



Accountancy ACSEE

**Past Paper Questions and
Answers by Topic**

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1.0 PARTNERSHIP ACCOUNTING

2021 PAST PAPERS – 2

7. Anna, Bernard and Charles were partners in a partnership firm sharing profits and losses in the ratio of 3:2:1 respectively. Their last statement of financial position as at 31st October 2020 was as follows:

Anna, Bernard and Charles
Statement of financial position as at 31st October 2020

Details	TZS	Details	TZS
Capital: Anna	40,000	Premises at cost	200,000
Bernard	40,000	Less: Depreciation	<u>60,000</u>
Charles	20,000		
		Furniture	140,000
		Motor vehicles	50,000
		Office equipment	30,000
Current Liabilities		Current Assets	20,000
Bank	130,000	Stock	50,000
Creditors	270,000	Debtors	210,000
	400,000		260,000
	500,000		500,000

Despite making good profits during the recent years, the firm had become increasingly dependent on one credit customer called Mauta. In order to retain this customer, the firm had gradually increased her credit limit until she owed the partnership TZS 180,000. It has now been discovered that Mauta is insolvent and that she is unlikely to repay any of the money owed by her to the partnership. Reluctantly, Anna, Bernard and Charles have agreed to dissolve the partnership on the following terms:

- (a) The stock is to be sold for TZS 40,000.
- (b) The premises will be sold for TZS 80,000 except one building with a book value of TZS 50,000 which will be taken over by Anna at an agreed valuation of TZS 70,000.
- (c) The debtors except Mauta paid their accounts in full.
- (d) Furniture, Motor vehicles and Office equipment were sold for TZS 70,000, TZS 50,000 and TZS 30,000 respectively.
- (e) The costs of dissolution will be TZS 8,000 and discounts received from creditors will be TZS 5,000. Anna is unable to meet her liability to the partnership out of her personal funds.

Prepare the Realisation Account, Bank Account and the Partners' Capital Accounts to record the dissolution of the Partnership.

Dr		Realization Account Cr	
Properties	140,000	Stock (bank)	40,000
Furniture	5,000	Provisions (bank)	2,000
Motor vehicles	20,000	Building (Anna - capital)	10,000
Office equipment	20,000	Debtors (bank)	30,000
Stock	50,000	Banking (bank)	7,000
Debtors	210,000	Motor vehicles (bank)	5,000
Dissolution expenses	800	Office equipment (bank)	30,000
		Digrant received	500
		Lic. charged	
		A - Capital 133,000 x 1/3 = 66,667	
		B - Capital 133,000 x 1/3 = 44,333	
		C - Capital 133,000 x 1/3 = 22,667	22,667
	508,000		508,000
Dr		Retained Capital Account Cr	
Detail	Anna	Bernard	Charles
Building (Bank)	70,000		
Realization	66,667	44,333	22,667
A - Adjustment	64	64,333	32,667
			C - Adjustment 32,667
			Bank
			68,666
	96,500	108,666	54,334
Dr		Bank Account Cr	
Realization (bank)	40,000	Balance b/f	130,000
Realization (expenses)	8,000	Dissolution expenses	8,000
Debtors (Realization)	30,000	Creditors	265,000
Banking (Realization)	70,000		
Motor vehicles (Realization)	5,000		
7- Office equipment	30,000		
Bernard - Capital	68,666		
Charles - Capital	34,334		
	403,000		403,000

Extract 14.1: A sample of a correct response from a candidate

2020 PAST PAPERS – 2

7. China and Buswera are partners under the firm name CB Enterprises sharing profits and losses in the ratio of 2:3. Muya and Yuda are partners under the firm name MY Traders sharing profits and losses equally. Their Balance sheets as on 30th June 2019 were as follows:

Balance Sheets as at 30 th June 2019					
Liabilities	CB	MY	Assets	CB	MY
Capitals:	TZS	TZS		TZS	TZS
China	300,000	-	Goodwill	50,000	50,000
Buswera	400,000	-	Machinery	240,000	-
Muya	-	240,000	Furniture	100,000	10,000
Yuda	-	220,000	Stock	200,000	240,000
Reserves	100,000		Debtors	90,000	200,000
Loan	30,000	20,000	Bank	70,000	8,000
Creditors	20,000	40,000	Cash	100,000	12,000
	TZS 850,000	TZS 520,000		TZS 850,000	TZS 520,000

The two firms decided to amalgamate and form a new firm namely M/S CB & MY Traders. The terms of amalgamation were as follows:

- (a) The new firm was to take over all the assets and liabilities of both firms with the exception of the loan of CB Enterprises, which was to be paid by that firm out of its bank balance.
- (b) A provision for doubtful debts to be created on debtors at 5%.
- (c) Goodwill of both firms was to be valued at one year's purchase of the average profits of the last four years which were as follows:

Details	CB	MY
	TZS	TZS
Year ended June 2018	80,000	60,000
Year ended June 2017	70,000	70,000
Year ended June 2016	90,000	50,000
Year ended June 2015	84,000	70,000

- (d) Machinery of CB Enterprises was overvalued by TZS 40,000 and Furniture of both firms was over depreciated by TZS 2,000 each.

Using the information provided, prepare:

- (a) the Revaluation Accounts of CB Enterprises and MY Traders on 30th June 2019.
- (b) the partners' Capital Accounts in the new firm and the Statement of Financial Position of M/S CB & MY Traders as at 1st July 2019.

T:	Dr	NY: Renovation a/c	C:
	provision for doubtful debts	10,000	Furniture 2000
	Capital a/c		Goodwill 12,500
	Mys	2250	
	Yoda	2250	
		14,500	14,500

T:	Dr	CB Renovation a/c	C:
	Machinery	40,000	Furniture 2000
	provision for doubtful debts	4,500	Goodwill 31,000
	Capital a/c:		
	Mys	4,600	
	Business	6,900	
		44,500	44,500

7.	M/S CB & NY Trading Statement of financial position as at 31/7/2013		
	Fixed assets		
	Machinery	30,000	-
	Furniture	114,000	314,000
	Current assets		
	Stock	44,200	
	Debtors	59,000	
	less provision	14,500	275,500
	Bank	48,000	
	Cash	112,000	875,500
	Goodwill		143,500
			<u>1333,000</u>
	Current liabilities		
	Creditors	60,000	

7.	Wan	20,000	
	Capital a/c		
	China	315,400	
	Busman	451,000	
	Mary	242,150	
	Yvonne	222,250	
		<u>1333000</u>	
	Dr	Bank a/c	C
	Capital, China	90,000	Balance $\frac{5}{6}$ 110,000
	Busman	60,000	
		<u>100,000</u>	<u>110,000</u>
	Dr	Father Capital a/c	C
	Debits	China Bank Mary Yvonne	
	Reduction	460 690 - -	Opening $\frac{5}{6}$ 300,000 200,000 110,000
	Balance $\frac{5}{6}$	<u>315,000</u> <u>353,000</u> <u>125,000</u> <u>112,250</u>	Reduction - - 1250 2250
			Retained 60,000 60,000 - -
		<u>255,000</u> <u>293,000</u> <u>112,500</u>	<u>300,000</u> <u>310,000</u> <u>114,150</u> <u>112,250</u>
			Balance $\frac{5}{6}$ <u>235,000</u> <u>310,000</u> <u>112,250</u>

Extract 14.2: A sample of a good response from a candidate

2019 PAST PAPERS – 2

3. (a) (i) Define partnership dissolution.
(ii) Outline five reasons for partnership dissolution.
- (b) Hemed and Maryam, who were trading in partnership, decided as on 31st March 2015 to dissolve their partnership and liquidate the business. Their balance sheet as on that date was as follows:

Balance Sheet as at 31st March 2015

Capital:		Cash	180,000
Hemed	200,000	Sundry debtors	280,000
Maryam	150,00	Other assets	85,000
Sundry creditors	275,000	Land and building	80,000
	625,000		625,000

Profits and losses are shared equally.

The debtors realized TZS 270,000, other assets TZS 95,000 and the land and building of the business was sold for TZS 40,000.

The expenses of liquidation amounted to TZS 10,000.

Using the information provided, prepare the following:

- (i) Journal entries
- (ii) Realization Account
- (iii) Cash Account

3-a) i) Dissolution is the process of winding or closing up the partnership business. All assets and liabilities are sold or paid and the profit or loss is charged to the partners. It is normally done by a person called a liquidator.

ii) The following are reasons for partnership dissolution.

Death of the partner. If one partner dies, then the business should be dissolved and the continuing partner may decide to either open a sole proprietorship business or join another firm.

Bankruptcy of the partner. If a partner becomes bankrupt and thus can not continue contributing capital, then the firm must be dissolved.

Insanity of a partner. If one partner has become of an unsound mind, or has become permanently incapable of performing his duties then the business can be closed.

Court order. The court may order the partnership closed due to factors such as eomp accumulation of debts and it feels like if it continues, further debts would be accumulated.

If it is operating at a loss. The firm can be closed if the partners see that they are not gaining anything from the business.

Dr	Realization Account		Cr
Sundry debtors	280,000	Debtors	270,000
Other assets	85,000	Other assets	95,000
Land and building	80,000	Land and building	40,000
Dissolution expenses	10,000	Partners Capital	
		Hamed	35,000
		Maryam	25,000 <u>50,000</u>
	<u>455,000</u>		<u>455,000</u>

Dr	Partners Capital Account		Cr		
Details	Hamed	Maryam	Details	Hamed	Maryam
Realisation	25,000	25,000	Balance b/d	200,000	150,000
Cash	175,000	-	Cash	-	100,000
	<u>200,000</u>	<u>25,000</u>		<u>200,000</u>	<u>25,000</u>

iii)

Dr	Cash Account		Cr
Balance b/d	180,000	Sundry creditors	275,000
Debtors	270,000	Dissolution expenses	10,000
Other Assets	95,000	Partners Capital Account	
Land and building	40,000	Hamed	175,000
Maryam Capital %	100,000		
	<u>595,000</u>		<u>460,000</u>

JOURNAL ENTRIES			
Sl No	Details	Debit	Credit
	Realization Account	280000	
	Debtors Account		280000
	Realization Account	85000	
	Other Asset Account		85000
	Realization Account	80000	
	Land and Building A/c		80000
	Cash A/c	275000	
	Realization Account		275000
	Cash Account	405000	
	Realization account		405000
	Realization Account	10000	
	Cash Account		10000
	Realization Account	275000	
	Cash Account (under)		275000
	Capital Account		
	Hendra	25000	
	Noorjan	25000	
	Realization account		50000
	Capital Account		
	Hendra	175000	
	Noorjan	125000	
	Cash + Current		300000

Extract 10.1: A good response from a candidate who accurately defined the term partnership dissolution and made correct accounting entries in the Journal, Realization and Cash Accounts

2018 PAST PAPERS – 2

4. Alan, Bella, and Catherine were partners in a firm, sharing profits and losses in the ratio of 4: 3: 3. The firm was dissolved and Bella was appointed to realize the assets and distribute the proceeds. Bella is to receive 5% commission on the amount realized from the sale of assets and bear all the expenses of realization.

