# 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** **Friday, 7th March 2025 a.m.**

**Instructions**

1. This paper consists of sections A and B with a total of eight (8) questions.
2. Answer **all** questions in section A and **three (3)** questions from section B.
3. Each question in section A carries **ten (10)** marks and in section B **twenty (20)** marks.
4. Working must be shown clearly and submitted.
5. Mathematical tables and Non-programmable calculators may be used.
6. Cellular phones and any unauthorized materials are **not** allowed in the examination room.
7. Write your **Examination Number** on every page of your answer booklet(s).

## SECTION A (40 Marks)

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

1. Tanzania Controller and Auditor General always presents his report to the President of the United Republic before it actually reaches the public. Describe four (4) common opinions he always provides as a summary to the whole report.
2. Bakhresa carbonated drinks group of company plans to launch two flavors in the market from which it expects to make a profit of Tsh 50,000,000/= after deducting a fixed cost of Tshs 90,000,000.

| Product | Selling price per unit | Variable cost per unit | Budgeted sales (units) |
|---|---|---|---|
| Azam Cola | 100,000 | 64,000 | 500 |
| Azam Apple | 150,000 | 76,500 | 1,250 |

Required:

(i) Break Even point in units

(ii) Break Even point in revenue

(iii)Target sales mix in units

(iv)Target sales mix in revenue.

3. The management of Mlimani Hotel has installed a workers' signing machine to monitor the exact minutes and hours the employees commit to work. The management of Mlimani pays overtime 1 ½ % times the normal rate of pay. Their two employees for the month of January 2020 had a basic 200 hours per month each and the following allowances were advanced:

Meals allowance at 10% of basic salary
Transport at 20% of basic salary
Responsibility allowance at 50% of gross salary
All employees' earnings are subjected to PAYE at 40% of gross pay.

In the first moth after the machine was installed the performance of the two employees of Mlimani Hotel was as follows:

| Employee | Hourly rate | Hours worked | Salary advance | Staff loan deduction per month |
|---|---|---|---|---|
| Nadiya M. | 1000 | 210 | 150,000 | 170,000 |
| Ayman | 900 | 205 | 95,000 | 115,000 |

Using the information of Mlimani Hotel for the month of January 2020 prepare the salary slip.

4. Mtukwao traders wish to know how their inventory vary with different methods. The accountant has provided you with the following information for the year 2021.

| | | |
|---|---|---|
| Jan | 1st | Beginning inventory was 900 units @ Tshs 1000 |
| Feb | 23rd | Purchased 1,300 units @ Tshs 1110 |
| May | 3rd | Purchased 1400 units @ Tshs 1130 |
| Aug | 15th | Purchased 1900 units @ Tshs 190 |
| Nov | 10th | Purchased 2000 units @ Tshs 1200 |
| Dec | 31st | Physical stock count show that 1600 units were in the inventory |

Using the FIFO, LIFO and Average cost method, find and give a comparison of the cost of ending inventory and cost of goods sold under periodic inventory system.

## SECTION B (60 Marks)

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

5. (a) Igalawa stores sells its product in cases, charging them out and returnable at Tshs 4000 and Tshs 3200 respectively. Igalawa stores buys the cases at Tshs 2400 and value them at Tshs 2000 on inventory taking date. Returns are accepted when in good condition and within three months after issue. The following are information related to Igalawa stores during the year 2021.
   (i) Inventory on 1st Jan 2021 were 400 cases in the warehouse and 1200 cases in the hands of customers
   (ii) 800 cases were bought during the year whereas 20 cases were returned to the suppliers for which a credit note of Tshs 46,400 was agreed to be refunded.
   (iii) 10,000 cases were issued to the customers while 9200 cases were returned within accepted period by customers.
   (iv) 40 cases kept by the firm had been damaged beyond repair whereas Tshs 224,000 was spent in repairing the damaged cases.
   (v) 20 cases damaged in store were sold for Tshs 800 a case.

   From the information given, prepare the cases inventory account and cases suspense account.

   (b) Mwashimba corporation Ltd obtained a lease of coal from Mr. Like on the following terms from 1st Jan 2014
   (i) Royalty will be Tshs 5000 per tonnes of coal raised during the period. Calculation to be made at the end of each financial year at 31 Dec but payment to be made on 31 January of the next year.
   (ii) Minimum rent will be Tshs 2,500,000 for the first year with an annual increase of Tshs 250,000 till it reaches Tshs 3,750,000.

