THE UNITED REPUBLIC OF TANZANIA

PRESIDENT'S OFFICE

REGIONAL ADMINISTRATION AND LOCAL GOVERNMENT

SENGEREMA HIGH SCHOOL

FORM SIX

ACCONTANCY 2

HOME PACKAGE DECEMBER 2024

1. Applications were invited by the directors of Grobigg Ltd for 150,000 of its Tsh 1 ordinary Shares at Tsh 1.15 per share payable as follows:

	Per share
On application on 1 April 2008	0.75
On allotment on 30 April 2008 (including the premium of 0.15 per share)	0.20
On first and final call on 31 May 2008	0.20

Applications were received for 180,000 shares and it was decided to deal with these as follows:

1 To refuse allotment to applicants for 8,000 shares.

2 To give full allotment to applicants for 22,000 shares.

3 To allot the remainder of the available shares pro rata among the other applicants.

4 To utilize the surplus received on applications in part payment of amounts due on allotment. An applicant, to whom 400 shares had been allotted, failed to pay the amount due on the first and final call and his shares were declared forfeit on 31 July 2008. These shares were reissued on 3 September 2008 as fully paid at Tsh 0.90 per share.

Required:-

I. Show how the transactions would be recorded in the company's books.
II. Show the Journal proper to record those transactions.

2. M Limited has an authorised share capital of Tsh 1,500,000 divided into 1,500,000 ordinary shares of Tsh 1 each. The issued share capital at 31 March 2007 was Tsh 500,000 which was fully paid,and had been issued at par. On 1 April 2007, the directors, in accordance with the company's Articles, decided to increase the share capital of the company by offering a further 500,000 ordinary shares of Tsh 1 each at a price of Tsh 1.60 per share, payable as follows:

On application, including the premium	Tsh 0.85 per share
On allotment	Tsh 0.25 per share
On first and final call on 3 August 2007	Tsh 0.50 per share

On 13 April 2007, applications had been received for 750,000 shares and it was decided to allot the 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.

The shares were allotted on 1 May 2007, the unsuccessful applicants being repaid their cash on this date. The balance of the allotment money was received in full by 15 May 2007.With the exception of one member who failed to pay the call on the 5,000 shares allotted to him, the remainder of the call was paid in full within two weeks of the call being made.The directors resolved to forfeit these shares on 1 September 2007, after giving the required notice. The forfeited shares were reissued on 30 September 2007 to another member at Tsh 0.90 per share.

You are required to

a) write up the ledger accounts necessary to record these transactions in the books of M Limited.

b) Show the journal entry to record these transactions.

3. During the year to 30 September 2007, Kammer plc made a new offer of shares. The details of the offer were as follows:

1. 100,000 ordinary shares of Tsh 1 each were issued payable in installments as follows:

		Per share Tsh
On application at 1 November 20X6		0.65
On allotment (including the share premium of £0.50 per share) on	1 December 20X6	0.55
On first and final call on 1 June 20X7 0.30		1.50

2. Applications for 200,000 shares were received, and it was decided to deal with them as follows:
   (*a*) To return cheques for 75,000 shares;
   (*b*) To accept in full applications for 25,000 shares; and
   (*c*) To allot the remaining shares on the basis of three shares for every four shares applied for.
3. On the first and final call, one applicant who had been allotted 5,000 shares failed to pay the due amount, and his shares were duly declared forfeited. They were then reissued to Amber Ltd on 1 September 2007 at a price of Tsh 0.80 per share fully paid.

Note: Kammer's issued share capital on 1 October 2006 consisted of 500,000 ordinary shares of Tsh 1 each.

Required:

Record the above transactions in the following ledger accounts:

(*a*) Ordinary share capital;
(*b*) Share premium;
(*c*) Application and allotment;
(*d*) First and final call;
(*e*) Forfeited shares; and
(*f*) Amber Ltd's account.
(g) Show the journal entry to record the above transaction.

4. The Wide Trading Company Limited has an authorised capital of Sh.500,000 divided into 5,000 ordinary shares of Sh.100 each. On 1 January 2011, the Board of directors decided to issue 4,000 shares at TZS.125 each payable as TZS.50 on application, TZS.50 on allotment (including the TZS.25 premium) and TZS.25 on first and final call. The applications were receivable on 20 January 2011 when allotment was made. The allotment money was receivable by 15 February 2011. The first and final call was made on 15 March 2011 andthe call money receivable by 31 March 2011. Applications were received for 6,000 shares. The directors decided to refund money for 1,000 shares and the other applicants were allotted prorata with the excess money utilised to meet part of the allotment money. The balance of the

allotment money was received on the due date. The first and final call was made and the call money received on the due date except for allotees of 200 shares. The 200 shares with calls arrears were forfeited on 10 April 2011 and sold for cash at TZS.85 each on 12 April 2011.