The balance sheet of the partnership on the date of dissolution was as follows:

Liabilities	TZS	Assets		TZS
Creditors	590,000	Bank		15,000
Capital:		Debtors	395,000	
Alan	300,000	Less: Provision for Bad debts	25,000	370,000
Bella	200,000	Stock		600,000
		Furniture		60,000
		Catherine's capital		45,000
	1,090,000			1,090,000

Additional information was as follows:

Debtors realized TZS 300,000; stock TZS 450,000; Furniture TZS 50,000; Goodwill TZS 20,000; creditors were paid TZS 575,000 in full settlement. In addition, unrecorded creditors of TZS 5,000 were also paid; the expenses of realization amounted to TZS 6,000. Following Catherine's insolvency, Alan and Bella agreed to receive TZS 30,000 in full settlement from Catherine.

Prepare the Realization Account, Partner's capital Accounts and Bank Account to record the given transactions.

Q1.			
DR	BALANCE SHEET AS AT		CR
Delivery	196,620	Provision for bad debts	21,000
Stock	600,000	Cash	510,000
furniture	60,000	Bank	30,000
Bank - Capital	51,620	- Bella	450,000
- Unaudited credit note	5000	- Furniture	57,000
Bella - Capital	41,000	- Goodwill	20,000
- Bank balance	6,000	Capital ; - Bella	9,000
		- Bella	24,000
		- Catherine	15,000
	166,620		166,620

Q2.			
DR	DEBIT SIDE	CREDIT SIDE	CR
Delivery	100	Delivery b/c	100,000
Balance b/c	—	Delivery b/c	100,000
Depreciation	10,000	Bank	—
Depreciation	10,000	Realisation	10,000
Bella b/c	140,340	Depreciation, Bella	14,000
		- Bella	126,340
		Bank	—
	150,340	240,000	99,660
		240,000	240,000

Q3.			
DR	NET CASH FLOW AS AT		CR
Capital ; Catherine	5,000	Capital ; - Bella	5,000
		- Bella	35,440
	12,000		8,960

Q4.			
DR	CASH ACCOUNT		CR
Balance b/c	15,000	Realisation ; Creditors	575,000
Realisation ; - Bella	330,000	- Unaudited credit 5,000	
- Stock	490,000	Capital acc ; - Bella	147,140
- furniture	50,000	- Bella	137,260
- Goodwill	20,000		
Catherine's capital acc	60,000		
	865,000		865,000

Extract 11.1: A sample of response from the candidate who prepared the required accounts correctly.

2017 PAST PAPERS – 2

1. (a) Briefly explain four essential characteristics of partnership.
(b) Describe the term partnership deed.

I (a) Characteristics of partnership:

i) Agreement. A partnership must be of the agreement between two people to twenty forming a business every partner is required by law to fulfil the agreements of the partnership. In this way the partners form a partnership deed which show the rights and duties of all partners and every thing concerning the company.

(ii) Sharing of profit. This is among the characteristic of partnership when the

(iii) Sharing of profit and loss. This is among the characteristics of partnership when the partners are required to share whether the profit or loss made by the business during a particular period of time. The partners share profit and loss in regarding of their profit sharing ratios

(iv) Collective management. The partnership business is managed by partners themselves, the active partner is paid salary by this must be stated on the partnership deed. In absence of partnership deed there is no salary for the active partner. The partners therefore are the one who take control of their business

(v) Membership. A partnership business is not formed by one person it is the business of more than two people! According to the law, the partnership business must have members ranging from two to twenty, this members may be active, dormant, guest, partners. The business also is controlled by these members.

1 (b) Partnership deed is the agreement document of the partnership business. A partnership deed is composed of what the company business deals with and everything concerning the business. A partnership deed contains the following agreements which are to be followed loss and Profit sharing ratio, A partnership deed here shows the profit sharing ratio among the partners in accordance with their Capital Contributed in the business. The partner partnership deed also show the salary to be paid to the active partner, this is so because there are some partners who take management of the business; Also the partnership deed shows the name and type of each partner in the business, This is shown in the partnership deed, also it shows the rights and duties of each partner.

Extract 8.1 presents the candidate's response who provided a clear explanation on the essential characteristics of Partnership and described well the term Partnership Deed.

2017 PAST PAPERS – 2

- ✓ 2. Othman and Beatrice are partners sharing profits in the ratio of 3:2. Their Statements of Financial Position on 31st March, 2012 was as follows:

Statement of Financial Position on 31 st March, 2012		
	Sh.	Sh.
Financed by:		
Capital Accounts:	Othman Beatrice	<u>200,000</u> <u>100,000</u>
		300,000
Current Liabilities:	Creditors	<u>100,000</u>
		<u>400,000</u>
Non-Current Assets:	Buildings Plant	<u>200,000</u> <u>50,000</u>
		250,000
Current Assets:	Cash Debtors	<u>50,000</u> <u>100,000</u>
		<u>150,000</u> <u>400,000</u>

They agreed to admit Christina as a partner with effect from 1st January, 2013. The new profit sharing ratio being 2:2:1. The following information has been given to you:

- (a) Christina will bring sh. 100,000 as capital.
- (b) The value of the firm's goodwill is sh. 50,000.
- (c) An amount of sh. 20,000 owing to Daniel for purchase of goods had been omitted from the list of sundry creditors.
- (d) Building is to be revalued at sh. 300,000 and plant at sh. 70,000.

From the information given above prepare:

- (i) Journal entries.
- (ii) Partners' Capital Accounts.
- (iii) Statement of Financial Position on that date assuming that new values have not to be recorded in the books.

JOURNAL ENTRIES			
No.	Detail	DR	CR
1.	Cash 9%	100,000	
	Christina's capital 9%		100,000
2.	Goodwill 9%	5000	
	Oftman's capital 9%		3000
	Boatner's capital 9%		2000
3.	Oftman's capital 9%	2000	
	Boatner's capital 9%	2000	
	Christina's capital 9%	1000	
	Goodwill 9%		5000
4.	Revaluation 9%	2000	
	(Goodwill's 9%)		20000
	Building 9%	100000	
	Plant 9%	20000	
	Revaluation 9%		120000
5.	Revaluation 9%	100000	
	Boatner's capital		40000
	Oftman's capital		60000
6.	Oftman's capital	40000	
	Boatner's capital	40000	
	Christina's capital	20000	
	Revaluation 9%		100000

2 DR	PARTNER'S CAPITAL %	CR
Detail: Partner's Capital	Detail: Partner's Capital	
Revaluation 40000 40000 20000	Bank b/d 20000 10000 -	
Goodwill 10000 20000 10000	Cash - - 10000	
Balans b/d 230000 100000 70000	Proprietary interest 60000 40000 -	
	Goodwill 30000 20000 -	
	Bank b/d 10000 10000	
	Balans b/d 230000 100000 70000	

<u>Statement of Financial position as at 31 December 2013</u>		
<u>Non-Current Assets</u>		
Building	200,000	
Plant	<u>50,000</u>	250,000
<u>Add Current Assets</u>		
Cash	15000	
Debtors	<u>40000</u>	25000
		<u>500,000</u>
<u>Add Current Liabilities</u>		
Creditors	100,000	
<u>Funded by</u>		
Capital account: Of partner 130,000		
Bank a/c 100,000		
Cash 70,000	<u>400,000</u>	
		<u>500,000</u>

Extract 9.2 presents a sample of correct responses from a candidate who managed to prepare the Journal Entries, post the entries to Partners' Capital Accounts and prepared the Statement of Financial Position accurately.

2.0 PAYROLL ACCOUNTING

2021 PAST PAPERS – 2

8. Nangawe Hill Association had three employees in its payroll for the month of April, 2020. The following information was extracted from the payroll department of the Association for the month of April, 2020:

S/N	Name of employee	Basic salary per month (TZS)	Other information
1.	Salome	3,000,000	Monthly deduction of TZS 600,000 for insurance premium to the National Insurance Corporation.
2.	Rehema	4,500,000	Took mid-month salary advance of TZS 500,000.
3.	Nyakari	2,500,000	-

The employees are entitled to meal allowance of 10 per cent of their basic salary per month and a monthly responsibility allowance of TZS 120,000. All employees pay income tax calculated with reference to the following tax table:

Employees Withholding Tax Table		
Salary range (TZS)	Tax payable (TZS)	
1 - 2,000,000	Non taxable.	
2,001,000 - 4,000,000	15% of pay above TZS 2,000,000.	
4,001,000 - 6,000,000	TZS 400,000 plus 10% of pay above TZS 4,000,000.	

All employees contribute 10% of their basic salary to the National Social Security Fund (NSSF) and the Association contributes the same amount to the Fund for all employees.

Use the information provided to prepare the Salary Slips of the employees and the Payroll of the Association for the Month ending 30th April, 2020.

