

**DEPARTMENT OF ACCOUNTING
MAIN EXAMINATION PAPER NOVEMBER 2019**

TITLE OF PAPER : FINANCIAL ACCOUNTING

COURSE CODE : ACF621 (M) NOVEMBER 2019

TOTAL MARKS : 100 MARKS

TIME ALLOWED : THREE (3) HOURS

- INSTRUCTIONS**
- 1 There are five (5) questions, answer any four (4).**
 - 2 Begin the solution to each question on a new page.**
 - 3 The marks awarded for a question are indicated at the end of each question.**
 - 4 Show the necessary working.**
 - 5 Calculations are to be made to zero decimal places of accuracy, unless otherwise instructed.**

Note: You are reminded that in assessing your work, account will be taken of accuracy of the language and general quality of expression, together with layout and presentation of your answer.

THIS PAPER IS NOT TO BE OPENED UNTIL PERMISSION HAS BEEN GRANTED BY THE INVIGILATOR OR SUPERVISOR.

SPECIAL REQUIREMENTS: CALCULATOR

INSTRUCTION

THERE ARE *FIVE (5)* QUESTIONS IN ALL. YOU ARE REQUIRED TO ANSWER *ANY FOUR (4) QUESTIONS*. ALL THE QUESTIONS CARRY EQUAL MARKES

QUESTION ONE

The following information relate to “God will Provide” Youth Club for the accounting period of 2018.

	E
Subscription owing for 2018	40,000
Payable for End of Year Party	1,500
Payables for Repairs – Equipment	1,000
Payables for Repairs – Vehicle	2,000
 Payments:	
Vehicle running Expenses	6,000
Electricity Expenses	3,000
End of Year Party Expenses	10,000
Salaries and Wages	25,000
Printing and Stationery	3,000
Cleaning Expenses	6,000
 Receipts:	
Car Park Renting	10,000
Sales of Party Tickets	6,000
Donation from friends of the club	15,000
 Subscription Received:	
2017	6,000
2018	30,000

Additional Information are:

- | | | |
|----|--|--------|
| 1. | Cash in hand as at 01/01/18 | 18,000 |
| 2. | Subscription owing as at 01/01/18 | 8,000 |
| 3. | Any subscription outstanding is written off in the following year if it is not paid. | |

You are required to prepare:

- a. Receipts and Payments Account for the year ended 31st December, 2018 (10 Marks)
- b. Subscription Account (5 Marks)
- c. Income and Expenditure for the year ended 31st December, 2018 (10 Marks) [Total Marks 25]

QUESTION TWO

The Income Statement of UNESWA Trading Enterprise (UNESWATE) for the year ended 31 December 2016 as prepared by an Accounts Assistant indicated a net profit of E 49,360,000. However, the cash book on 31 December 2018 showed a balance at bank to be E 6,440,000. Your attention is however drawn to the following:

- i) Cheques from customers totaling E 4,980,000 which were recorded in the cash book on 20 December 2016 were actually not credited by the bank until 2 January 2019.
- ii) Cheques issued on 13 December 2016 totaling E 7,420,000 in favour of suppliers were actually not paid by the bank until after the end of the year (that is after 31 December 2018).
- iii) On 22 November 2018, the bank paid an amount of E 3,600,000 with respect to a standing order from UNESWATE for rent of business premises for the three months to 31 January 2019 but unfortunately, no entry for this payment had been made in the cash book. Additionally, no provision of this outstanding rent had been made in the income statement for the period.
- iv) On 31 December 2018, a customer known as Mr. Abuusu had paid E 2,340,000 into UNESWATE bank account through a standing order to his bankers in full settlement of a debit balance of E 2,400,000 in UNESWATE sale ledger, but no entry had been made in the books.
- v) On 30 December 2018, a cheque for E 480,000 was received from a customer in settlement of sales invoice for the same amount. The cheques were lodged into UNESWATE bank account. Both sale of goods and the cheque were entered in UNESWATE's books. However, on 31 December 2018, the customer returned the goods and also instructed her bankers not to pay the cheque (This instruction was carried out the same day) but no entries in respect of these latter developments have been made in UNESWATE's books. The cost of these goods amounting to E 320,000 was not actually included in the closing inventories.

- vi) A cheque for E 840,000 from an insurance company in settlement of claim for fire damage to inventory had been paid into the bank and credited by the bank on 21 December 2018, but an estimated amount of E 800,000 had been entered in UNESWATE's income statement.

