS
Net profit (unadjusted)		29,730,000
Add: Overcasted expenses and undercounted incomes		
Provision for doubtful debts		69,000
		30,330,000
Less: Overcounted incomes and undercounted expenses		
Depreciation: Building	5,000,000	
Fixtures	100,000	
Motor vehicle	550,000	5,650,000
Corrected net loss for the year		(2,617,000)

DR SUSPENSE ACCOUNT CR

DETAILS	AMOUNT	DETAILS	AMOUNT
Balance b/d	20,312,000	Cash	4,680,000
		Capital	15,632,000
Total	20,312,000	Total	20,312,000

CORRECTED STATEMENT OF FINANCIAL POSITION AS AT 31ST DEC 2025

DETAILS	**TZS**	**TZS**	**TZS**
ASSETS			
NON-CURRENT ASSETS			
Building		50,000,000	
Less: Provision for depreciation		(15,000,000)	35,000,000
Fixtures		1,000,000	
Less: Provision for depreciation		(400,000)	600,000
Motor vehicle		5,500,000	
Less: Provision for depreciation		(2,050,000)	3,450,000
Total non-current assets			39,050,000
CURRENT ASSETS			
Stocks		4,166,000	
Debtors	3,166,000		
Less: Provision for doubtful debts	(100,000)	3,066,000	
Cash		5,280,000	12,512,000
TOTAL ASSETS			51,562,000
EQUITY AND LIABILITIES			
EQUITY			
Capital			50,268,000
Less: Net loss			(2,617,000)
Drawings			(2,400,000)
Total equity			45,251,000
CURRENT LIABILITIES			
Creditors		4,206,000	
Bank overdraft		1,425,000	
Accrued expenses		180,000	2,811,000
NON-CURRENT LIABILITIES			
Loan from Hilary			3,500,000
Total equity and liabilities			51,562,000

QUESTION 6

WORKINGS:

Ratio	2018	2019
Acid Test Ratio = $\frac{\text{Quick assets}}{\text{current liabilies}}$	21280/6880 = 3.09 : 1	15960/14560 = 1.16 : 1
Current Ratio = $\frac{\text{Current assets}}{\text{current liabilies}}$	28480/6880 = 4.14 : 1	30080/14560 = 2.07 : 1
Gross Profit Margin = $\frac{\text{Gross profit}}{\text{Sales}} \times 100\%$	51520/101600 × 100 = 50.71%	60800/118400 × 100 = 51.35%
Net Profit Margin = $\frac{\text{Net profit}}{\text{Sales}} \times 100\%$	9600/101600 × 100 = 9.45%	13120/118400 × 100 =11.1%
P/E Ratio = $\frac{\text{Market price per share}}{\text{erning per share}}$	28/4 = 7	32/5.6 = 5.7
Stock Turnover = $\frac{\text{Cost of sales}}{\text{Average stock}}$	50080/8400 = 5.96 times	57600/10160 = 5.67 times
Return on Capital Employed = $\frac{\text{Net profit}}{\text{capital employed}} \times 100\%$	9600/44000 × 100 = 21.8%	13120/53120 × 100 = 24.7%
Debtors Collection Period = $\frac{\text{Debtors}}{\text{credit sales}} \times 365$	10400/91440 × 365 = 41 days	15040/106560 × 365 = 52 days
Earnings Per Share = $\frac{\text{Net profit after tax\& int} - \text{prefered proposed divident}}{\text{number of equit share}}$	3520-1280/1200 = 1.87	3520-3200/1600 = 0.2
Interest Cover = $\frac{\text{Net profit before tax \& int}}{\text{interest expenses}}$	9600/1152 = 8.3 times	13120/1152 = 11.39 times