8 SUMMARY STAFF PAYROLL APRIL 2020

Details	Salome Rehema Nyakari
Basic pay	3,000,000 4,500,000 2,800,000
Add'l allowances	
responsibility	120,000 120,000 120,000
Meal Allowance	200,000 480,000 280,000
Gross pay	3,420,000 8,070,000 2,870,000
less: Deduction	507,000
PAYE	213,000 1,305,000 120,600
Salary advance	- 500,000 -
NIC	600,000 - -
NSSF	703,000 467,000 280,000
Net pay	2,307,000 3,613,000 2,489,600

PAY ROLL SUMMARY FOR THE

YEAR TO APRIL 2020

Name of employee	Basic Pay	Gross Pay	PAYE	NIC	NSSF	Net Pay
Salome	3,000,000	3,420,000	213,000	-	600,000	3,607,000
Rehema	4,500,000	8,070,000	1,305,000	500,000	-	3,613,000
Nyakari	2,800,000	2,870,000	120,600	-	280,000	2,489,600
Toitit	10,000,000	11,360,000	830,000	600,000	600,000	9,960,000

2020 PAST PAPERS – 2

8. Kiota Jungle Ltd has three employees in its payroll for the month of October 2019. Its employees are Mariam, Simon and Tupone. The contracts of their employment are as follows:
- Mariam, a saleswoman at the counter, is paid a basic salary of TZS 200,000 per month with extra commission of 1% on the value of her beverage sales. In the month of October 2019, she made sales of TZS 9,000,000.
 - Simon, a messenger is paid a basic salary at a rate of TZS 3,500 per hour. He works for two hours and thirty minutes every day and there are 22 basic working days per month. He is also entitled to a bonus of TZS 25,000 per month.
 - Tupone, a cleaner has 176 basic working hours per month; she is paid at a rate of TZS 1,000 per hour. For hours worked in excess of the basic hours she is paid one and a half times the rate of basic pay. During the month of October 2019, she worked for 186 hours.

The following information is also available:

- In response to a country wide effort to obtain charitable contributions to "Women against violence", Mariam requested her employer to deduct 10% of her basic salary in October, 2019.
- All employees are entitled to a meal allowance of 10% of their basic salary per month.
- Mariam took a mid-month salary advance of TZS 50,000.
- All employees contribute 10% of their basic salaries to PSPF and the employer contributes the same amount for them to PSPF.
- All employees pay income tax as follows:

Income	Tax payable
0 - 150,000	Non-taxable
150,000 - 300,000	7,000 + 10% of amount above 150,000
300,000 - 500,000	14,000 + 15% of amount above 300,000
Over 500,000	28,000 + 20% of amount above 500,000

Use the information provided to prepare the payroll of Kiota Jungle Ltd for the month of October, 2019 and the General Journal to record the payroll on 28th October, 2019 and its payment. The payment was made by cheque on 31st October, 2019.

8

KUTA JUNGLE LTD

Statement of account for the month of October 2019

Name of employee	Date of birth	Bank account number	Bank sort code	Bank branch	Reductions	Net pay
Mariam	01/01/1985	310 0001 3000 9000	10 0001	15,500	304,500	
Sonam	01/01/1985	310 0001 3000 9000	10 0001	15,615	301,825	
Tupone	01/01/1985	310 0001 3000 9000	10 0001	17,600	12,860	178,140
		520,500	75,350	13,500	36,825	44,035
						584,465

GENERAL JOURNAL

Date	Name of Account	DR	CR
26.10.2019	Salary Expenses	755,200	
	Women charity	20,000	
	Mid month salary	50,000	
	PiPF	56,850	
	Income tax	44,035	
	Net pay	584,465	
	Being account at month by V Chidzhe		
28.10.2019	PiPF employer	56,850	
	PiPF Expenses		56,850
	Being employer contribution PiPF		
31.10.19	Women charity	20,000	
	Mid month salary	50,000	
	PiPF	113,700	113,700
	Income tax	44,035	
	Net pay	584,465	
	Bank	812,200	
	Being amount paid by		

Extract 15.2: A sample of a good response from a candidate

3.0 CONTAINER ACCOUNTS

2021 PAST PAPERS – 2

4. Tibessa Manufacturers Ltd supplies its goods in returnable crates which the company purchases them for TZS 300 each. A crate is charged out to customers at TZS 500, when the customers return the crates in good condition within three months a partial refund of the deposit is made at TZS 400 per crate. The stock of crates at the end of the financial year is valued at TZS 200 per crate to provide for depreciation through usage. During the year ended at 31st December, 2020 the company had the following transactions:

500 new crates were purchased, 1,800 crates were sent out to customers, 1,500 crates were returned by customers within three months and 100 crates were kept by customers beyond the three months' limit. 20 crates were damaged and the company sold them for TZS 150 each. On 31st December 2020 there were 200 returnable crates with customers and 180 crates at the company's warehouse.

$$PL = 300 \times 0.2 = 500 \quad R.PL = 400 \times 0.2 = 80$$

Use the information provided to prepare the Containers Stock Account and the Containers Suspense Account to record the transactions in the books of Tibessa Manufacturers Ltd.

A. DR CONTAINER STOCK ACCOUNT CR							
Details	Qty	Date	Amount	Details	Qty	Date	Amount
Crates purchased	500	300	150,000	Crates damaged			
Profit on				Sold	20	150	2,000
Container damage -	-	149,000	Hiring charges	-	-	180,000	
				Container kept	100	400	40,000
				Balance Cr			
				Warehouse	180	200	36,000
				Customer	200	300	60,000
	500	-	299,000		500	-	299,000
Balances	180	200	36,000				
	Customer	200	300	60,000			

DR CONTAINER SUSPENSE ACCOUNT CR							
Details	Qty	Date	Amount	Details	Qty	Date	Amount
Cash received	1500	400	600,000	Container sent	1200	300	900,000
Hiring charges	-	-	No,000				
Container kept	100	400	40,000				
Balances	200	400	36,000				
	100	-	900,000		100	-	900,000
				Balances	200	400	36,000

Extract 11.1: A sample of a good response from a candidate

2020 PAST PAPERS – 2

4. Rukwa Ltd dispatches its products to customers in wooden cases. The cases are purchased from the manufacturers for TZS 15 each but are valued for stock purposes at TZS 10 each. Customers are charged a deposit of TZS 25 per case, TZS 20 of which is refunded when the case is returned in good condition within three months of delivery.

At the beginning of the year 2019, Rukwa Ltd held 1,750 cases in its premises, while 1,460 cases were in the hands of customers. The corresponding number of cases in the warehouse and in the hands of customers at the end of the year was 3,021 and 1,983 respectively. During the year 2019, the company purchased 2,000 new cases; 5,663 cases were sent to customers and 5,104 cases were returned by customers. 170 cases were scrapped and 36 others were retained by customers. The company incurred TZS 2,570 in repairing slightly damaged cases.

Using the information provided, prepare the Cases Stock Account and Cases Suspense Account for the year 2019.

4	<u>Given:</u>		
	purchasing rate = 15		
	valuation rate = 10		
	Refund Income rate = 25		
	Refund rate = 20		
	<u>IN THE BOOK OF RUKWA LTD</u>		
DR	CASES STOCK ACCOUNT	CR	
Details	Rate Quantity Amount	Details	Rate Quantity Amount
Balance ^{1/1}		Cases Scrapped	170
Premises	10 1750 17500	Cases returned	20 36 720
Customers	10 1460 14600	Hiring charge	28315
Purchases	15 2000 30000		
Repair Cost	2570		
Profit on Cases	11445	Balance ³	
		Premises	10 3021 30210
		Customers	10 1983 19830
	5210 79075		5210 79075
Balance b/d Premises	10 3021 30210		
Customers	10 1983 19830		
Hiring charge = (IR - RF) Cases Sent			
= (25 - 20) 5663			
DR	CASES SUSPENSE ACCOUNT	CR	
Details	Rate Quantity Amount	Details	Rate Quantity Amount
Cases returned	20 36 720	Balance ^{1/1}	20 1460 29200
Cases returned	20 5104 102080	Cases Sent	25 5663 141575
Hiring charge	- 28315		
Balance ²	20 1983 39660		
	7123 170775		7123 170775
	Balance ^{3/1} 20 1983 39660		

Extract 11.1: A sample of a good response from a candidate

2019 PAST PAPERS – 2

2. Tinde Breweries Ltd supplies its products in crates. The crates are purchased by the company at TZS 120 each and are invoiced to the customers at TZS 180 each. Crates returned in good condition within six months of invoice are credited to the customers at TZS 150 each.

During the year ended 31st December 2017, the following transactions took place:

14,680 crates were purchased.

12,400 crates were sent out to customers.

8,200 crates were returned by customers in good condition.

On 31st December 2017, 8000 crates were in the company's warehouse while 5,000 crates were in the hands of customers on invoices dated later than June 2017.

Using suspense method, prepare necessary ledger accounts and a statement of profit or loss on crates usage for the year ended 31st December 2017.

DR	CRATES SUSPENSE ACCOUNT			CR			
DETAILS	Quantity	Rate	Amount	DETAILS	Quantity	Rate	Amount
Crates returned	8,200	150	1,230,000	Balance b/d	800	150	120,000
Hiring charge	-	-	372,000	Crates sent	12,400	180	2,232,000
Balance s/d	5,000	150	750,000				
	<u>13,200</u>	<u>-</u>	<u>2,352,000</u>		<u>13,200</u>	<u>-</u>	<u>2,352,000</u>
				Balance b/d	5,000	150	750,000
DR	CRATE STOCK ACCOUNT			CR			
DETAILS	Quantity	Rate	Amount	DETAILS	Quantity	Rate	Amount
Balance b/d	-	-	-	Hiring charge	-	-	372,000
Warehouse	-	-	-	Crates damage	2,400	-	-
(Customer)	8,000	120	960,000				
Purchases	14,680	120	1,761,600				
Profit on	-	-	74,400	Balance s/d	-	-	-
Crates	-	-	-	Warehouse	8,000	120	960,000
	<u>15,480</u>	<u>-</u>	<u>1,922,000</u>		<u>8,000</u>	<u>120</u>	<u>960,000</u>
Balance s/d							
Warehouse	8,000	120	960,000				
Customer	5,000	120	600,000				
STATEMENT OF PROFIT AND CRATES USAGE							
Hiring charge							372,000
Inv. Crates sent							
Crates damage							297,600
Profit on Crates usage							74,400

Extract 9.1: A good response from a candidate who prepared accurately the Crates Stock, Crates Suspense Accounts and the Statement of Profit or Loss on Crates usage

2018 PAST PAPERS – 2

ANSWER IN 150 WORDS

5. Kayumba Ltd delivers their products to customers in returnable cases. A deposit charge is made against customers on delivery, when the cases are returned, there is a partial refund. The cases cost TZS 1,200 each and they are charged to customers at TZS 1,500 each. Upon return of the cases, the customers are credited with TZS 1,000 per case. For stock taking purposes, all cases are valued at TZS 750 each.
- Records revealed that on 1st January 2017, there were 14,000 cases in the company's premises and 5,000 cases in the possession of customers.
- During the year ended 31st December 2017, the following transactions occurred:-
- 47,000 cases were dispatched to customers, 39,600 were returned by customers.
 - 1,600 cases were damaged and scrapped. They were sold for TZS 20,000.
 - 19,000 new cases were purchased.
 - The company paid TZS 60,000 during the year in respect of repairs to cases.
 - 2,000 cases were kept by customers permanently. On 31st December 2017, there were 10,400 cases in the possession of customers.