Note: No other transactions took place during the above period.

Required:

i) Application and Allotment Account, First and Final Call Account, Ordinary Share Capital Account. Share Premium Account, Calls in Arrears Account. Forfeited Shares Account and the bank account.

ii) Balance sheet extract as at 12 April 2011

5. Sabo Ltd. issued 75,000 Equity shares of TZS. 1,000 each and 5,000, 12% Preference shares of TZS. 1,000 each, payable as under:

	Equity share	Preference shares
	TZS	TZS.
With Application	300 (inc. premium)	200
On Allotment	200	400
On First Call	300	500
On Final Call	300	---

The company received applications for 135, 000 Equity shares and 4,500 preference shares. Applications totaling 10,000 equity shares were rejected. Allotment on other applications for equity shares was made on pro-rata basis. All applications for preference shares were accepted in full. Calls were made on due dates. All monies were dully received.

Required:

a) Pass Journal entries to record the issue of share

b) Prepare equity share capital account and preference share capital account

6. Ferguson Ltd. offered 200,000 shares of shs. 100 each at a premium of 20% payable as follows:

Shs. 30 on application

Shs. 60 on allotment (including premium)

Shs. 30 on first and final call.

Applications were received for 250,000 shares on 1st January 2008. Applications for 40,000 shares were rejected and application money refunded on 10th January 2008 to unsuccessful applicants. Shares were allotted to the remaining applicants proportionately and excess money received from these applicants was retained to be utilized as allotment money. The allotment was made on 20th January 2008. The first and final call was made on 20th February 2008. Two successful shareholders who held a total of 3,000 shares failed to pay the first and final call and their shares were later forfeited and re-issued at shs. 80 per share. Other shareholders paid in full.

Required:

a) Write up the following ledger accounts:

i) Ordinary share capital account

ii) Share forfeiture account
iii) Re-issued shares account
iv) Bank account
v) Share premium account
vi) Calls in Arrears account

b) Draw up a balance sheet extract as at 31st December 2008

7. Maembe Canning Limited invited applications for 10,000 ordinary shares of Tshs 10 each, payable as follows: -

Tshs 2 per share on application
Tshs 3 per share on allotment
Tshs 2.5 per share on first call to be paid 1st April, 2018
Tshs 3.5per share on final call to be paid on 31st April, 2018

Applications were received for 13,400 shares. Applications for 1,400 shares were rejected, and their application money refunded in full on 1st February, 2018. The other applications were allotted shares on the same date, on a pro – rata basis, excess amounts received on application being retained towards the allotment money.

As at 15th April, 2018; 300 shares were in arrears for the allotment money and a further 100 shares in arrears for the first call only. The Director decided on this date to forfeit all shares in arrears for both allotment money and the call. Two thirds of the shares so forfeited were reissued on 5th May, 2018 at Tshs 8.5 each.

Required: - To show

(i) The necessary ledger accounts
(ii) The journal entries
(iii) How these transactions could be reflected on a balance sheet extracted on 6th May, 2018.

8. Barbican, a public company, has an authorized share capital of 6,000,000 shs. 1 ordinary share. The issued share capital at 31 December 2006 was 2,000,000 shs. 1 ordinary share, issued at par and fully paid. On 1 January 2007 a further 2,000,000 ordinary shares were offered for sale at shs. 1.20, payable as follows: shs.

On application (including premium)	0.55
On allotment	0.15
On first and final call on 1 April 2007	0.50
	1.20

The following applications were received:

Category A - 200 applicants for 10,000 shares each
Category B - 100 applicants for 5,000 shares each
Category C - 100 applicants for 1,000 shares each.

The Directors of Barbican decided to allocate the shares as follows:

Category A - each applicant to receive 7,500 shares
Category B - each applicant to receive 4,000 shares
Category C - each applicant to receive 1,000 shares.