Required:

- a) Prepare a statement on 31 December 2018, indicating clearly the cash book balance
10 Marks)
- b. Prepare the bank reconciliation statement for UNESWATE. **(5 Marks)**
- c. Prepare a statement of corrected net profit of UNESWATE on 31 December 2018.
(10 Marks)

[Total Marks: 25]

QUESTION THREE

Dolly, a stationery dealer, commenced business on 1st July 2019 with E 540,000 cash at bank. The following were Dolly's transactions for July 1999.

- July 2 Paid carriage expenses by cheque E 6,000;
- July 2 Bought from Fifi on credit;
30 exercise books at E 3,000 each;
12 pens at E 2,250 each;
24 pencils at E 1,950, each;
15 pencils at E1,800 each;
Purchase general stationery goods by cheque E 75,000
- July 6 Cash sales E 36,000
- July 7 Calculator bought for cash E 6,600
- July 12 Sold to Ato on credit
15 exercise books at E3,600 each;
6 pens at E 2,160 each;
9 erasers at E 2,160 each
Sold goods for cheque E 9,000.
- July 14 Ato returned the following as faulty
3 exercise books and 3 pens
- July 15 Received from Ato a cheque in full settlement of his account
- July 20 Settled Fifi's account by cheque
- July 21 Bought from Frimpong on credit
30 crayons at E 2,400 each;
60 stencils at E 1,350 each;
- July 22 Returned to Frimpong;
3 stencils and 6 crayons
- July 28 Withdraw cash for office use E 22,500
- July 29 Cash sales paid to bank E 16,500
- July 31 Paid for postage in cash E 3,000.

You are required to prepare the

- a. Purchases day book (5 Marks)
- b. Sales day book (5 Marks)
- b. Cash book to record the above transactions (10 Marks)
- c. Extract a trial balance as at 31st July 2019 (5 Marks).

[Total Marks: 25 Marks]

QUESTION FOUR

Kwenda Ventures operates a Petty Cash on the imprest system with a float of E600. Reimbursements are made such that cash on hand does not fall below E72. Below is a summary of Petty Cash transactions for the period to 31 July, 2019.

	E
July 1 Received reimbursement by cheque from cashier	504
July 3 Paid Wages	204
July 5 Paid Rent and Rates	90
July 7 Paid Wages and Salaries	180
July 8 Paid Electricity	51
July 11 Paid for transport	18
July 12 Paid for transport	24
July 13 Paid Wages	108
July 14 Paid Rent and Rates	33
July 15 Paid Wages	132
July 17 Paid Koo Nimo a creditor in full	110
July 18 Paid for transport	60
July 19 Paid Electricity	15
July 20 Paid K. Ansah a creditor	24
July 21 Paid for transport	21
July 25 Paid Rent and Rates	108
July 29 Paid Wages and Salaries	288
July 31 Paid for transport	84

Required:

- a. You are required to write-up the petty cashbook. [15 Marks]
- b. State and explain the elements in the financial statements in accordance with IAS 1 /IFRS 1

(10 Marks) [Total Marks 25]

QUESTION FIVE

The following Trial Balance was extracted from the books of Africa Enterprise, a second hand bags dealer as at 31st December, 2018.

	DR	CR
	E	E
Stock in Trade	120,000	
Vehicle (Cost)	150,000	
Trade Receivables	80,000	
Accumulated Depreciation: Vehicle		30,000
Furniture & Fittings		10,120
Trade Payables		100,000
Drawings	120,000	
General Expenses	65,000	
Provision for doubtful debt		2,500
Rate & Rent	14,000	
Insurance	5,000	
Bad Debt	7,000	
Discount Received		25,150
Discount Allowed	15,160	
Bank Balance	165,240	
Wages & Salaries	250,000	
Sundry Expenses	6,150	
Vehicle Running Expenses	15,650	
Furniture & Fittings	50,600	
Repairs to the shop	6,500	
Purchases	650,120	
Sales		1,079,130
Capital		473,520
	<hr/>	
	1,720,420	1,720,420

The following additional information are provided:

1. Provision for doubtful debts is to be reduced by 10%.
2. Rate and Rent has been paid in advance by two (2) months. Note that Africa Enterprise pays

E 1,000 each month.

3. Stock in trade as at 31st December, 2014 E 80,150.

4. A bill of E 6,150 for vehicle running was outstanding as at 31st December, 2014.

5. The Enterprise provide depreciation as following.

- Vehicle 20% per annum on straight line bases.
- Furniture and Fittings 20% per annum on straight line basis.

You are required to:

- i. Prepare Income Statement for the year ending 31st December 2018. **(10 Marks)**
- ii. Prepare Statement of Financial Position as at 31st December 2018. **(15 Marks)**

[Total Marks 25]