Using the information provided, prepare the Cases Stock, Cases Suspense Accounts and a Statement of Profit or Loss on cases usage for the year ended 31st December 2017.

5.	$\text{Purchase rate} = 1,200/- \text{ @}$ $\text{Charging rate} = 1,500/- \text{ @}$ $\text{Returnable rate} : 1000/- \text{ @}$ $\text{valuation rate} = 750/- \text{ @}$																																																																																																																																																																																																																							
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KAYUMBA LTD STATEMENT OF PROFIT OR LOSS ON CASES USED	
Revenue:	
Hiring Charge	23,500,000
Retained revenue	500,000
Sold cases	20,000
	24,020,000
less: Expenses/other costs	
Report to cases	60,000
Depreciation	2,55,000
Value of sold cases	1,20,000 (9,80,000)
Net profit	14,210,000
WORKINGS:	
i) Hiring charge	
Charged cases (charging rate - Returnable rate)	
= 4,000 (1500 - 1000)	
+ 23,500,000	
ii) Retained revenue	
Retained cases (Returnable rate - Valuation rate)	
= 2,000 (1000 - 750)	
	= 500,000

Extract 12.1: A sample of correct response from the candidate who prepared correct ledger Accounts and Statement of Profit or Loss on cases usage.

2017 PAST PAPERS – 2

6. Chilindima Company Ltd sells its goods in cases. These cases are purchased by the company at sh. 15 per case. For stocktaking purposes, all cases are valued at sh. 14 per case irrespective of whether they are still in stock or in the hands of the customers except those representing new ones which are valued at their purchase price. Cases are charged out to customers at sh. 22 per case, but the customer is credited with sh. 18 per case if the case is returned in good condition within six weeks of receipt.

The following information relates to the year ending 31st March, 2012:

- (a) 6,800 cases were in the hands of customers on 31st March, 2011.
- (b) 5,000 cases were in the warehouse on 31st March, 2011.
- (c) During the year, 165,000 cases were purchased.
- (d) 10,500 cases were issued to customers.
- (e) 3,400 cases were returned by customers within the time limit.
- (f) 200 cases were destroyed by fire.
- (g) 50 cases were sold as scrap for sh. 300.
- (h) 4,600 cases were in the hands of customers on 31st March, 2011.

From the information given above write up the following accounts in the books of Chilindima Company Ltd for the year ending 31st March, 2012:

- (i) Cases stock account;
- (ii) Cases trading account;
- (iii) Cases income statement.

P.R = 15
Y.R = 15
I.R = 14
R.R = 22
R.A = 18
2097/00

2097/00

CASES STOCK ACCOUNT								
	DR					CR		
Details	Qty	Rate	Amount	Details	Qty	Rate	Amount	
Balance ^{b/f}				Cases destroyed	200	14	2800	
Warehouse	5000	14	70,000	Cases sold	50	14	700	
Customer	6800	14	95,200	Depreciation	-	-	165,000	
Purchases	165000	15	2,475,000	Cases Kept	9310	14	130,200	
				Balance ^{b/f}				
				Warehouse	162,650	14	2,277,100	
				Customer	4600	14	64,400	
					176,800	-	2,640,200	
Balance ^{b/f}								
Warehouse	162,650	14	2,277,100					
Customer	4600	14	64,400					

CASES TRADING ACCOUNT								
	DR					CR		
Details	Qty	Rate	Amount	Details	Qty	Rate	Amount	
Cases returnable	3400	18	61,200	Balance ^{b/f}				
Cases kept	9300	14	130,200	Customer	6800	18	122,400	
Depreciation	-	-	165,000	Cases sent	10,500	22	231,000	
Cases destroyed	-	-	2800	Loss on cases	-	-	89,000	
Loss on Cases Sold	-	-	400					
Balance ^{b/f} (Customer)	4600	18	82,800					
				17,300	-	442,400		
					17,300	-	442,400	
				Balance ^{b/f}	4600	18	82,800	

CASES INCOME STATEMENT		
Hiring charge		42,000
Add: Profit on Cases Kept		37,200
		79,200
Less : Depreciation		165,000
: Loss on Cases Sold		400
: Cases destroyed		2,800
Loss on Cases trading		<u>168,200</u>
		<u>(89,000)</u>

Extract 13.1 presents correct responses from a candidate who correctly prepared the Cases Stock Account, Cases Trading Account, and the Cases Income Statement.

4.0 STOCK VALUATION

2019 PAST PAPERS – 2

6. Kirumo Textiles Ltd uses perpetual inventory system. The beginning inventory, purchases and sales of vitenge for the month of June 2017 are presented as follows:

June 1, inventory 18 pairs at TZS 3000 each.

June 7, sold 9 pairs.

June 15, purchased 15 pairs at TZS 3200 each.

June 18, sold 10 pairs.

June 23, sold 5 pairs.

June 30, purchased 15 pairs at TZS 3400 each.

- (a) Determine the cost of vitenge sold in June, the number of unsold pairs of vitenge and the value of unsold pairs at 30th June 2017 by LIFO method.
- (b) If in the sales department, a pair of vitenge can be sold at TZS 15,000, also TZS 50,000 is used to pay transport cost to market; determine the profit or loss made on vitenge for June in a columnar Income Statement prepared based on FIFO and LIFO methods.
- (c) Which of the two methods in 6 (b) is more appropriate to the management of Kirumo Textiles Ltd? Give reasons for your answer.

By LIFO Method.

(a)

STOCK RECORD CARD FOR JUNE 2017

Date	PURCHASED			SOLD			BALANCE		
	Unit	Unit cost	Total cost	Unit	Unit cost	Total cost	Unit	Unit cost	Total cost
June 1	#						18	3000	54000
7				9	3000	27000	9	3000	27000
15	15	3200	48000	-	-	-	9	3000	27000
							15	3200	48000
							24		75000
18				10	3200	32000	9	3000	27000
							5	3200	16000
							14		43000
23				5	3200	16000	9	3000	27000
30	15	3400	51000	-	-	-	9	3000	27000
							15	3400	51000
	30		99000	24			24		78000

6(a) Cost of Vlengs sold in June = ~~75000~~ 75000 TZS
 Number of unsold pairs of Vlengs = 24
 Value of unsold pairs at 30th June 2017 = 78000 TZS

(b) INCOME STATEMENT FOR THE MONTH OF JUNE 2017

Details	FIFO	LIFO
Sales	360000	360000
Less: Cost of goods sold		
Opening stock	54000	54000
Add: Purchases	99000	99000
	153000	153000
Less: Closing stock	79800	76000
Cost of goods sold	73200	76000
Gross profit	286800	285000
Less: Transport cost	50,000	50,000
Net Profit	236800	235000

(c) FIFO Method is more appropriate to the management of Kirumo Textiles Ltd.

Because it is more profitable than LIFO method since in FIFO method the profit earned or made is ~~235000~~ 236800 TZS compared to LIFO profit is 235000 TZS. The profit made on FIFO method is higher than in LIFO.

Extract 13.1: A good response from a candidate who accurately prepared the Stores Ledger Card (LIFO), Income Statement and recommended the appropriate inventory valuation method to the management of Kirumo Textiles Ltd

2017 PAST PAPERS – 2

745. (a) The following transactions occurred in the purchase and issue of materials for the year ending 31st December, 2009:

	Purchase				Issue		
2009	Units	Price	Amount	2009	Units	Price	Amount
✓ January	1000	30 @	30,000	May ✓	800	50 @	40,000
✓ April ✓	1000	34 @	34,000	Nov.	2400	60 @	144,000
October	2000	40 @	80,000				
	<u>4000</u>		<u>144,000</u>		<u>3200</u>		<u>184,000</u>

From the figures given above, calculate the value of closing stock by using FIFO method.

- (b) Fusi Ngonyani had insured his stock for sh. 840,000. His store caught fire on 10th May, 2013 and most of his stock and accounting records were destroyed. After some investigation the following information was obtained:

	Sh.
✓ Stock on 31 st December, 2012	1,240,000
* ✓ Debtors 31 st December, 2012	920,000
✓ Creditors 31 st December, 2012	977,000
• ✓ Receipt from debtors (1 st May – 10 th May)	1,140,000
• ✓ Discount allowed	20,000
✓ Payment to creditors	1,024,000
✓ Discount received	36,000
✓ Stock drawn for personal use by Fusi Ngonyani (at cost)	68,000
Stock salvage from fire	180,000
✓ Debtors at 10 th May, 2013	1,300,000
✓ Creditors at 10 th May, 2013	980,000
Gross profit margin is 25% on selling price	

From the information given above:

- Find out the amount of sales and purchases.
- Write up a statement showing the value of closing stock on 10th May, 2013.
- Compute the amount to be compensated by Insurance Company.

Section B-							
Q5(a)							
Stock valuation %.							
Date	Details	Qty	Pkt. Tsh.	Qty	Rate	Tsh.	Balanc Qty Pkt. Tsh.
January	Purchases	1000	30	30,000	-	-	1000 30 30,000
April	Purchases	100	34	34,000	-	-	1000 30 30,000
							2000 22 64,000
May	Issue	-	-	800	-	-	2000 64,000
				800	30	24,000	1200 40,000
	October Purchases	900	40	36,000	-	-	1200 40,000
							3600 120,000
November	Issue	-	-	2400	-	-	3600 120,000
				2400	30	60,000	
				1000	34	34,000	
				1200	40	48,000	800 40 32,000

The value of closing stock is Tsh. 32,000

Dr.		Debtors Control %.		Cr.	
Date	Details	Debit Amount	Date	Details	Credit Amount
31/12	Balance	₹ 920,000		Cash collected	₹ 1,140,000
	Credit sales	1,540,000		D. allowed	20,000
			31/12	Balance	₹ 1,300,000
		2,460,000			2,460,000
	Balance	₹ 1,300,000			

Amount of sales is Tsh. 1,540,000.

