CERTIFIED PUBLIC ACCOUNTANT

FOUNDATION LEVL 1 EXAMINATION

F1.3: FINANCIAL ACCOUNTING

DATE: TUESDAY, 29 NOVEMBER 2022

MARKING GUIDE AND MODEL ANSWERS

RNOV2022ICPARNOV2022ICPAR

SECTION ONE

QUESTION ONE

Marking Guide

a) Benefits and disadvantages of computerized accounting system

	Marks for each	Marks
Benefits of computerized accounting	1 mark for each correct advantage Maximum to 2 advantages	2
Advantages of computerized accounting	1 mark for each correct disadvantage Maximum to 2 disadvantages	2
Sub-Total		**4**

b) Steps for recognition of revenue arising from contracts with customers

Marks for each	Marks
Award 1 mark for each correct step	5
Sub-Total	**5**

c) HAWEBA Partners Ltd's Statements,

Marks for each	Total Marks
Manufacturing Account (0.5 for each Correct line shown in the manufacturing account except for totals, subtotal)	6.5
Sub-Total for (c)i)	**6.5**
Statement of profit or loss (0.5 for each Correct line except for totals, subtotal)	7
0.5 mark for each computed profit share per profit appropriation account	1.5
Well shown working on increase in allowance for doubtful debt	0.5
Sub-total for (c, (ii)	**9**
Statement of financial position (0.5 for each correct line except for totals, subtotal)	7.5
Working for bank balance	2
PPE movement workings (1 for each item of PPE excluding Land)	3
Partners current accounts (0.5 for each correct partner account balance)	1.5
0.5 mark for each computed interest on capital	1.5
Sub-Total c) iii)	**15.5**
SUB Total Marks B	

Total Marks	40

Model Answers

a) Below are the advantages of computerized accounting System

i. **Improve quality of work**: the accounts prepared with use of accounting systems are usually uniform, neat, accurate and more legible than manual job,

ii. **Lower operating cost**: Computerized system is labor and time saving devise. Hence the volume of job handled with the help of computers results in economy and lower operating costs

iii. **Improve efficiency**: Computerized accounting brings speed and accuracy in preparing the records and accounts and thus, increases the efficiency of the employees by way to achieve much compare to cost incurred.

iv. **Control tool**: greater control and more information may be available with use of computerized accounting system, it ensures efficient performing in accounting work. System enables users be alerted when something went wrong

v. **Security and Reliable:** Information stored in the system are protected and only authorized personnel could access them

vi. **Reduce errors:** Automated system reduce human errors and thus produce more accurate and reliable information than manual accounting

Below are the problems of computerized accounting system,

i. **Reduction of Manpower**: the introduction of computerized system in accounting reduces the number of employees in an organization. Thus, it leads to greater amount of unemployment.

ii. **Need heavy investment**: it is hard for small firm to install computerized accounting system because of high installation and maintenance cost. To be economical there should be larger volume of work, if the system is not used to its fully capacity, then it would be highly uneconomical.

iii. **Required special skills**: Computer system calls for highly specialized operators. The availability of such skilled personnel is very scarce and much cost.

iv. **Loss of Data**: some time system might crush and all data store in it get lost

v. **Possibility of Manipulation:** An intruder, rival or competitor can manipulate, modify or delete one or more programs of a company making the complete software unusable.

b) IFRS 15 provides steps for recognition of revenue arising from contracts with customers. Revenue is income arising in the ordinary course of an entity's activities, such as sales and fees. The key principle of IFRS 15 is that revenue is recognized to depict the transfer of promised goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. This is achieved by applying a five-step model:

i. Identify the contract(s) with a customer: The contract was signed between KH Ltd and one bank in the East African countries

ii. Identify the performance obligations in the contract: KH Ltd obligation is to supply internet to the bank, so, once, internet is consumed by bank would indicate that obligations were performed

iii. Determine the transaction price: Transaction price refers to the amount agreed in the contract in respect of performance obligation

iv. Allocate the transaction price to the performance obligations in the contract: For this step, KH Ltd should be able to specify how much will be paid by bank for each internet MB per second consumed by bank

v. Recognize revenue when (or as) the entity satisfies a performance obligation: The revenue from supplied internet should be recognized by KH Ltd

c) i) **Haweba partner Ltd manufacturing account for the year ended 31 December 2021**