@row 02 marks = 20 marks

QUESTION 7

50 Ticks @ 0.4 = 20 Marks

INCOME STATEMENT FOR THE YEAR ENDING 31ST DEC 2020

DETAILS	TZS	TZS
Sales		1,987,500
Less: Goods sent on approval		(75,000)
Net Sales		1,912,500
Less: Cost of Goods Sold		
Opening Stock		250,000
Add: Purchases	1,550,000	
Wages	100,000	
Carriage inwards	50,000	
	1,700,000	
Less: Drawings (goods)	(25,000)	
Furniture	(50,000)	1,625,000
		1,875,000
Less: Closing stock (725,000 + 50,000)		(775,000)
COGS		1,100,000
GROSS PROFIT		812,500
Less: Operating Expenses		
Salaries	160,000	
Rent and rates	25,000	
Postage and telephone	57,500	
Printing and stationery	15,000	
General Expenses	70,000	
Insurance	45,000	
Depreciation of furniture	16,000	
Depreciation of motorcar	48,000	
Commission	95,625	
Advertisement	85,000	
Carriage outwards	110,000	
Bad debts	35,000	
Provision for bad debts	20,000	
Discount	20,000	(802,125)
NET PROFIT		10,375

STATEMENT OF FINANCIAL POSITION AS AT 31ST DEC 2020

ASSETS	Amount	Amount	Amount
NON-CURRENT ASSETS			
Furniture and fittings		160,000	
Less: Provision for depreciation		(16,000)	144,000
Motorcar		240,000	
Less: Provision for depreciation		(48,000)	192,000
CURRENT ASSETS			
Stock		775,000	
Debtors	500,000		
Less: Goods sent on approval	(75,000)		
Bad debts	(24,625)		
Provision for bad debts	(20,000)	380,000	
Cash at bank		69,000	
Cash in hand		10,500	1,225,500
TOTAL ASSETS			1,561,500
EQUITY AND LIABILITIES			
EQUITY			
Capital			1,443,000
Add: Net profit			10,375
			1,453,375
Less: Drawings			(45,000)
Total Equity			1,408,375
CURRENT LIABILITIES			
Creditors		200,000	
Sales commission		8,125	
Printing and stationery		(55,000)	153,125
TOTAL EQUITY AND LIABILITIES			1,561,500

QUESTION 8

40 Ticks @ 0.5 = 20 Marks

DR **BRANCH STOCK ACCOUNT** **CR**

DETAILS	TZS	DETAILS	TZS
Balance b/d	880,000	Sales: Credit	4,200,000
Goods sent	4,960,000	Cash	480,000
		Returns to H/O	200,000
		Transfer to other branch	42,000
		Goods stolen	120,000
		Reduction in selling price	15,000
		Normal loss	20,000
		Abnormal loss	33,400
		Balance c/d	729,600
Total	5,840,000	Total	5,840,000
Balance b/d	729,600		

DR **GOODS SENT TO BRANCH ACCOUNT** **CR**

DETAILS	TZS	DETAILS	TZS
Branch stock	150,000	Branch stock	3,720,000
Branch debtors	66,000		
Income statement	3,050,000		
Total	3,720,000	Total	3,720,000

DR **BRANCH ADJUSTMENT ACCOUNT** **CR**

DETAILS	TZS	DETAILS	TZS
Branch debtors	22,000	Balance b/d	229,000
Returns	50,000	Goods sent	1,240,000
Transfer to other branches	10,500		
Goods stolen	39,000		
Reduction in selling price	15,000		
Abnormal loss	8,350		
Normal loss	29,000		
Gross profit	1,121,750		
Balance c/d	182,400		
Total	1,469,000	Total	1,469,000
		Balance b/d	182,400

DR		BRANCH DEBTORS ACCOUNT	CR
DETAILS	**TZS**	**DETAILS**	**TZS**
Balance b/d	789,200	Returns: Branch adj.	22,000
Sales	4,200,000	Goods sent	66,000
		Bad debts	29,600
		Collection from debtors	4,480,000
		Discount allowed	85,600
		Balance c/d	306,000
Total	4,989,200	Total	4,989,200
Balance b/d	306,000		

BRANCH INCOME STATEMENT FOR THE YEAR ENDING 31ST DECEMBER 2022

DETAILS	TZS	TZS
Gross profit		1,121,750
Less:		
Bad debts	29,600	
Goods stolen	90,000	
Discount allowed	85,600	
Abnormal loss	25,050	(230,250)
NET PROFIT		891,500