05(i)		Dr.		Creditors control A/c.		Cr.
Date	Details	Fwd. Amount	Debit	Details	Fwd. Amount	
	Payment-	1,024,000	24/12	Balance	₹ 927,000	
	O-received	36,000		Cash purchase	1,063,000	
10-12	Balance.	₹ 920,000				
		3,040,000			2,040,000	
				Balance	₹ 920,000	

Amount of purchase ₹ 1,063,000

05(ii) Statement showing value of C-stock on 10th May 2013

	₹	₹
Stock on 31 st Dec 2012.	1,240,000	
Add: Purchase.	1,063,000	
	2,303,000	
Less: Direct damage suffered.	28,000	
Cost of goods available sale.	2,275,000	
Less: Cost of goods sold.		
Sales.	1,540,000	
Less: Gross profit.	365,000	1,175,000
	1,060,000	
Less: Salvage stock.	180,000	
Carry stock destroyed on 10 th May	900,000	
IV,	Insurance claim = $\frac{\text{Sum insured} \times \text{Actual loss}}{\text{Stock at date of accident}}$	
	$= \frac{840,000 \times 900,000}{1,080,000}$	
	Amount to be compensated ₹ 747,000	

In extract 12.1 the candidate computed accurately the required values and amounts.

5.0 ACCOUNTING FOR ROYALTIES

2021 PAST PAPERS – 2

5. Kamachumu Gold Mines Ltd acquired the right to extract minerals from the mines owned by Helena Minerals Associates Ltd on the following terms:
- Kamachumu Gold Mines Ltd to pay a royalty of TZS 30,000 per ton of minerals extracted.
 - Kamachumu Gold Mines Ltd shall pay a minimum rent of TZS 120,000,000 per annum in lieu of actual royalties in the event of short workings.
 - The payments to be made on monthly basis on the last day of each month.
 - The agreement to come into effect on 1st December, 2019.

The following quantities of minerals were extracted by Kamachumu Gold Mines Ltd during the first five months:

Period	Output (in tons)
December, 2019	2,000
January, 2020	3,000
February, 2020	4,000
March, 2020	4,600
April, 2020	5,000

Use the information provided to prepare the Royalties Payable Account, Helena Minerals Associates Ltd Account and Royalties Short Workings Account for the five Months ended 31st December 2019, 31st January 2020, 29th February 2020, 31st March 2020 and 30th April 2020.

5 KAMACHUMU GOLD LTD	
Dr.	ROYALTY PAYABLE Tc
31-12-2019	Helena minerals 60,000,000 manufacturing 60,000,000
31-1-20	Helena minerals 90,000,000 manufacturing 90,000,000
31-2-20	Helena minerals 120,000,000 manufacturing 120,000,000
31-3-20	Helena minerals 132,000,000 manufacturing 132,000,000
30-4-20	Helena minerals 150,000,000 manufacturing 150,000,000
Dr.	HELLENA MINERALS Tc
2019	2019
31-12 Bank	60,000,000 31-12 Royalty 60,000,000
2020	
31-1 Bank	90,000,000 31-1 Royalty 90,000,000
28-2 Bank	120,000,000 28-2 Royalty 120,000,000
31-3 Royalty Bank 132,000,000	31-3 Royalty 132,000,000
30-4 Bank	150,000,000 30-4 Royalty 150,000,000
N.B: There is no shortworkings balance no existence of shortworkings %c since minimum rent per month is 120,000,000	

Extract 12.1: A sample of a good response from a candidate

2020 PAST PAPERS – 2

5. Mikese Extractors Ltd acquired the right to remove gravel deposits from land owned by Civil Estates Ltd. The agreement contained the following provisions:
- Mikese Extractors Ltd to pay a royalty of TZS 400 per tonne of gravel removed.
 - Mikese Extractors Ltd to pay a minimum of TZS 2,000,000 per annum.
 - Mikese Extractors Ltd to recover short workings at the end of the third year following their occurrence.

During the first five years of the contract the following quantities of gravel were removed from the land:

Year		Tonnes
2015	4,000	
2016	4,800	
2017	5,400	
2018	5,600	
2019	6,000	

Use the information provided to prepare the Royalties Payable Account, Civil Estates Ltd Account and Royalties Short Workings Account for the five years ended 31st December 2015, 2016, 2017, 2018 and 2019.

05

DR ROYALTY PAYABLE A/c		CR.
2015	?	2015
Civil Estate Ltd	160 000	Production 160 000
	<u>160 000</u>	<u>160 000</u>
2016		2016
Civil Estate Ltd	1920 000	Production 1920 000
	<u>1920 000</u>	<u>1920 000</u>
2017		2017
Civil Estate Ltd	2160 000	Production 2160 000
	<u>2160 000</u>	<u>2160 000</u>
2018		2018
Civil Estate Ltd	2240 000	Production 2240 000
	<u>2240 000</u>	<u>2240 000</u>
2019		2019
Civil Estate Ltd	2400 000	Production 2400 000
	<u>2400 000</u>	<u>2400 000</u>

DR CIVIL ESTATE LTD A/c CR

2015	2016
Bank	2000 000 Royalty Payable 1600 000
	Short Working 400 000
	<u>2000 000</u> <u>1600 000</u>
2016	2016
Bank	2000 000 Royalty Payable 1920 000
	Short Working 80 000
	<u>2000 000</u> <u>1920 000</u>
2017	2017
Bank	2160 000 Royalty Payable 2160 000
	<u>2160 000</u> <u>2160 000</u>

OS	DR	STOCK WORKING ACCOUNT	CR
2015:	Civil estate	<u>400,000</u>	2015: Balance b/d <u>400,000</u>
2016:	Balance b/d	<u>400,000</u>	
2016:	Civil estate Itd	<u>80,000</u>	2016: Balance c/d <u>480,000</u>
		<u>480,000</u>	<u>480,000</u>
2017:	Balance b/d	<u>480,000</u>	2017: Balance c/d <u>480,000</u>
2018:	Balance b/d	<u>480,000</u>	2018: Banks <u>160,000</u>
			Civil estate Itd <u>240,000</u>
			Balance c/d <u>80,000</u>
		<u>480,000</u>	<u>480,000</u>
2019:	Balance b/d	<u>80,000</u>	2019: Civil estate Itd <u>80,000</u>
		<u>80,000</u>	<u>80,000</u>

Extract 12.1: A sample of a good response from a candidate

2019 PAST PAPERS – 2

7. Kiwira Coal Ltd undertook a lease of a coal mine on a royalty of 50 TZS per ton of coal raised, with a minimum rent of TZS 300,000 per annum and power to recoup short workings during the first five years of the lease.

The output for the first three years were as follows:

Years	Tons
2015	1500
2016	5000
2017	7500

Record the above transactions in the books of Kiwira Coal Ltd for the three years ended 31st December 2015, 2016 and 2017 in the following Accounts:

- (a) Minimum Rent
- (b) Royalties
- (c) Land lord
- (d) Short Workings

7 ROYALTY PAYABLE CHART						
Year	Output (Tons)	Rate per ton	Actual Royalty	Minimum Rent	Short Working	Recover able to Land lord
2015	1500	50	75,000	300,000	225,000	-
2016	5000	50	250,000	300,000	50,000	-
2017	7500	50	375,000	300,000	-	75,000
					75,000	-
						800,000

IN BOOKS OF KIWIRA						
Dr	MINIMUM RENT ACCOUNT			Cr		
2015	2015					
Landlord	300,000	Royalty Payable	75,000			
		Short Working	225,000			
	300,000			300,000		
2016		2016				
Landlord	300,000	Royalty Payable	250,000			
		Short Working	50,000			
	300,000			300,000		

Dr SHORT WORKING ACCOUNT Cr						
2015	2015					
Minimum rent	225,000	Balance b/d	225,000			
	225,000		225,000			
2016		2016				
Balance b/d	225,000	Balance b/d	275,000			
Minimum rent	50,000					
	275,000		275,000			
2017		2017				
Balance b/d	275,000	Landlord	75,000			
		Balance c/d	200,000			
	275,000		275,000			

Dr SHORT WORKING ACCOUNT (contd) Cr			
2012		2013	
		2013	
		Balance b/d 200,000	
Dr ROYALTIES PAYABLE ACCOUNT Cr			
2015	Tkhs	2015	Tkhs
Minimum rent	75,000	Production	75,000
	75,000		75,000
2016		2016	
Minimum Rent	250,000	Production	250,000
	250,000		250,000
2017		2017	
Landlord	375,000	Production	375,000
	375,000		375,000
Dr LANDLORD ACCOUNT Cr			
2015	Tkhs	2015	Tkhs
Bank	300,000	Minimum Rent	300,000
	300,000		300,000
2016		2016	
Bank	300,000	Minimum Rent	300,000
	300,000		300,000
2017		2017	
Bank	300,000	Royalty Payable	375,000
Short working	75,000		
	375,000		375,000

Extract 14.1: A good response from a candidate who accurately prepared the Minimum Rent, Royalties, Land lord and Short workings Accounts

2018 PAST PAPERS – 2

6. Iringa Coal Ltd, is a lessee of a mine on royalty of TZS 20,000 per ton of coal raised, with a dead rent of TZS 40,000,000 per annum, and power to recoup short workings during the first five years of the lease. The outputs for the first five years were as follows:

Year ended 31 st March, 2014	1,500 tones
Year ended 31 st March 2015	1,800 tones
Year ended 31 st March 2016	1,900 tones
Year ended 31 st March 2017	2,500 tones
Year ended 31 st March 2018	2,600 tones

For the five years ended 31st March, 2014, 2015, 2016, 2017 and 2018; prepare the Royalties Payable, Land Lord, and Short Workings Accounts.