	FRW"000"	FRW"000"
Opening inventory of raw material	5,160	
Purchase of Raw materials	105,000	
Transport of Raw Materials	10,250	
Closing inventory Raw Materials	(4,000)	
Raw Material Consumed		**116,410**
Salary of factory staff		73,400
Prime Cost		**189,810**
Apportioned overheads		
Light and power W3	5,614	
Rent and Rate W4	4,900	
Depreciation of Building W2	434	
Depreciation of Plant and Machinery W2	3,000	
Repair of Factory Building	350	
Repair -Machinery and Plant	3000	
Total Overheads		17,298
Work in progress:	20,200	
Closing inventory WIP	(5,000)	
		15,200
Total production costs		**222,308**

ii) Haweba Partners Ltd's statement of Profit or Loss for the year ended 31 December 2021

	FRW"000"	FRW"000"
Sales Revenue		370,000
Less cost of goods sold		
Opening inventory of finished goods	8,000	

		FRW"000"	FRW"000"
Production costs from manufacturing account		222,308	
Closing of finished goods		(19,865)	(210,443)
Gross Profit			**159,557**
Less other expenses			
Administration salary		22,000	
Light and Power	W3	2,406	
Rent and Rate	W4	2,100	
Depreciation of building	W2	186	
Depreciation of motor vehicle	W2	1,200	
Motor Expense	W5	10,270	
Postage and telephone		6,380	
Printing and stationery		2,000	
Increase in Bad and doubtful	W6	1,000	
Total Expenses			**(47,542)**
Profit Before Tax			**112,015**
Tax 30%			33,605
Net Profit After Tax			**78,411**

iii) **Haweba Partners Ltd's**

Statement of financial position for the year ended 31 December 2021

		FRW"000"	FRW"000"
Non-Current Assets			
PPE	W2		28,580
Current Assets			
Inventory	4,000+5,000+19,865	28,865	
Trade Receivable	W6	38,000	
Prepayment Light and Power	W4	650	
VAT		450	
Cash at bank	W1	121,560	
Total Non-Current Assets			**189,525**
Total Assets			**218,105**
Capital & Liabilities			
Capital Contributed			
Habineza		25,000	
Webale		15,000	
Fabien		10,000	**50,000**
Current Accounts			

Habineza W9	49,206	
Webale W9	31,023	
Fabien W9	10,682	**90,911**
Liabilities		
Current Liabilities		
Trade Payable	42,800	
Accrued motor vehicle expense	790	
Current Tax	33,605	
Total Current Liabilities		**77,195**
Total		**220,105**

Workings, W1: Cash at Bank FRW "000"

	FRW
Bal as per Trial Balance	125,010
Omitted Motor Cost	(2,500)
Transport Cost	(500)
VAT paid	(450)
Bal as per FP	**121,560**

W2: PPE Movement

Cost	**Land**	**Building**	**Plant and Machinery**	**Motor Vehicle**
Opening Balance	5,000	12,400	15,000	6,500
Additional	-	-	-	3,000
Disposal	0	0	0	0
Closing Balance	**5,000**	**12,400**	**15,000**	**9,500**
Depreciation				
Opening Balance	-	4,000	3,000	1,500
Depreciation for the year	-	12,400*5% =620	(15,000-3,000) *25%= 3,000	(6,500-1,500) *20%+3,000*20%*4/12= 1,200
Depreciation for Disposed assets	-	-	-	-
Closing Balance	-	**4,620**	**6,000**	**2,700**
NBV at the end of the year	**5,000**	**7,780**	**9,000**	**6,800**

*Depreciation on building to be shared as below:

Factory: FRW 620*70%=434
Office: FRW 620*30%=186

W3:

Lights and Power	**FRW"000"**
Balance as per Trial Balance	8,670
less Prepayment	(650)
Balance to be considered in financial statements	**8,020**
Factory 70%	**5,614**
Office 30%	**2,406**

W4:

Rent and Rate	**FRW"000"**
Balance as per Trial Balance	7,000
Factory 70%	4,900
Office 30%	2,100

W5:

Motor Expenses	**FRW"000"**
Balance as per TB	9,480
Unpaid Bills	790
Motor Vehicle Expense	**10,270**

W6:

Trade Receivable at the end	**FRW"000"**
Total Trade Receivable	40,000
Allowance for bad 40,000*5%	(2,000)
Net trade receivable	**38,000**

