THE PRESIDENT'S OFFICE

REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT

FORM SIX COMPETENCE EXAMINATIONS (FOSCE) - 2025

CODE: 153/1 **ACCOUNTANCY 1**

TIME: 3 HOURS **20th FEBRUARY 2025, PM**

Instructions

1. This paper consists of sections A and B with the eight **(8)** questions.
2. Answer **all** questions from 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. Workings must be shown clearly and submitted.
5. 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 from this section.

1. With vivid examples, briefly describe five (5) qualitative characteristics of accounting information.

2. On 31st March 2016 Mikuya Ltd purchased TZS 8,000, 4% Government stock at 92 plus brokerage charges amounting to TZS 320. Interest is paid half a year on 30th June and 31st December. On 1st June 2016 TZS 4,500 of the stock was sold at 94 ex – int, brokerage charges amounted to TZS 190. The company prepares the accounts annually to September 30th. Required: - Using the information given, show the 4% Government stock investment account in the company's books making suitable apportionment of capital and revenue.

3. The trial balance as at 31st March 2020 of Popo Co. Ltd was balanced by the inclusion of the following debit balance; difference on the trial balance suspense account TZS 2,513,000. Later on, the following errors were discovered;

   i) Discount received of TZS 324,000 in January 2020 have been posted to the debit side of the discount allowed account.

   ii) Wages of TZS 2,963,000 paid in February 2020 have not been posted from the cash book.

   iii) A remittance of TZS 920,000 received from Chombo in January has been posted to the Chombo Co.Ltd.

   iv) The company took advantage of an opportunity to buy stationeries in bulky at a bargain price of TZS 2,000,000. No adjustments have been made in the accounts for the fact that three quarters, in value of this stationery was in stock on 31st March 2020.

   v) A payment of TZS 341,000 to Jeje in February 2020 has been posted in the personal account as TZS 143,000.

   vi) A remittance of TZS 3,000,000 received from Kaka; a credit customer has been credited to sales.

   Required: Using the information given, show the entries necessary to correct the accounting errors and prepare the suspense account.

4. Mombo Village Cooperation owns buildings which are let to three customers at different rental rent. On 31st December 2017 when the cooperation accounts were closed the accounts of the three tenants showed that the cooperation owed to Shamia TZS 4,500,000 as the rent for the month of January 2018. Chacha and Pendo owed TZS 7,000,000 and TZS 8,000,000 respectively being rent for the month of December 2017. Rent collection during the year to 31st December 2018 were as follows:

   - TZS 58,500,000 from Shamia being rent for thirteen months to January 2019.
   - TZS 80,000,000 from Pendo being ten-month rent.
   - TZS 77,000,000 from Chacha being rent for eleven months.

   Required; Using the information given**,** open the rent received account in the books of the cooperation.

SECTION B: (60 Marks)

Answer **three (3)** questions from this section

5. Mangesho Co. Ltd had on 1st April 2015 plant account costing TZS 3,720,000 and a provision for depreciation on plant account of TZS 2,054,000. The company policy is to provide depreciation using net book value method applied to a non – current asset held at the end of the financial year at the rate of 20% per annum. On 1st September 2015 the company sold for TZS137,000 one plant which was acquired on 31st October 2011 at cost a of TZS 360,000 with an additional installation cost totaled TZS 40,000. During 2013 major repairs costing TZS 63,000 had been carried on this plant and in order to increase the capacity of the plant a new motor had been fitted in December 2013 at a cost of TZS 44,000. A further overhead costing TZS 27,000 had been carried out during 2014. The company acquired new replacement plant on 30th December 2015 at a cost of TZS 960,000 inclusive installation charges of TZS 70,000.

   Required: - Using the information given; Show the following accounts for the year ended 31st March 2016.

   a) Plant account
   b) Provision for depreciation on plant account
   c) Plant disposal account.