6 AGREEMENT BETWEEN LANDLORD AND TENANT						
Year	Tonnes	Rent 20,000	H. Rent by	Shortwork- Recouped shortwork	Recouped shortwork	Actual Payment
2014	1500	30,000,000	40,000,000	10,000,000	-	40,000,000
2015	1800	36,000,000	40,000,000	4,000,000	-	40,000,000
2016	1900	38,000,000	40,000,000	2,000,000	-	40,000,000
2017	2500	50,000,000	40,000,000	-	10,000,000	40,000,000
2018	2600	52,000,000	40,000,000	-	6,000,000	46,000,000

6. (i)

Date	Details	Amount	Date	Details	Amount
2014	Landlord	30,000,000	2014	Manufacturing	30,000,000
2015	Landlord	36,000,000	2015	Manufacturing	36,000,000
2016	Landlord	38,000,000	2016	Manufacturing	38,000,000
2017	Landlord	50,000,000	2017	Manufacturing	50,000,000
2018	Landlord	52,000,000	2018	Manufacturing	52,000,000

6 (i) LANDLORD Account					
Date	Details	Amount	Date	Details	Amount
2014	Bank	40,000.00	2014	Rent from Royalty payable	30,000.00
			"	Shortworking	10,000.00
		40,000.00			40,000.00
2015	Bank	40,000.00	2015	Royalty payable	35,000.00
			"	Shortworking	10,000.00
		40,000.00			40,000.00
2016	Bank	40,000.00	2016	Royalty payable	33,000.00
				Shortworking	2,000.00
		40,000.00			40,000.00
2017	Bank	40,000.00	2017	Royalty payable	50,000.00
	Paid shortworking	40,000.00		Shortworking	50,000.00
		50,000.00			50,000.00
2018	Bank	45,000.00	2018	Royalty payable	52,000.00
"	Paid shortworking	6,000.00			52,000.00
		50,000.00			50,000.00

DR SHORTWORKING ACCOUNT CR					
Date	Details	Amount	Date	Details	Amount
2014	Landlord	10,000.00	2014	Balance %	10,000.00
2015	Balance %	10,000.00			
	Landlord	4,000.00	2015	Balance %	16,000.00
		14,000.00			16,000.00
2016	Balance %	16,000.00			
	Landlord	2,000.00	2016	Balance %	16,000.00
		16,000.00			16,000.00
2017	Balance %	16,000.00	2017	Paid shortworking	19,000.00
			"	Balance %	6,000.00
		16,000.00			16,000.00
2018	Balance %	6,000.00	2018	Paid shortworking	6,000.00

Extract 13.1: A sample of response from the candidate who prepared Royalties Payable, Land Lord and Short Workings Accounts correctly.

2017 PAST PAPERS – 2

7. Peter Donko a author of a novel granted the Tanzania Printers Ltd the exclusive rights to print his novel on condition that the company paid a professional royalty of 25% per book printed subject to a minimum payment of sh. 400,000 per annum. If in any year the royalties fell short of the minimum rent, the company was permitted to recoup the deficiency in any of the subsequent three years. The number of the books were as follows:

	Year	Books
	2002	400
	2003	1,000
	2004	1,800
	2005	2,005
	2006	2,400

From the information given above prepare:

- (a) Peter Donko account.
- (b) Royalty payable account.
- (c) Short working recoverable account.

7b	DR	PETER DONKO A/c		CR
		2002	Bank	400,000
				2002 Royalty payable 100
				Short Working 399,900
				400,000
		2003	Bank	400,000
				2002 Royalty Payable 250
				Short working 399,750
				400,000
		2004	Bank	400,000
				2004 Royalty Payable 450
				Short working 399,550
				400,000
		2005	Bank	400,000
				2005 Royalty Payable 50
				Short Working 399,499
				400,000
		2006	Bank	400,000
				2005 Royalty Payable 600
				Short Working 399,400
				400,000
7c	DR	SHORT WORKING A/c		CR
		2002	Peter Donko	399,900
			Balance fd	399,900
		2003	Balance fd	399,900
			Peter Donko	399,750
				799,650
		2004	Balance fd	799,650
			Peter Donko	399,550
				999,650
			1199,200	1199,200

Extract 14.2: The candidate opened the required accounts and made correct entries.

6.0 COMPANY ACCOUNTS

2021 PAST PAPERS – 2

6. Kapesa & Sons Ltd offered for public subscription 10,000 ordinary shares of TZS 1000 each for TZS 1,200 per share. The payment for the shares was to be made by instalments as follows: On application TZS 500 including premium, on allotment TZS 400 and on the first and final call TZS 300. Applications were received for 12,000 shares and the directors decided to allot the available shares to the applicants on pro-rata basis. Gileadi, a holder of 120 shares couldn't pay the allotment and call moneys and Negebu failed to pay the call money for his 200 shares. These shares were later on forfeited for non-payment of allotment and call monies and were re issued to Moabi as fully paid for TZS 800 per share. Moabi paid for the shares.
- Prepare the following accounts to record the given transactions in the books of Kapesa & Sons Ltd:

- (a) Bank Account.
- (b) Ordinary Share Application Account.
- (c) Ordinary Share Allotment Account.
- (d) First Call Account.
- (e) Ordinary Share Capital Account.
- (f) Ordinary Share Premium Account.
- (g) Calls in Arrears Account.
- (h) Forfeited Shares Account.
- (i) Re Issued Shares Account.

DR ORDINARY SHARE APPLICATION ACCOUNT CR		
Ordinary Share Capital	300000	Bank
Share Premium	200000	
Share Allotment	100000	
	<u>600000</u>	<u>600000</u>
DR ORDINARY SHARE ALLOTMENT ACCOUNT CR		
Ordinary Share Capital	400000	Share Application
		Bank
		Calls in Arrears
	<u>100000</u>	<u>2964000</u>
		<u>36000</u>
	<u>100000</u>	<u>400000</u>
DR FIRST CALL ACCOUNT CR		
Ordinary Share Capital	300000	Bank
		Call in arrear
	<u>300000</u>	<u>2904000</u>
		<u>96000</u>
	<u>300000</u>	<u>3200000</u>

DR		BAL, NARARY SHARE CAPITAL CR
Forfeited %	320 000	Share applicn 3000 000
Bal b/d	<u>10000 000</u>	Share allotment 4000 000
		First call 3000 000
		Re-issue 320 000
	<u>10320 000</u>	<u>10320 000</u>
		Bal b/d 10000 000

DR		BANK Account CR
Share applicn	6000 000	Bal b/d 12124 000
Share allotment	2964 000	
First call	2904 000	
Re-issued	256000	
	<u>12124 000</u>	<u>12124 000</u>
Bal b/d	12124 000	

DR		SHARE PREMIUM ACCOUNT CR
Forfeited % Bel b/d	<u>2124 000</u>	Share applicn 2000 000
		Forfeited % 124 000
	<u>2124 000</u>	<u>2124 000</u>
		Bal b/d 2124 000

DR		CALLS IN ARREARS ACCOUNT CR
Share allotment	86000	Forfeited % 132000
First call	96000	
	<u>132000</u>	<u>132000</u>

2020 PAST PAPERS – 2

6. The following balances were extracted from the books of Uchumi Ltd as at 30th June, 2019.

Details	TZS	TZS
Machinery	55,000	
Stock 1 st July 2018	23,500	
Trade debtors and creditors	37,200	48,400
Office furniture	33,600	
Purchases and sales	146,800	32,500
Insurance	41,900	
Taxes and fees	12,600	
Advertising	17,200	
Interest received		7,300
Directors remuneration	26,800	
Cash and bank	149,500	
Interest on debentures	3,300	
Bad debts	2,500	
Provision for doubtful debts		1,800
Profit		3,700
Carriage	5,000	
Interim dividends	3,800	
Share Capital: 1,000 Ordinary shares of TZS 50 @		50,000
1,000 Preference shares of TZS 50 @		50,000
Share Premium		35,000
Debentures		30,000
	<u>55,700</u>	<u>558,700</u>

Additional information:

- (a) Stock at 30th June, 2019 amounted to TZS 44,600.
- (b) Raise the provision for doubtful debts by TZS 500.
- (c) % of carriage relates to purchases.
- (d) The directors proposed dividends of 10% on ordinary shares, 15% on preference shares and a transfer of TZS 3,000 to general reserve.

Using the information provided, prepare Uchumi Ltd's Income Statement and Profit and Loss Appropriation Account for the year ended 30th June 2019 and the Statement of Financial Position as at 30th June, 2019.

	URUMI LTD	
6	INCOME STATEMENT AND PROFIT AND LOSS APPROPRIATION	
	For the Year ended 30 th June 2014	
Sales	332,500	
Less: Cost of goods sold		
Opening Stock	23,500	
Add: Purchase	146,800	
Add: carriage inward	3,000	149,800
Cost of goods available for sale	143,300	
Less: Closing Stock	44,600	128,300
Gross Profit	203,800	
Add: Interest received	3,300	
Total income	211,100	
Less: Expenses		
Insurance	41,950	
Taxes and fees	12,600	
Advertising	17,200	
Directors remuneration	36,800	
Interest on debentures	3,200	
Bad debts	2,500	
Provision for doubtful debts	500	
Carriage outward	2,000	166,700
Net profit	44,300	
Add: Profit	3,300	
	168,000	
Less: Interest dividends	3,800	
Transfer to general reserve	3,000	
Dividends Ordinary share	5,000	
- Preference share	3,500	14,300
Retaining Earnings	33,700	

UOJUHM 00		
6. STATEMENT OF FINANCIAL POSITION AS AT 30 th JUNE 2010		
<u>Non-Current Assets</u>		
Machinery		55,600
Office furniture		33,600
		<u>89,200</u>
<u>Non-Current Liabilities</u>		
Stock		49,600
Debtors		37,200
Less: Provision for doubtful	3,300	34,900
Cash and bank	14,900	22,900
TOTAL ASSETS		<u>317,600</u>
<u>Non-Current Liabilities</u>		
Creditors		48,400
Borrowed: Ordinary Share		5,000
: Preference Share	3,500	6,000
CAPITAL EMPLOYED		<u>256,700</u>
<u>Funded by</u>		
Share Capital - Ordinary Share		50,000
- Preference Share		50,000
Share premium		35,000
Reserve		30,000
General reserve		3,000
Balancing figure		<u>88,700</u>
		<u>256,700</u>

Extract 13.1: A sample of a good response from a candidate

2020 PAST PAPERS – 2

3. TDI Ltd deals with motor vehicles business. It sells motor vehicles for cash and hire purchase basis. On 1st January 2019, TDI Ltd sold two motor vehicles on hire purchase basis to Tanganyika Packers Ltd for TZS 7,000,000; the cash price of these vehicles was TZS 5,800,000. The vehicles cost TZS 2,800,000 each. The payments were to be made by Tanganyika packers Ltd making cash deposit of TZS 500,000 per vehicle and 24 monthly installments of TZS 250,000 each. The company recognizes profit on hire purchase sales in the year of sale but hire purchase interest is apportioned on time basis. The financial year of TDI Ltd ends on 31st December annually.

Use the information to prepare:

- (a) Sales, Tanganyika Packers Ltd and Hire Purchase Interest Suspense Accounts.
- (b) Hire Purchase Income Statement of the year ended 31st December 2019.