***Increase in Allowance for Bad and doubtful debt= 2,000-1,000=1,000

W7: Profit or Loss appropriation Account

	FRW"000"	**FRW"000"**
Profit for the year		78,411
Less Interest on Capital		
Habineza 25,000*5%	1,250	
Webale 15,000*5%	750	
Fabien 10,000*5%	500	-2,500
Less Salary of Partner		
Remaining Profit to be shared		**75,911**

Share of profit Total capital: 25,000+15,000+10,000=50,000		
Habineza (75,911*25,000)/50,000	37,956	
Webale (75,911*15,000)/50,000	22,773	
Fabien (75,911*10,000)/50,000	15,182	75,911

W8: Partner's Current Accounts

Debit							**Credit**
Detail	**Habineza**	**Webale**	**Fabien**	**Detail**	**Habineza**	**Webale**	**Fabien**
Bal	-	-	5,000	Bal	10,000	7,500	0
				Profit shared	37,956	22,773	15,182
Bal at end	49,206	31,023	10,682	Interest on Capital	1,250	750	500
	49,206	**31,023**	**15,682**		**49,206**	**31,023**	**15,682**

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SECTION B

QUESTION TWO

Marking Guide

Marks for each	Marks
Journal Entries (1 Mark for each correct double entry in Journal Level)	9
Capital account	0.5
Bank account	3
Loan	0.5
Computer account	0.5
Rent account	0.5
Prepaid Rent account	0.5
VAT account (1 Mark for each correct transaction however it is applied when there is one correct transaction and in case all transactions are correct award 1.5Marks)	1.5
Purchase account	1
Cash account	1
Sales account	0.5
Payable account	0.5
Motor Vehicle	0.5
Electricity	0.5
Total	**20**

MODEL ANSWERS

a) Mukaneza's Journal entries for March 2020

Date	Details	Dr	Cr
		FRW"000"	FRW"000"
01/03/2020	Bank	10,000	
	Capital		10,000
	Being recording capital introduced in Business		
02/03/2020	Bank Account	5,000	
	Loan Account		5,000
	Being recording loan received		
03/03/2020	Computer a/c	750	
	Bank a/c		750
	Being recognition of acquired computers		
04/03/2020	Rent account	2,000	

	Rent pre-payment a/c	400	
	Bank		2,400
	Recognition of rent paid		
10/03/2020	Purchase a/c 5,000*100/118	4,237	
	VAT Account 5,000*18/118	763	
	Bank		5,000
	Being Purchase of Goods from G.shop		
15/03/2020	Cash a/c	4,000	
	VAT account 4,000*18/118		610
	Sales account 4,000*100/118		3,390
	Being recognition of sales made		
20/03/2020	Electricity account	500	
	Bank		500
	Being payment of electricity		
24/03/2020	Motor vehicle account	3,000	
	Cash a/c		3,000
	Being recognition of purchase of Motor Vehicle		
28/03/2020	Purchases	8,000	
	Trade Payable		8,000
	Being purchase goods on credit		

b) Ledger accounts

Capital Account					
Dr					**Cr**
Date	**Details**	**Amount**	**Date**	**Details**	**Amount**
	Balance c/d	10,000	01/03/2020	Bank	10,000
		10,000			**10,000**

Bank account					
DR					**Cr**
Date	**Details**	**FRW 000**	**Date**	**Details**	**FRW 000**
01/03/2020	Capital	10,000	03/03/2020	Computer a/c	750
02/03/2020	Loan	5,000	04/03/2020	Rent a/c	2,400
			10/03/2020	Purchase a/c	5,000
			20/03/2020	Electricity a/c	500
				Balance c/d	6,350
		15,000			**15,000**

Computer account

Dr			Cr		
Date	**Details**	**Amount**	**Date**	**Details**	**Amount**
03/03/2020	Bank	750		Balance c/d	750
		750			**750**

Rent account

Dr					Cr
Date	**Details**	**Amount**	**Date**	**Details**	**Amount**
03/03/2020	Bank	2,000	Bal c/d		2,000
		2,000			**2,000**

VAT account

Dr					Cr
Date	**Details**	**FRW 000**	**Date**	**Details**	**FRW 000**
			15/03/2020	Cash sales	610
10/03/2020	bank	763		Bal c/d	43
		763			**763**

Purchase Account

Dr					Cr
Date	**Details**	**FRW 000**	**Date**	**Details**	**FRW 000**
10/03/2020	Bank	4,237			
28/03/2020	Payable's a/c	8,000		Balance c/d	12,237
		12,237			**12,237**

