

HOT, SEC & TOR – Initiation
to Accountancy

T070

Monday, 16/11/2015
08:30 – 11:30

WORKFORCE DEVELOPMENT AUTHORITY



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**ADVANCED LEVEL NATIONAL EXAMINATIONS, 2015,
TECHNICAL AND PROFESSIONAL TRADES**

EXAM TITLE: Initiation to Accountancy

OPTIONS: - Hotel Operations (HOT)

- Secretarial (SEC)

- Tourism (TOR)

DURATION: 3hours

INSTRUCTIONS:

The paper is composed of **three (3) Sections** :

Section **I**: Thirteen **(13)** questions, all **Compulsory**.

55marks

Section **II**: Five (5) questions, **Choose Three (3) only**.

30marks

Section **III**: Three (3) questions, **Choose only One (1)**.

15marks

Every candidate is required to strictly obey the above instructions. Punishment measures will be applied to anyone who ignores these instructions.

Section I. Thirteen (13) Compulsory questions. 55marks

(March 2014)
90.

01. List and briefly describe the three (3) basic forms of business organizations. **3 marks**

02. Distinguish the correct from incorrect statements among the following: **4 marks**

- ❖ Tax authorities are considered as internal users of accounting information.
- ❖ Management is considered as internal user of accounting information.
- ❖ Regulatory authorities are considered as internal users of accounting information.
- ❖ Suppliers are considered as internal users of accounting information.

03. Distinguish the correct from incorrect statements among the following: **4 marks**

- Intangible assets are assets that do not have physical substance.
- Current assets are assets that a business entity expects to convert to cash or use up within one year.
- Gross profit is excess of sales over purchases.
- When depositing money in your current account, you use a paying-in-slip.

04. Define the following accounting terms: **5 marks**

- a. Accounting
- b. Payable
- c. Bank cash book
- d. Bookkeeping
- e. Balance carried down

05. In double entry system of accounting, we talk about Debit and Credit.

- a. What do you understand by Debit and Credit?
- b. Draw a payable T-account as illustration.

2 marks

06. Accounting transactions either increase or decrease the balance of an account. What are the effects of accounting entries (debit and credit) on the following items: Assets, liabilities, capital, expenses, and revenues?

5 marks

07. Record the following transactions into respective T-accounts:

- a. Acquiring a computer 200\$ payable in 2 weeks
- b. Rent payment cash 20\$
- c. Sales of goods 700\$ cash, the cost of goods sold 400\$
- d. Debtor Paul pays 100\$ per bank BK

5 marks

08. Gatete is a business man at Nyakarambi. He started a business at 1st March 2015 with 700\$ at BK account, stock of rice 3000\$ and office furniture 500\$. He does not know the accounting and he wants you to prepare him the opening balance sheet of his business. **5 marks**

09. Explain the following terms as used in accounting: (i) Sales, (ii) Purchases. **2 marks**

10. Inventory is meant to be goods bought by a business. It normally deals and held for resale.
- Mention any three (3) kind of inventory.
 - List two reasons that inventory can be decreased.
- 5 marks**

11. At the end of each accounting period a businessman prepares the balance sheet to determine its financial position and the income statement to determine the profit or loss during that period.
- List the major components of a balance sheet and the major components of an income statement;
 - Briefly, define each component of a balance sheet and income statement
- 5 marks**

12. After the transactions are recorded into respecting ledgers (accounts), one determines the balance of each ledger which is referred to balancing account and brings down the opening balance to the next period.
- Given the following accounts,

Dr	cash		Cr
1/2 sales	200\$	3/1 rent payment	50\$
2/2 payment debtor Jane	100\$	28/1 bal c/d	250\$
	<u>300\$</u>		<u>300\$</u>
Dr		Payables	Cr
3/2 Payment	400\$	30/1 Purchase of goods	500\$
		5/2 purchase of goods	200\$

- Balance them;
 - Distinguish debit balance and credit balance.
- 5 marks**

13. The following information was extracted from Kalisa business end June 2015

- Purchases	3,000 \$
- Sales	2,000\$
- Cost of goods sold	1500\$
- Rent	50\$
- Salaries	100\$

$GP = \text{Sales} - (\text{COGS} + \text{Exp})$
 $\text{Exp} = GP - \text{del} - \text{COGS}$
 $2000 - 1500 - 50 = 450$
 $GP = 1500 - 1500 + 50 = 1000$
 $NP = 1000 - 150 = 850$

- Determine the value of the stock end June 2015;
 - Determine the gross profit and the net profit of his business.
- 5 marks**

