THE PRESIDENT'S OFFICE

REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT

FORM SIX COMPETENCE EXAMINATIONS (FOSCE) - 2025

CODE: 153/2 **ACCOUNTANCY 2**

TIME: 3 HOURS **25^{TH} FEBRUARY 2025, AM**

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. State the type of audit opinion to be given in the following situations;
   a) ZEKA Auditors ltd audited the financial statements of BEKA Ltd for the year ended 31st December 2018. The debtors' figure was found to be TZS 500,000,000 and not the reported amount of TZS 9,000,000. All other figures were correct and presented fairly.
   b) ZEKA Auditors Ltd audited the financial statements of HEKA Ltd for the year ended 31st December 2017. There were material misstatements of amounts in all parts of financial statements.
   c) ZEKA Auditors Ltd audited the financial statements of PEKA Ltd for the year ended 31st December 2019. There were no material misstatements of amounts in all parts of financial statements.
   d) ZEKA Auditors Ltd audited the financial statements of HEGA ltd for the year ended 31st December 2015. The auditors were not given the Income statement and statement of financial position.

2. One of the functions of computer device is to give out information to users, briefly explain any four (4) output devices of computer.

3. Zinja enterprises Ltd operates the business to repair radio and Television. The enterprise has four workers; Dodo, Imani, and Gabi. They have 6 hours working daily for 24 days in a month. A worker who works in excess of this guaranteed hours will be compensated at twice the rate. The enterprise has the guaranteed pay for 144 hours for month. During the month ending 31stMay 2014 the following transactions took place.

i. Dodo worked for 156 hours and his rate per hour TZS 1,200.
ii. Imani did not attend all hours in this month of May of 2014, he only managed to work for 144 hours and her rate per hour was TZS 1,000.
iii. Gabi has 3 months only to work with Zinja enterprise Ltd. During May 2014 worked for 140 hours at the rate of TZS 800 per hour.
iv. Houses allowance at 15% o basis salary is paid to all employees.
v. Every employee is entitled to transport allowance of TZS 2,000 per month.
vi. Every employee is to receive TZS 16,000 per month meal allowance.
vii. PAYE tax: salary above TZS 120,000, up to TZS 160000, 15% of the amount in excess of TZS 120,000. Salary above TZS 160,000 up to 380,000 chargeable 20% of the amount in excess of TZS 160,000.
viii. Each employee has to contribute to SACCOS 3% of basic pay.
ix. NHIF to be deducted in basic salary at 5% to every employee.

From the information given above, prepare the salary slips of the employees for the month of May 2014

4. BIG Ltd, a company dealing with textiles is expecting to have a cash balance of TZS 25,000,000 as at 1st April 2021. The finance manager needs to know the cash position of the organisation for three months and asked you to prepare a cash budget from April to June 2021 using the following information;

Month	Sales (TZS '000')	Purchases (TZS'000')	Wages (TZS '000')	Expenses (TZS '000')
February	70,000	40,000	8,000	6,000
March	80,000	50,000	8,000	7,000
April	92,000	52,000	9,000	7,000
May	100,000	60,000	10,000	8,000
June	120,000	55,000	12,000	9,000

Additional information

(a) Credit period allowed by suppliers is two months.

(b) 75% of sales is for credit, and the customers are allowed one month of credit.

(c) Delay in payment of wages and expenses is one month.

(d) Income tax TZS 25,000,000 is to be paid in June 2021.

SECTION B (60 MARKS)

Answer three (3) questions from this section

5. NGAO Ltd granted a lease for mining to NJOMBE miners Ltd BASED on TZS 2,000 per ton of minerals extracted subject to a rent of TZS 11,000,000 per year. The lessee has the right to recoup the short workings within two years following the payment for the respective short working and not afterwards. The output in five years were as follows;

Year	2015	2016	2017	2018	2019
Output (tones)	4,000	4,500	6,000	6,800	5,500

Required

(a) Royalty table

(b) NJOMBE MINERS Ltd account.

(c) Royalty income account

6. Tina, Baka and Cheche have been in a partnership for several years, they share profit and losses in the ratio 3:2:1 respectively. Their last Statement of financial position was prepared on 31st December 2017 as follows:

STATEMENT OF FINANCIAL POSITION OF T, B, AND C AS AT 31st MARCH 2017

Non-current assets	TZS		TZS	TZS
Plant and equipment	2,000,000			
Less: Provision for depreciation	600,000			
Book value				1,400,000
Current Assets				
Closing stock			500,000	
Trade debtors			2,100,000	
Total current assets			2,600,000	
Less: Current Liabilities				
Bank		1,300,000		
Trade creditors		1,700,000	(3,000,000)	
WORKING CAPITAL				(400,000)
CAPITAL EMPLOYED				**1,000,000**
CAPITAL ACCOUNT				
Tina’ capital				400,000
Baka’s capital				400,000
Cheche’s capital				200,000
				1,000,000

Despite making good profits during recent years, they had become increasingly dependent on one credit customer, Samweli, and in order to retain their customer they had gradually increased his credit limit until he owed the partnership TZS 1,800,000. It has now been discovered that Samweli is insolvent and that he is unlikely to repay any of the money owed by him to the partnership. The partners have agreed to dissolve the partnership on the following terms:

i) The stock is to be sold to Nelson Ltd for TZS 400,000.
ii) The plant and equipment will be sold for TZS 800,000 except for certain items with a book value of TZS 500,000 which will be taken over by Tina at an agreed valuation of TZS 700,000.
iii) The debtors, except for Samweli, are expected to pay their accounts in full.
iv) The costs of dissolution will be TZS 80,000 and discounts received from creditors will be TZS 50,000. Partners were solvent except Tina who managed to pay only 20% of her liability to the partnership.

Required: Using the information provided, prepare the following accounts;

a) Realization account
b) Partners’ capital accounts and
c) Partners’ Bank account

7. A crushing machine was bought by Kapombe Ltd. on hire purchase agreement at price of TZS 7,238,044 from MEGA supplies Ltd. on 1st January 2018. The agreed price was paid by annual instalments of TZS 2,412,760 on 31st December of 2018, 2019 and 2020 respectively. The cash price was TZS 6,000,000 while the rate of interest was 10% per annum. Depreciation was calculated using straight line method at the rate of 20% per annum.

   Required: Using the information given, prepare;
   (a) Crushing machine account
   (b) MEGA supplies Ltd account
   (c) Depreciation on crushing machine
   (d) Hire purchase interest account

8. Mwembeni Ltd. dispatch goods to customers in returnable drums which remains the property of Mwembeni Ltd. Deposits are made when dispatching drums and when the drums are returned in good condition, there is a partial refund. The following information applies.

   The drums cost TZS 18,000 each and they are charged out to customers at TZS 22,500 and credited with TZS 15,000 each. For stock taking purposes, all the drums are valued at TZS 11,250 each. Records reveal that on 1st January, 2018 there were 210 drums in stock of the company's warehouse and 75 drums in customers possession. During the year ended 31st December 2018 the following transactions occurred:
   (a) 705 drums were dispatched to customers and 594 returned by customers.
   (b) 24 drums were damaged and scrapped. These were sold for TZS 300,000.
   (c) 285 new drums were purchased.
   (d) The company paid TZS 90,000 during the year for repairs of drums.
   (e) 30 drums were kept by customers permanently. On 31st December 2018 there were 156 drums in customers possession. A physical stock check of those held by Mwembeni Ltd showed no discrepancy.

   Required; Use the information provided to prepare drums stock and drum suspense accounts of Mwembeni Ltd for the year ended 31st December 2018.