Cash account

Dr					Cr
Date	**Details**	**FRW 000**	**Date**	**Details**	**FRW 000**
10/03/2020	Sales	3,390	24/03/2020	Motor vehicle	3,000
	VAT	610		Balance c/d	1,000
		4,000			**4,000**

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Sales account

Dr			Cr		
	Details	**FRW 000**	**Date**	**Details**	**FRW 000**
	Balance c/d	3,390	10/03/2020	Cash	3,390
		3,280			**3,280**

Trade payables account

Dr					Cr
Date	**Details**	**FRW 000**	**Date**	**Details**	**FRW 000**
	Balance c/d	8,000	28/03/2020	Purchase	8,000
		8,000			**8,000**

Electricity account

Dr					Cr
Date	**Details**	**FRW 000**	**Date**	**Details**	**FRW 000**
20/03/2020	Bank	500		Balance c/d	500
		500			**500**

Loan account

Dr					Cr
Date	**Details**	**FRW 000**	**Date**	**Details**	**FRW 000**
	Balance c/d	5,000	02/03/2020	Bank	5,000
		5,000			**5,000**

Pre-paid rent account

Dr					Cr
Date	**Details**	**FRW 000**	**Date**	**Details**	**FRW 000**
28/03/2020	Bank	400		Balance c/d	400
		400			**400**

Motor Vehicle account					
Dr					**Cr**
Date	**Details**	**FRW 000**	**Date**	**Details**	**FRW 000**
24/03/2020	Cash	3,000		Balance c/d	3,000
		3,000			**3,000**

QUESTION THREE

Marking Guide

a) Computation of Net Realizable value

	Marks for each	Marks
Computation of Net realizable value of inventory	1 mark for each correct figure including total	4

b) Computation of inventory to be considered in financial statements

	Marks
NRV of defective goods	1.5
NRV of Raw materials	1.5
Value of inventory to be recognized in financial statement	1

c) i) Computation of Gain/loss on disposal and currying amount of the assets

	Marks
cost	0.5
Depreciations for 2 years and 5 Months (0.5 for depreciation of each year)	1.5
Carrying amount as at 20 Sept 2018	1
Gain on disposal	1

c)ii) PPE movement schedule

	FRW 000
0.5 marks for each captured cost at start of the year	2
0.5 marks for posted additional asset	0.5
1 mark for posted disposal	1
0.5 marks for each posted accumulated depreciation	1.5
0.5 for each computed charge for the year	1.5
0.5 for each correct Carrying amount as at 31 May 2019	1.5

Model Answer

a) Computation of net realizable value

	FRW"000"	FRW"000"
Selling Price		4,800
Commission Cost 4,400*10%	480	
Repairing Cost 5,000*5%	250	(730)
Net Realizable Value		**4,070**

b) Computation of inventory value to report in financial statement

i. Cost of defective goods was FRW 600,000

Net Realizable Value of spare parts=FRW 650,000-FRW 250,000=FRW 400,000

Since cost is high than NRV, the value to be considered is NRV of FRW 400,000

ii. Cost of raw materials sold subsequent to the year-end was FRW 500,000

NRV=FRW 750,000-FRW 100,000=FRW 650,000

The lowest between cost and net realizable value would be considered, hence, FRW 500,000

	FRW"000"	FRW"000"
Finished goods		30,000
Repaired goods	650-250	400
Raw materials		500
Total		**30,900**

c) Computation of carrying value of disposed assets and gain/loss on Disposal

i. Carrying amount of disposed assets

	FRW 000	FRW 000
Equipment		
Cost		8,000
Accumulated depreciation until disposal for previous two years (From 01 May 2016 to 30 April 2018): 8,000*25%*2	(4,000)	
Depreciation for 5 Moths from 1 May 2018 to 30 Sept 2018: +8,000*25%*5/12	(833)	
Total depreciation		(4,833)
Carrying amount as at 20 Sept 2018		3,167
Proceed from disposal		5,000
Gain on disposal (5,000-3,167)		1,833