Any balance of money received on application was to be applied to the amounts due on allotment. All outstanding money was received on both application and allotment and Barbican repaid the excess money received. All monies were received in respect of the call, except for one shareholder who failed to pay the call on 1,000 shares allotted to him. These shares were forfeited and reissued at shs. 1.80 per share.

REQUIRED: Show ledger accounts.

9. TECO company Limited invited applications for 10,000 ordinary shares of Tshs 10 each, payable as follows: -

Tshs 2 per share on application
Tshs 3 per share on allotment
Tshs 2.5 per share on first call to be paid 1st April, 2018
Tshs 3.5per share on final call to be paid on 31st April, 2018

Applications were received for 13,400 shares. Applications for 1,400 shares were rejected, and their application money refunded in full on 1st February, 2018. The other applications were allotted shares on the same date, on a pro – rata basis, excess amounts received on application being retained towards the allotment money.

As at 15th April, 2018; 300 shares were in arrears for the allotment money and a further 100 shares in arrears for the first call only. The Director decided on this date to forfeit all shares in arrears for both allotment money and the call. Two thirds of the shares so forfeited were reissued on 5th May, 2018 at Tshs 8.5 each.

Required: - To show

(i) The necessary ledger accounts
(ii) The journal entries how these transactions could be reflected on a balance sheet extracted on 6th May, 2018

10. On 1st july 2005 A obtained from B a lease of sum coal bearing land, terms paying a royalty of. 2/= Tsh per ton raised subject to a minimum rent of Tsh 9000 per annum with a right to recoup the short working over the first four years (up to 2008) of the lease.

    From the following details, prepare

year	2005	2006	2007	2008	2009	2010
sales (tons)	1500	2300	5000	6000	3600	4500
closing stock (tons)	500	400	700	800	600	500

REQUIRED :-

i. Royalty account
ii. Minimum Rent account
iii. Short working account
iv. B's account in the books of A

11. The annual stock taking at CHUI Ltd did not take place on the company's year ends on 30th April, 2014 due to staff illness. However stock was taken at the close of the business on 8th May, 2014 and the resultant valuation for Tshs 238,500 was used in the preparation of the draft account for the year ended 30th April, 2014.

    Subsequent investigation indicated that during the period from 30th April to 8th May, 2014 sales were Tshs 29,000. Sales return were Tshs 3,400; purchases were Tshs 42,000 and the purchases return were Tshs 5,000.

    In addition it was discovered that:

    (a) A quantity of stock bought in 2014 and included in the stock valuation at 8th May, 2014 at cost of Tshs 7,000 was in fact worthless, instructions have now been given for destruction of this stock.
    (b) Two of the stock sheets prepared on 8th May, 2014 had been overcast by Tshs 1,000 and Tshs 400 respectively.
    (c) The stock valuation of 8th May, 2014 include the company's office stationery stock at Tshs 14,000.
    (d) The stock valuation at 8th May, 2014 had not included goods which cost Tshs 4,000 sent on a sale or return basis to Hamit Gandhi on February, 2014; half of these goods in value were bought by Himit Gandhi on 29th April, 2014 but the sales had not been recorded in the company draft account for the year ended 30th April, 2014.

(e) CHUI Ltd achieves a uniform rate of gross profit of 20% on sales revenue.
Required: - Compute the value of stock of CHUI Ltd at 30th April, 2014.

12. (a) What is auditing?

    (b) Briefly explain four (4) benefits of auditing.

13. Outline the chief difference between internal auditor and external auditor under the following headings.
    i. Employment
    ii. Independence
    iii. Reporting
    iv. objective

    (B) Explain how they are related.

14. A. describes the letter of engagement.
    B. Explain the importance of management audit in an organization

15. Write short notes on the following auditing terms
    i. Physical control
    ii. Vouching
    iii. Verification
    iv. Permanent file
    v. Internal check
    vi. Statutory audit
    vii. Private auydit
    viii. Control procedure
    ix. Balance sheet audit
    x. Weakness test
16. A. Define the term auditing evidence.
    B. Explain the qualities of audit evidence.