6. The following is a trial balance extracted from the books of a sole proprietor at 31st December 2016

NAME OF ACCOUNT	DR (TZS'000')	CR (TZS'000')
Stock 1st January 2016	50,000	
Freehold premises	240,000	
Bills receivable	30,000	
Purchase and sales	280,000	520,000
Wages and salaries	35,000	
Fixture and fittings	25,000	
Discounts	7,500	4,500
Plant and machinery	140,000	
Rates	5,600	
Advertising	10,400	
Insurance	3,800	
General expenses	7,200	
Provision for doubtful debts		1,800
Sundry debtors	60,000	
Bills payable		15,000
Sundry creditors		43,000
Cash in hand	2,400	
Bank overdraft		18,600
Drawings	6,000	
Capital		300,000
	902,900	**902,900**

The following additional information is provided: -

i) Provide depreciation on the plant and machinery at 10% per annum and fixtures and fittings at 15% per annum.

ii) Increase the provision for doubtful debts to an amount equal to 4% of sundry debtors.

iii) Prepaid insurance amounts to TZS 500,000.

iv) Rates accrued TZS 400,000.

v) Closing stock was TZS 60,000,000.

vi) During the year the sole proprietor took goods worth TZS 2,000,000 for his personal use

Required:- Using the information provided, prepare the income statement for the year ended 31st December 2016, and the statement of financial position as on that date.

7. Mangabe store Ltd has its head office and main store in Moshi and a branch store in Arusha. All goods are purchased by the Head office. Goods are invoiced to the branch at cost price plus a profit loading of 20%. The following trial balances have been extracted as at 31st December 2019

DETAILS	HEAD OFFICE		BRANCH	
	DR	CR	DR	CR
Administrative expenses	380,000		30,000	
Distribution costs			172,000	
Capital (at 1st January 2019)		550,000		
Cash and bank	25,000		2,000	
Creditors and accruals		176,000		20,000
Current accounts	255,000			180,000
Debtors and prepayments	130,000		76,000	
Motor vehicles at cost	470,000		230,000	
Accumulated depreciation on vehicles		280,000		120,000
Plant and equipment at cost	250,000		80,000	
Accumulated depreciation on plant		120,000		30,000
Proprietor's drawings during the year	64,000			
Provision for unrealized profit		5,000		
Purchases	880,000			
Sales		1,200,000		570,000
Stock on 01.01.2019	80,000		30,000	
Transfer of goods from H.O to branch		360,000	300,000	
	2,691,000	2,691,000	920,000	920,000

Addition information

i) The stock in hand at 31st December 2019 were estimated to be as follows:
At head office (at cost) TZS 100,000.
At the branch (at invoiced price) TZS 48,000.

ii) In addition, TZS 60,000 of stocks at invoice price had been dispatched to the branch on 28th December 2019. The branch had not received these goods until 5th January 2020 and so they had not been included in the branch books account.

iii) On 31st December 2019, the branch had transferred TZS 15,000 of cash to the head office bank, but this was not received in Moshi until 2nd January 2020

Required:

a) Prepare in adjacent columns Head office, the branch income statement for the year ended 31st December 2009 (Note: Combined income statement is not required)

b) Prepare the statement of financial position as at 31st December 2019

8. The following are cooperative financial statement prepared as at 31st Dec 2019 for Sabra company

INCOME STATEMENT	**2019**	**2020**
Sales revenue	15,000,000	14,000,000
Cost of goods sold	9,000,000	8,500,000
Gross margin	6,000,000	5,500,000
Operating expenses	4,300,000	4,050,000
Pretax income	1,700,000	1,450,000
Income tax	500,000	450,000
AFTER TAX PROFIT	1,200,000	1,000,000

STATEMENT OF FINANCIAL POSITION	**2019**	**2020**
Cash	700,000	1,100,000
Account receivable	1,200,000	1,400,000
Stock	3,000,000	2,800,000
Non -current assets	5,000,000	4,300,000
	9,900,000	9,600,000
Current liabilities	1,400,000	1,700,000
	8,500,000	7,900,000
Long term liabilities 40% interest	3,500,000	3,500,000
Ordinary shares of TZS 1,000 each	4,000,000	4,000,000
Retained earning	1,000,000	400,000
	8,500,000	7,900,000

Required: Using the information provided;

i) Calculate the following ratios for the two years.
   a) Working capital ratio,
   b) Account receivable collection period,
   c) Rate of stock turn over in days
   d) Return on Equity
   e) Return on Capital employed
   f) Interest cover ratio
   g) Earnings per share

ii) Compare the performance of the company in two years using Return on capital employed, Rate of stock turn over and Interest cover ratio.