There is no answer for this question

2019 PAST PAPERS – 2

4. Mtswara Gas Ltd issued 10,000 ordinary shares of TZS 100 each, at a premium of TZS 20 per share payable as follows:
On application TZS 30
On allotment TZS 50 (including premium)
On first call TZS 25
On second and final call TZS 15
Applications were received for 15,000 shares. Out of which, applications for 5000 shares were rejected and refunded immediately, the other applicants were allotted shares in full and paid up all the money due from allotment to final call.
Show Journal entries to record the above transactions and prepare the following:
- (a) Bank Account
 - (b) Share Application Account
 - (c) Share Allotment Account
 - (d) First Call Account
 - (e) Second and Final Call Account
 - (f) Ordinary Share Capital Account

Q4. In the books of MIWARA Gas Ltd.

@. DR:		BANK ACCOUNT	CR:
Share application	450,000	Share application	150,000
Share allotment	500,000	Balance c/d	1,200,000
First call	250,000		
Second and final call	150,000		
	1,350,000		1,350,000
Balance b/d	1,200,000		

(b)

DR: SHARE APPLICATION ACCOUNT		CR:
Share Capital ($10,000 \times 30$)	300,000	Bank (15000×20) 450,000
Bank (rejected) (5000×30)	150,000	
	450,000	450,000

(c)

DR: SHARE ALLOTMENT ACCOUNT		CR:
Share Capital ($10,000 \times 30$)	300,000	Bank ($10,000 \times 50$) 500,000
Share Premium ($10,000 \times 20$)	200,000	
	500,000	500,000

(d)

DR: FIRST CALL ACCOUNT		CR:
Share Capital ($10,000 \times 25$)	250,000	Bank ($10,000 \times 25$) 250,000

(e)

DR: SECOND & FINAL CALL ACCOUNT		CR:
Share Capital ($10,000 \times 15$)	150,000	Bank ($10,000 \times 15$) 150,000

DR: ORDINARY SHARE CAPITAL ACCOUNT		CR:	
Balance fd	1,000,000	Share application	300,000
		Share allotment	300,000
		Fiat call	250,000
		Second and final call	150,000
	1,000,000		1,000,000
		Balance b/d	1,000,000

JOURNAL ENTRIES

S/N	Particulars	DR:	CR:
1.	Bank a/c	450,000	—
	Share application a/c		450,000
2.	Share application a/c	150,000	—
	Bank a/c	—	150,000
3.	Share application a/c	300,000	—
	O-share capital a/c	—	300,000
4.	Bank a/c	500,000	—
	share allotment a/c	—	500,000
5.	Share allotment a/c	300,000	—
	O-share capital a/c	—	300,000
6.	Share allotment a/c	200,000	—
	share premium a/c	—	200,000
7.	Bank a/c	250,000	—
	Fiat call a/c	—	250,000
8.	Fiat call a/c	250,000	—
	O-share capital a/c	—	250,000
9.	Bank a/c	150,000	—
	Second and final call a/c	—	150,000
10.	Second and final call a/c	150,000	—
	O-share capital a/c	—	150,000

Extract 11.1: A good response from a candidate who accurately prepared the journal entries and the required ledger accounts

2018 PAST PAPERS – 2

3. Tembo Limited has an authorized share capital of TZS 1,500,000 divided into 1,500,000 ordinary shares of TZS 1 each. The issued share capital of the company at 31st March 2017 was TZS 500,000, which was fully paid and the shares had been issued at par. On 1st April 2017, the directors in accordance with the company's articles of association, decided to increase the share capital of the company by offering a further 500,000 ordinary shares of TZS 1 each at a price of TZS 1.60 per share. The shares are payable TZS 0.85 per share on application (including premium), TZS 0.25 per share on allotment and TZS 0.50 per share on first and final call on 3rd August 2017.

On 13th April 2017, applications had been received for 750,000 shares and it was decided to allot shares to applicants for 625,000 shares on the basis of four shares for every five shares for which applications had been received. The balance of the money received on application was to be applied to the amounts due on allotment. Shares were allotted on 1st May 2017 and unsuccessful applicants were repaid their cash on this date. The balance of allotment money was received in full by 15th May, 2017. With the exception of one member who failed to pay the call money on the 5,000 shares allotted to him, the remainder of the applicants paid their dues in full within two weeks of the call being made.

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The directors resolved to forfeit the 5,000 shares on 1st September 2017 after giving the required notice. The forfeited shares were reissued on 30th September 2017 to another member at TZS 0.90 per share.

Record the given transactions in the following ledger accounts:

- (a) Bank
- (b) Share Application
- (c) Share Allotment
- (d) First and Final Call
- (e) Ordinary Share Capital
- (f) Calls in Arrears
- (g) Forfeited Shares
- (h) Re issued Shares
- (i) Share Premium
- (j) An extract of the Balance Sheet of the Company

3	
	- datar
	31/3/2017 issued and fully paid 500000
	17/4/2017 issued but paid on Inst 500000
	but - 0.8% on application (include premium)
	0.8% on allotment
	0.8% on first and final call on 3/8/2017
	13/9/2017 application received 15000
	- allotted 600000 : 4:5
	11/5/2017 rejected 15000
	allotted received on 15/5/2017
	5000 allotted failed to pay call money
	5000 forfeited on 11/4/2017
	on 30/9/2017 were re-issued at 0.9%

BANK A/c

1/4/2017 bal b/d	500000	13/4/2017 Application 106250
18/4/2017 Application	637000	
15/5/2017 allotment	18750	
3/6/2017 First and final		
call	84750	
30/9/2017 Re-issue	4500	
		Bank Cr.
		130150
		1407750

APPLICATION A/c

13/4/2017 Bank	106250	13/4/2017 Bank	637500
13/4/2017 ordinary share 150000			
13/4/2017 Share premium 300000			
Allotment 106250			
	637500		

3	SHARE ALLOTMENT AC		
	Issue of ordinary share 125000	Issue of application 106250	
		Bank	18750
	125000	125000	
FIRST CALL AND FINAL CALL			
3/8/2017 ordinary	3/8/2017 Bank	847500	
share capital 850000	3/8/2017 call in		
	arrears 8500	850000	
	850000	850000	
ORDINARY SHARE CAPITAL			
1/9/2017 forfeited 5000	1/4/2017 bus b/g 50000		
	1/4/2017 application 125000		
	Issue of settlement 125000		
	3/8/2017 1 st and final 850000		
	3/9/2017 Re-issued 5000		
Call eq.	1000000		
125000	1000000		
CALLS TO APPEAR			
3/8/2017 1 st and final call 8500	1/9/2017 forfeited 8500		
	8500	8500	

FORFEITED A/C		
3	Refund ordinary 2010	Refund ordinary
		500
	Refund Capital	5000
	Refund Re-issue	500
		5000
		5000
RE-ISSUED SHARE A/C		
	Refund ordinary	Refund Bank
	Share	4500
		5000
		Forfeited - 500
		5000
SHARE PREMIUM A/C		
	Refund Application	30000
	Refund forfeited	2000
	Refund Capital	30000
		30000
INCOME STATEMENT OF FINANCIAL POSITION (EXTRACT)		
	Current asset	
	Bank	5301500
	Share premium	30000
	financed by	
	ordinary share capital	1000000

Extract 10.1: A sample of a response from the candidate who made correct entries in the ledger Accounts and proper presentation of the Company's Balance Sheet.

2017 PAST PAPERS – 2

3. (a)	Statement of Financial Position on 31 st December, 2013	
	Sh.	Sh.
Issued Capital:		
100,000 Ordinary shares	100,000	
50,000 Redeemable Preference share	50,000	
General Reserve	48,000	
Creditors	12,000	210,000
		<u>210,000</u>
Non-Current Assets:	200,000	
Cash at bank	10,000	<u>210,000</u>

The sh. 50,000 preference share capital is to be redeemed at par (i.e. sh. 1 per share). For the purpose of raising sufficient cash a further 40,000 ordinary shares of sh. 1 cash are to be issued, since a company has at present only sh. 10,000 but require sh. 50,000 to pay the preference shareholders. According to the company act, the capital should not be reduced.

Using the information given above, prepare all necessary accounts for the redemption of preference share and Statement of Financial Position as at 31st December, 2013.

- (b) Mateso Enterprises is a sole proprietor with four employees. Workers have 8 hours working days for 20 days in a month. Time worked in excess of this is compensated at twice the rate. There is a guaranteed pay for 160 hours. During the month ending 31st October, 2013 the following data was produced:

Name of employee	Hours worked	Rate per hour (Sh.)
Mashanga	150	400
Batuli	170	400
Che Mponda	160	350
Majambo	180	500

Additional information:

- (a) PAYE, salary above sh. 50,000 but not exceeding sh. 75,000, 5% of excess, salaries above 75,000 up to sh. 150,000, sh. 1,250 plus 10% of the amount excess of sh. 75,000.
- (b) NSSF 5% of basic salary to be contributed by the employees and 15% of gross salary to be contributed by the employer.
- (c) RAAWU contribution 2% of basic salary.
- (d) Housing rent 20% of basic salary paid by all employees.
- (e) Every employee is entitled to transport allowance of sh. 18,000 per month and sh. 15,000 per month meal allowance.

Using the information provided, prepare salary slip for Batuli and Majambo for the month of October, 2013.

There is no Answer for this question

HIRE PURCHASE ACCOUNTING

2021 PAST PAPERS – 2

3. Mrs. Fatma started business on 1st January 2020. She sells refrigerators all of one standard type on hire purchase terms. During the year ended at 31st December, 2020 Mrs. Fatma sold 850 refrigerators on hire purchase terms. The hire purchase price for each refrigerator is TZS 30,000. Customers are required to pay a deposit of TZS 6,000 followed by eight quarterly instalments of TZS 3,000 each. The cost of each refrigerator to Mrs. Fatma is TZS 20,000. Mrs. Fatma prepares annual accounts on the basis of taking credit for gross profit including interest in proportion to cash collected from customers. The following trial balance was extracted from Mrs. Fatma's books as at 31st December, 2020:

Mrs. Fatma's Trial Balance as at 31st December, 2020

Details	Debit	Credit
Capital		10,000,000
Non-Current assets	1,000,000	
Drawings	400,000	
Bank overdraft		1,727,800
Creditors		1,600,600
Purchases	18,000,000	
Cash collected from customers		7,689,600
Bank interest	40,000	
Wages and Salaries	1,028,000	
General expenses	550,000	
	21,018,000	21,018,000

Using the information provided, prepare Mrs. Fatma's Hire-purchase Income Statement for the year ended 31st December, 2020 and the Statement of Financial Position as at 31st December 2020.