$NP = 850$
 Cost of good sold = Opening stock + purchase - Closing inventory
 $1500 = 0 + 3000 - \text{CI}$
 $\text{CI} = 3000 - 1500 = 1500$
 $GP = 2000 - 1500 = 500$
 $NP = 500 - 150 = 350$

Section II. Answer any three (3) questions of your choice

(Do not choose more than three questions). 30marks

14. Listed below are some items found in the financial statement of XYZ Company at 30 June 2014.

- Sales
- IT equipments
- Loan from BK
- Salaries and wages
- Debtor Kamegeri
- Supplier Kankwanzi
- Marketing expenses
- Rent received
- Capital invested
- The goods sold

a) You're required to indicate in which financial statement each item would appear.

b) For each item indicate if it is: asset, liability, capital, revenue or expense.

10 marks

15. RUTAGANDA, a retail Business man in Matheus presented the following information to his accountant at 31st March 2015 and asked him to prepare a trial balance:

Computer 500\$, cost of goods sold 1,500\$, Debtor James 200\$, supplier Teddy 700\$, sock of goods 4000\$, cash at bank 1000\$, rent payment 100\$, salary payment 400\$, sales 2000\$, capital 5,000 \$.

Help him.

10 marks

16. Kevin started a business at RUBAVU with a capital of 4,000 \$ deposited in BK on 1 January 2015. During the month of January, the following transactions were done:

- Purchases of goods 2,000 \$, chq no001
- Payment of transport fees 200\$ chq no002
- Rent payment 50\$ cash chq003
- Sales, money deposited at BK account 2,000\$
- Salary payment chq no 004 200\$
- Withdrew 500\$ for family use chq no 005
- Got a loan facility from BK 1,000\$
- Paid office stationeries 50\$

Prepare bank cash book.

10 marks

17. Miss Mary is a wholesaler of rice and maize at Nyabugogo. At 1st May 2015, she had a stock of 200 sacks of rice evaluated at 4,000\$ and 200 sacks of maize 3,000\$. When evaluating the stock, Mary uses the LIFO method. During the month, she made the following transactions:

1st May, purchased 100 sacks of rice at 25\$ each and 200 sacks of maize at 10\$ for each

2nd May, sold 200 sacks of rice and 300 sacks of maize

a. What do you understand by LIFO?

b. Using LIFO, determine the value of the stock at 2nd May 2015. **10 marks**

18. When doing the business, it happens that goods are returned to suppliers or the buyer sends back goods to the firm/business.

a. What are the terms used in accounting for the goods returned to suppliers and the goods returned by customers/debtor?

b. What are the three reasons for which goods can be returned to the firm or to the supplier?

10 marks

Section III. Answer any one (1) question of your choice

(Do not choose more than one question). 15marks

19. Emma manages Enjoy Bar and Restaurant. During the month of June 2015, the following transactions were done:

— Sales of food 5,00\$, purchases for food 300\$ per day

— Sales of Beer 200\$, purchases for beer 100\$ per day

— Paid personnel expenses 2,000 \$ per month

— Rent expenses 600 \$ per month

— District tax 100\$ per month

Additional information

Enjoy Bar and Restaurant opens 20 days per month; the personnel expenses, rent expenses, and tax expenses are shared equally between Bar and Restaurant.

Required:

a. Determine sales, purchases and expenses for Beer and food separately;
 b. Determine the gross profit and the net profit for Beer and food separately and the net profit for Enjoy Bar and Restaurant at 30 June 2015.

15 marks

20. Peter is an employee of TOBACO Ltd. He earns 2,000\$ as gross salary. Deductions: 500\$ is PAYE and 200\$ is Social contribution to RSSB.

a. Prepare the payroll;

b. Record payroll transactions in T-accounts.

15 marks

21. The following balances were extracted from Bob Business at 31 March 2015.

— <u>Vehicle</u>	4,000 \$
— <u>Furniture</u>	1,600 \$
— <u>Stock of goods</u>	5,000 \$
— <u>Cash at bank</u>	2,000 \$
— <u>Suppliers</u>	3,000 \$
— <u>Net profit</u>	1,000 \$
— <u>Capital</u>	8,600 \$

Additional information

- The vehicle and furniture were bought 1st January 2015 and they are depreciated at 25% each year
- The auditor verified the stock on found 500\$ is completely damaged

Required:

- What is expected useful life of the vehicle and furniture;
- Calculate the depreciation and the net book value for the vehicle and furniture at 31st March 2015;
- Calculate the value of the stock;
- Draw up the adjusted balance sheet as at 31st March 2015.

15 marks

Handwritten calculations:
1000
8600
—
9600

Handwritten mark: 10/57