Disposed plant

	FRW 000	FRW
Proceed from disposal		**19,800**
Cost	20,000	
Depreciation for one Month (1 June 2018 to 30 June 2018) 20,000*25%*1/12	(417)	
Carrying amount as at disposal date		(19,583)
Gain on disposal		217

ii. Property plant and equipment movement schedule as at 31 May 2019

	Land	**Building**	**Equipment**	**Plant and Machinery**
	FRW 000	**FRW 000**	**FRW 000**	
Balance at start of year (Cost)	50,000	200,000	45,000	30,000
Additional				20,000
Disposal			(8,000)	(20,000)
	50,000	**200,000**	**37,000**	**30,000**
Depreciation				
Balance at start of year	0	50,000	4,000	12,000
Charge for the year	0	10,000	10,083	7,917
Disposal	0	0	(4,833)	(417)
Accumulated depreciation as at 31 May 2019		60,000	9,250	19,500
Carrying amount as at 31 May 2019	**50,000**	**140,000**	**27,750**	**10,500**

Depreciation for the year
Building: 200,000*5%= 10,000

Equipment

	FRW 000
Cost	45,000
Disposal	(8,000)
Cost of remaining equipment	37,000
Rate	25%
Depreciation for the year	9,250
Depreciation of disposed assets pro-rated time before disposal 8,000*25%*5/12	833

But depreciation of deposed asset would be FRW 4,833 as computed in c) i) above	
Total charge for the year	10,083

Plant and machinery

	FRW 000
Cost	30,000
Additional	20,000
Disposal	(20,000)
Cost of remaining assets	30,000
Rate	25%
Depreciation 30,000*25%	7,500
Depreciation of disposed assets pro-rated time before disposal 20,000*25%*1/12	417
Total charge for the year	**7,917**

QUESTION FOUR

Marking Guide

	Marks
Explanation of direct method 1 mark Explanation of indirect method 1 mark	2
1 Mark for each point provided to contrast direct method from indirect method (Maximum 3 marks)	3
1 mark for each correct line shown in the cash flow excluding totals and subtotal (if figure in the face of cash flow is wrong, award mark to the workings)	12
1 Mark for correct cash out/inflow for each activity of 3 activities	3
Total Marks	**20**

Model Answer

a) Method of preparing Cash flow statement is:

Direct method: This applies only major classes of gross cash receipts and gross cash payments are disclosed

Indirect method: Under this method, profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows

b) Difference Between Direct and Indirect Method

Direct Method	Indirect Method
Gross receipt and payment are matched	Profit before tax is adjusted for non-cash transaction
It is simple and easy	It is a bit complex as it requires adjustment of profit before tax
the method details all expense incurred using cash	It does not show all expenditures as the operating costs are covered in profit before tax
It does not show net effect of working capital	It shows net effect of working paper

c) Sumsom Trading Ltd's statement of cash flow for the year ended 31 March 2019

		FRW "000"
Net Profit Before Tax		1,400
Add/less adjustments		
Depreciation		298
Gain on disposal	W2	(2,000)
Operating Cash flow before Working Capital		
Change in Working Capital		
Increase in inventory	18,000-20,000	(2,000)
Decrease in trade receivable	45,000-35,000	10,000
Decrease in trade payables	60,530-59,330	(1,200)
Tax paid	W5	(100)
Net cash flow from operating activity		**6,398**
Cash flow from investing activity		
Acquisition of PPE	W1	(30,298)
Disposal of PPE		12,000
Net cash flow from investing activity		**(18,298)**
Cash flow from Financing Activity		
Bank loan received	75,000-68,000	7,000
Issue of shares	W3	20,200
Dividend Paid	W4	(300)
Net Cash flow from Financing Activity		**26,900**
Net Cash and Cash equivalent for the year		**15,000**
Cash and Cash Equivalent at start of the year		**135,000**
Cash and Cash Equivalent at End of the year		**150,000**

Working one

PPE			
Details	**FRW 000**	**Details**	**FRW 000**
Bal b/d	45,000	Disposal 15,000-5,000	10,000
Acquisition of PPE by cash	30,298	Depreciation	298
		Bal c/d	65000

Working two

	FRW 000
Cost of disposed asset	15,000
Depreciation	5,000
Net book value	10,000
Proceed from disposal	12,000
Gain	2,000

Working three

Share capital

		Bal b/d share capital	110,000
		Bal b/d share Premium	1,100
		Cash issue	20,200
Bal c/d share capital	130,000		
Bal c/d share premium	1,300		