Q3.	Mrs. Fatma's Hire purchase Income statement.	
	H.P Sales	85,500,000
	less: Cost of sales.	
	Purchases	18,000,000
	less: Closing stock	(10,000,000)
		17,000,000
	Unrealized Profit	5,936,200
	Gross profit	2,562,200
		8,500,000
	Gross profit	2,562,200
	less: Expenses.	
	Bank interest	40,000
	Wages & salaries	1,028,000
	General expenses	550,000
	Net profit.	<u>945,200</u>
	Statement of financial Position as at 31 st December 2020	
	Non current assets	1,000,000
	Add: Current assets.	
	Stock	1,000,000
	H.P Debtors	19,810,480
	less: Unrealized Profit	(5,936,200)
		11,874,280
	Total assets.	12,874,280
	less: Current liabilities.	
	Bank overdraft	1,727,800
	Creditors	1,600,600
		3,328,400
		<u>1,034,200</u>
	financed by:	
	Capital	10,000,000
	Add: Net Profit	945,200
		10,945,200
	less: Drawings.	400,000
		10,545,200

Extract 10.1: A sample of a good response from a candidate

2018 PAST PAPERS – 2

2. Tahoma Motors Ltd deals with motor vehicles. The company sells motor vehicles for cash and on hire purchase basis. It sold two motor vehicles on hire purchase basis to Tanganyika Packers Ltd on 1st January 2016 for TZS 700,000; the cash price of these vehicles was TZS 580,000. The payments were to be made by Tanganyika Packers Ltd paying a deposit of TZS 100,000 and 24 monthly installments of TZS 25,000 each.

The company recognizes profits on hire purchase sales in the year of sale but hire purchase interest is apportioned on time basis. The financial year of the company ends on 31st December annually.

For the two years ended 31st December 2016 and 2017, prepare; Sales, Hire Purchase Debtors, HP Interest Suspense Accounts, and an extract of the Income Statement in the vendor's records. Motor Vehicles, Hire Purchase Vendor, HP Interest Suspense Accounts, and an extract of the Income Statement in the purchaser's records.

Dr HP vendor account Cr			
Particulars	Amount	Particulars	Amount
2016 Down pay	100,000	Motor vehicle	580,000
(cash	300,000)	Interest	120,000
Balance YD	300,000		
	200,000		700,000
2017 Cash	210,000	Repayment YD	200,000

Dr HP Interest suspense account Cr			
Particulars	Amount	Particulars	Amount
HP vendor	120,000	Interest	60,000
		Balance YD	60,000
	120,000		120,000
Balance YD 2017	60,000	Interest	60,000

Income statement extract	
Expenses:	
2016	Interest 60,000
2017	Interest 60,000 120,000

2. HP Interest = HPP - Cash Price

$$= 200,000 - 560,000$$

$$= -180,000$$

(Cash price 560,000)

Less: Deposit

In the books of the vendor

Dr Sales account Cr

Particulars	Amount	Debit	Credit
Trading	560,000	Tanganyika	560,000

Dr Hire Purchase debitor account Cr

Particulars	Amount	Debit	Credit
Sales	560,000	Drumby	100,000
Interest	120,000	20% of Total	300,000
		Balance of	300,000
		700,000	
2017 Balance of	300,000	2017 Second int	300,000

DR HP Interest expense A/c			
Particulars	Amount	Particulars	Amount
2016 Interest	60,000	HP debited	120,000
Bal Yd	60,000		
Left Interest	<u>60,000</u>	Balanced	<u>120,000</u>
	<u>120,000</u>	= 60,000	
	2		

Income statement		
Particulars	Dr	Credit
Sale		580,000
2016 Interest		60,000
2017 Interest		60,000

In the books of Hiru wendu			
DR Motor Vehicles A/c			
Particulars	Amount	Particulars	Amount
Tahuna	560,000	2016 Bal Yd	560,000
2017 Balance	560,000	2017 Bal Yd	560,000
2018 Bal Yd	560,000		

Extract 9.1: A sample of correct response from the candidate who prepared the required ledger accounts and the extracts of the Income Statement accurately.

8.0 COST ACCOUNTING

9.0 COMPUTERISED ACCOUNTING

2021 PAST PAPERS – 2

2. Briefly describe four functions of a computer.

2.	<p>Computer is an electronic device or machine made up with electronic and mechanical components which used to accept data, process them and generate information. Also it has the ability to store data / information. Computer is composed into two components which are Computer hardware and Computer Software.</p> <p>The following are the basic operational functions of a computer:</p> <p>Input Operations: Computer uses its devices in order to receive data and store them ^{within} the devices inside the computer in order to prepare information. For instance this is often done by using Keyboard, Monitor and Mouse which facilitate the exchange of data from ordinary persons to the Computer.</p> <p>Processing Operations: This is done by converting the input data in the form in which the computer can be read. This is because computer itself has its own language which differ from other language. This function is done through Central Processing Unit (CPU) which convert the input data into a language in which a computer can read.</p> <p>Output Operations: This is the produced or results of the inputted data after processing by system unit which it may be form of text or sound. For instance this is often done by using Printers, Projectors and Speakers which produce the result of inputted data after being processed.</p> <p>Storage Operations: Also Computer stores data and information after being processed either by using Internal Storage devices such as Read Only Memory (ROM) and Random access Memory (RAM) as well as External Storage devices like Flash drives and Hard drives.</p> <p>(Generally Computers in Accounting facilitate business transactions by providing updated information)</p>
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2020 PAST PAPERS – 2

2. Briefly explain four devices which are used to input data into a computer.

2. Four devices used to Input data Into a computer are:
(i) Keyboard.
-This is an Input device of a computer system whereby, Its main purpose is to type different words /data that should be kept into the computer. All the data and words, shall be kept by a keyboard which contains letters, numbers etc.
(ii) Mouse.
-This is an Input device of a computer system whereby, Its main purpose is, to point out and select whether a program or anything that is In the computer on the screen. Anything that is seen on the screen, Is pointed and selected by a mouse.
(iii) Microphone.
-This refers to an Input device of a computer system whereby, Its main purpose is to put sound in the Computer system. People normally use it for raising their sounds/voices, and the raised voice/sound will now be heard + In the speaker as a loud voice.
(iv) Scanner.
-Refers to an Input device of a computer system whereby, changes Hardcopy to a Softcopy. Anything/Anything that is In a Hardcopy, then the Scanner changes It to be into a Computer as a Softcopy.

Extract 9.1: A sample of a good response from a candidate

2018 PAST PAPERS – 2

1. (a) Briefly explain the following terms:
- (i) Website
 - (ii) Intranet
 - (iii) Extranet
 - (iv) Wide Area Network (WAN)
- (b) Mention four benefits of using a computerized accounting system.

(i)	<p><u>Website</u>: Refers to the site of world wide web (www) where computers from various location can access through the Internet. This is a site where various data and information are published to the public. They can be accessed by electronic devices such as computer and laptops. Various financial information can be posted onto this site by the site operator.</p>
(ii)	<p><u>Internet</u>: It refers to a interconnected network of various computers within a specified area. Hence, there are only few people who can access this network. They can share and send various computer files through this network.</p>
(iii)	<p><u>Extranet</u>: An interconnected network of global used computer networks. It can be accessed by computer users in one area and another area. It has many users compared to Intranet. It can be shared among organizations.</p>

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(iv) Wide Area Network (WAN)

This refers to a network connection that covers a large (wide) area. Various computer s can access this internet (network) by use of wifi connection. It can be around a specific area that is large, example hotels and organizations. People can easily access the internet through this.

(b)

The following are the benefits of using a computerised accounting system:

Increase in accuracy and speed while recording transactions. With the aid of computer programs the process of recording is made accurate and fast compared to physical record.

Proper storage of information and documents. Various Accounting information can be easily stored & and kept in various documents. This enhances security and confidentiality.

Increase in efficiency and smooth running of the business. All matters of sales, purchasing and Remuneration can be easily processed by a computer program.

Improvement in the internal control system. The internal control system can be improved by a Computerised accounting system. Hence, frauds, errors and mistakes can be easily avoided.

Extract 8.1: A sample of response from the candidate who provided clear explanations and mentioned appropriate benefits of using a computerised accounting system.

10.0 AUDITING

2021 PAST PAPERS – 2

1. Briefly explain the following accounting terms:

- (a) Private audit
- (b) Statutory audit
- (c) Standard audit
- (d) Procedural audit

1.	<p>(a) Private audit</p> <p>- This is a type of audit taken by the management or ~ outsiders for their own interests. This type of audit does not required by law but people who are interested with final statements may hire independent auditor in order to give out his opinion. This type of audit is voluntary one.</p>	
	<p>(b) statutory audit</p> <p>- This is a type of audit which require companies or business organization to perform auditing in their books of accounts as required by companies act. This type of audit is compulsory as it governed by the law of the country.</p>	
	<p>(c) Standard audit</p> <p>- This is type of audit conducted to know if accounting standards are followed when preparing the books of accounts.</p>	
	<p>(d) Procedural audit</p> <p>- This is type of audit conducted to check the effectiveness of internal control system within the organization ~ mainly by observing policies and procedures</p>	

2020 PAST PAPERS – 2

1. Briefly explain the following accounting terms:
 - (a) Auditing
 - (b) Audit working papers
 - (c) Audit programme
 - (d) Internal audit

SECTION A.	
1 a)	<p>Auditing</p> <p>This refers to the process involves the independent examination and evaluation of the financial reports and various statements by an independent auditor in order to check the true and fair values of those financial reports. This is mainly done by an independent person called auditor to check financial aspects.</p>
b)	<p>Audit Working paper</p> <p>This refers to the summary paper used in recording, collecting and preparing the work of an audit. This mainly used by an auditor to prepare and document their audit work in the process of auditing.</p>
c)	<p>Audit programme</p> <p>This refers to the all audit plans that should be performed by an auditor when conducting an audit in the organization. This involves the all procedures, and various work in which the auditor should be followed in the process of conducting an audit within certain time period.</p>
d)	<p>Internal audit</p> <p>This is the type of audit which is conducted in the organization by an internal auditor who is an employee of the company. That means the auditor work in the place where he or she employed in the organization and the main purpose of this audit is to verify and assist on the internal control system of the company.</p>

Extract 8.1: A sample of a good response from a candidate