   The coal raised by Mining Corporation is as under:

| Year | Production (Tonnes) |
|---|---|
| 2014 | 1000 |
| 2016 | 2000 |
| 2017 | 10,000 |
| 2018 | 15,000 |

   Show the following ledger accounts:
   (i) Royalty payable account
   (ii) Mr. Like account

6. Mulamu Ltd acquired a bus from Africars on hire purchases terms on 1st July 1994, the cash price for the bus was Tshs 300,000 the terms of agreement were to pay a down payment of 25% on 1st July 1994 and half yearly instalment of Tshs 45,000 at the end of each year, HP interest is charged at 10% per annum on the amount outstanding at the beginning of the year.

   The financial year of Mulamu Ltd ends on 31st Dec, the cost of the assets to Africars was Tshs 200,000, the bus was repossessed on 1st Jan 1996 due to non payment of instalment, some of components of repossession bus was sold for Tshs 5000, immediately and the rest of the bus was valued at Tshs 80,000. Depreciation in Mulamu Ltd was charged at 20% p.a.

   Required:
   Show the following ledger accounts in the book of Mulamu Ltd.
   (i) Bus account
   (ii) Africars account
   (iii) Hire purchase interest expenses, expenses account
   (iv) Provision for depreciation account

7. Kilima, Daud and Othman carried on a manufacturing business as partners, sharing profit and loss equally. They agree to amalgamate with S. Mustafa on 30th April 2021 who carried on a similar business. The summarized statement of financial position of the two firms as at 30th April 2021.

Statement of financial position of S. Mustafa as at 30 Apr 2021

| Details | Tshs | Tshs |
|---|---|---|
| <u>Non Current Assets</u> | | |
| Plant and machinery | | 24,000,000 |
| <u>Current Assets</u> | | |
| Inventory | 25,000,000 | |
| Account receivable | 36,000,000 | 61,000,000 |
| Total Assets | | 85,000,000 |
| <u>Capital and Liabilities</u> | | |
| Capital Accounts | | 30,000,000 |
| <u>Current Liabilities</u> | | |
| Account payable | 20,000,000 | |
| Bank overdraft | 35,000,000 | 55,000,000 |
| Total capital and liabilities | | 85,000,000 |

Statement of financial position of Kilima, Daud and Othman as at 30th April 2021.

| Details | Tshs | Tshs |
|---|---|---|
| Non current Assets | | |
| Premises | 60,000,000 | |
| Plant and machinery | 36,000,000 | 96,000,000 |
| Current assets | | |
| Inventory | 60,000,000 | |
| Account receivable | 70,000,000 | |
| Cash | 44,000,000 | 174,000,000 |
| Total assets | | **270,000,000** |
| Capital and Liabilities | | |
| Capital accounts | | |
| Kilima | 80,000,000 | |
| Daud | 60,000,000 | |
| Othman | 40,000,000 | 180,000,000 |
| Current Liabilities | | |
| Account payable | | 90,000,000 |
| Total capital and liabilities | | **270,000,000** |

The terms of amalgamation were as follows:

(i) Profit and loss were to be charged equally

(ii) The value of a goodwill was agreed at Tshs 90,000,000 for the firm of Kilima, Daud and Othman, while for S. Mustafa was 40,000,000/=.

(iii) The new firm was to be taken over all the assets and liabilities of two businesses and charge the bank overdraft, but certain assets were revalued as follows:

| | Kilima, Daud and Othman | S. Mustafa |
|---|---|---|
| Premises | 80,000,000 | - |
| Plant and machinery | 34,600,000 | 31,000,000 |
| Account receivable | 70,000,000 | 33,600,000 |

Required:

(i) Revaluation account

(ii) The opening statement of financial position of the new firm.

8. The following is a summarized statement of financial position of BYELLA Co as at March 2019.

| | | |
|---|---|---|
| Non-current Assets | | 139,000 |
| Current Assets: | | |
| Account receivable | 62,000 | |
| Bank | 49,000 | 101,000 |
| | | **240,000** |
| Capital and liabilities | | |
| Issued share capital 10,000/= Ordinary share of 10% | 100,000 | |
| 5000, 5% preference share of 10/= @ | 50,000 | 150,000 |
| Profit and loss | 27,000 | |
| General reserve | 25,000 | |
| 5% Debenture | 30,000 | |
| Account payable | 18,000 | 90,000 |
| | | **240,000** |

On April 1st 2019 the directors directed to redeem the preference shares at a premium of 10% as follows:

(a) 80% of the preference shares were to be redeemed, out of fresh issue of 4000 ordinary shares of 10/= at a premium of 5%, there were fully subscribed and paid for the same date.

(b) The remaining preference shares were redeemed out of profit and loss account assuming the transaction took place on the same date.

You are required to prepare:

(i) The effects of the ledger accounts.

(ii) Statement of financial position after redemption.

*Wabillah Tawfiiq*