Working four

Retained earning

Dividend paid	300	Bal b/d	3,000
Bal c/d	3,680	Profit for the year	980

Working five

Tax

Tax paid	100	Bal b/d	370
		P/L	420
Bal c/d	690		

QUESTION FIVE

Marking Guide

	Marks for each	Marks
5) a)	1 Mark for each correct definition	4
5) b)	Distinguish adjusting and non-adjusting event	2
	1 mark for example of non-adjusting events 1 mark for example of adjusting events	2
5) c)	0.5 Mark for each correct line shown in the statement of affairs except for totals and subtotals	3
	1 Mark for each correct line shown in the statement of income and expenditure except for totals and subtotals	9
N.B	**If figure included in statement of income and expense is wrong, consider to award marks on the related working**	
Total		**20**

Model answer

a)

i.) **Non exchange transaction**: is one in which one party receives something of value without directly giving value in exchange. Example: taxes etc.

ii.)**Exchange Transaction**: are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in the exchange. Example: revenue from tourism

iii.) **Income**: Increases in economic benefits during the accounting period in the form of inflows or enhancements of assets or decreases of liabilities that result in an increase in equity, other than those relating to contributions from equity participants

iv.) **Assets:** is a resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity.

b) **Adjusting events** occur when information is received after the reporting date gives more evidence about a condition that already existed at the reporting date, while **non-adjusting events** are those which occur after the reporting date and, although significant, do not normally give evidence of a condition existing at the balance sheet date.

When adjusting events is identified, financial statements are adjusted to portrait the effect of those events while non-adjusting events should be disclosed only

Examples of Non-Adjusting Events:

1) Major fire after the reporting date that destroys a substantial asset
2) Major acquisition or disposal
3) Changes in tax rates or tax laws

4) Large falls in asset values or big foreign exchange losses
5) Announcing a major restructuring after reporting date
6) Major ordinary share transactions

Examples of Adjusting Events:

(1)Court case decided on after end of financial period
(2)Evidence of impairment of assets bankruptcy of a major customer
(3)Discovery of fraud or errors that show the financial statements were incorrect
(4)Sale of inventories at prices suggesting the need to reduce the figure in the Statement of Financial Position to the net value actually realized
(5)Bankruptcy of a major customer

c) Statement affair of KRC as at 01 January 2020

	FRW"000"	FRW"000"
Non-Current Assets		
Land and Building-Currying Value	56,000	
Furniture and Equipment-Currying Value	10,000	
Total Non-Current Assets		**66,000**
Current Assets		
Cash at Bank	10,500	
Unpaid Member's Contribution	5,000	
Pre-paid Rent	6,000	
Non-Current Assets		**21,500**
Total Assets		**87,500**
Liabilities		
Unpaid office stationaries		3,000
Accumulated Fund		**84,500**

Income and expenditure account for the year ended 31 December 2020

		FRW"000"	FRW"000"
Income			
Grant and donation		50,000	
Member contribution	W5	16,500	
Total Income			**66,500**
Expenditures			
Office stationery	W4	4,000	
Communication expenses		3,000	
Light and power		1,500	
Fuel expenses		2,000	
Rent	W3	11,000	

Depreciation of equipment W1		2,000	
Depreciation of building W2		6,000	
Total Expenditure			**29,500**
Excess of expenditure over income			**37,000**

Workings

W1: Depreciation of Equipment

Equipment a/c

Bal b/d	10,000	Depreciation (balance)	2,000
Addition	6,000	Balance c/d	14,000
	16,000		16,000

W2:

Building a/c

Bal b/d	56,000	**Depreciation (balance)**	**6,000**
Addition	0	Balance c/d	50,000
	56,000		56,000

W3:

Rent expense a/c

Payment	12,000	Prepaid bal c/d	7,000
Prepaid bal b/d	6,000	**Rent consumed (balance)**	**11,000**
	18,000		18,000

W4:

Contributions

Arrears bal b/d	5,000	Bank	15,000
Contribution for the year (balancing figure)	16,500	Arrears bal c/d	6,500
	21,500		21,500

Stationaries a/c

Bank (payment)	5,000	Arrears bal b/d	3,000
Arrears bal c/d	2,000	**Stationaries consumed (balance)**	**4,000**
	7,000		7,000

W5:

Contributions

Arrears bal b/d	5,000	Bank	15,000
Contribution for the year (balancing figure)	**16,500**	Arrears bal c/d	6,500
	21,500		21,500

END OF MARKING GUIDE AND MODEL ANSWERS

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