17. (a) What is auditor report?
    (b) What are the purposes of audit reports?
    (c) Mention and explain various types of audit report.
    (d) List six content of unqualified and qualified report.
18. (a) Define the term internal control system.
    (b) Describe and explain the internal control procedure that you would recommend to the owner of medium size whole sale business to facilitate prevention and detection of errors and frauds.
19. (a) Describe to what extent statistic sampling enhance the quality of auditing evidence.
    (b) Describe factors which an auditor should consider when determining the size of sample

20. Write short notes on the following terms:
    (i) Permanent file
    (ii) Management letter
    (iii) Audit sampling
    (iv) Procedural audit
    (v) Audit plan

21. Independence is one of the most important rules of conduct .It prohibit auditors from expressing an opinion of financial statement of an enterprises unless they are independent with respect to such enterprises .List and discuss three issues which might impair auditors independence.
22. . Discuss the objectives of auditing.
23. Write short notes on the following:

    (a) Internal auditing;

    (b) External auditing;

    (c) Management audit.

24. Describe the difference between interim audit, final audit and continuous audit.
25. Who is responsible for auditing the accounts of government?
26. Discuss the components of internal control.
27. Differentiate between the following:

    (a) Voluntary and mandatory controls;

    (b) Financial and non-financial control;

    (c) Manual and computerized controls;

    (d) General and application controls.

28. With examples explain and differentiate detective, preventive and corrective controls.
29. Mention and explain the tests that an auditor can use to test the internal operating efficiency.
30. Before placing reliance on the work of internal auditor what are the factors that external auditor should consider?
31. Write brief notes on the following:

    (a) The purpose of audit working papers

    (b) The difference between permanent audit file and current audit file (c) Main contents

    of a Permanent file

    (d) The characteristics of a good working paper

32. State and explain the advantages and disadvantages of audit programme.
33. Techniques of audit testing fall into a number of broad categories. Explain and give examples on each of the following audit technique:

(a) Inspection;

(b) Observation;

(c) Inquiry;

(d) Confirmation; and

(e) Analytical review.

34. Differentiate between statistical and non-statistical sampling

35. Write short notes in the following:
    (a) Computer
    (b) Networks
    (c) Back ups
    (d) Internet
    (e) Software

36. (a) Define the term accounting package.

    (b) Mention advantage of computerized accounting.

37. Mention and explain main four accounting software program.

38. Mention and explain various accounting package.

39. What are the factors to be considered when designing, operating and managing of computerized accounting system?

40. Mention and explain the limitation of computer system.

41. Mention six disadvantage of computerized accounting system.

42. Define the following computer terms.
    i. Hardware
    ii. Software
    iii. Input device
    iv. Data
    v. Output device
    vi. Hard drive

43. Define the term "computerized accounting system", and describe its main features.

44. Differentiate computerized accounting system from accounting package software.

45. List any four advantages of using a computerized accounting system.

46. Discuss the features, advantages and limitations of computerized accounting system.
47. Discuss the advantages and disadvantages of a ready to use accounting software.
48. Provide any three differences between tailored and customized accounting software.
49. Explain any four factors to be considered while sourcing for an accounting software.
50. After stock taking for the year ended 31st May 1995 had taken place, the closing of Cheupe was aggregated to the figure 87612.During the course of Audit which followed the under noted facts were discovered.
    a) Some goods stored outside had been included at their normal cost of 570.They had however been determined and would require an estimation of Tzs 120 to be spent to restore them to their original condition after which they could have been sold for Tzs 800/=
    b) Some goods have been damaged and were now unsaleable they could however been sold for Tzs 110/= as spare parts after repair estimation of Tzs 40/= had been carried out. They had original cost of Tzs 200/=.
    c) One stock sheet have been over added by Tzs 126/= and another one under added by Tzs 72/=.
    d) Cheupe had received goods costing Tzs 2300/= during the last week of May 1995 but because the invoice did not arrive until June 1995 they had not been included in stock.
    e) Stock sheet totaling Tzs 1234 had been transferred to the summary sheet as 1243.
    f) Invoice totaling Tzs 638 arrive during the last week of May 1995 and were included in the purchases and creditors but because of transport delay the goods did not arrive until late June 1995 and were not included in closing stock.
    g) Portable generator on hire from another company at charge of Tzs 347/= were included at this figure in closing stock.
    h) Free sample sent to Cheupe by various suppliers had been included in stock at catalogue price of Tzs 63/=.
    i) Goods Costing Tzs 418/= sent to customer in sales return basis had been included in stock by Cheupe at Selling price of Tzs 602.
    j) Goods sent on sale or return basis to Cheupe had been included in the stock at amount payable Tzs 267/= if retained, No decision to retained the goods have been made.

Required:-

By using such information above as it is relevant, Prepare Schedule of Amending stock Figure as at 31/5/1995.