

INSTITUTE OF CHARTERED ACCOUNTANTS (GHANA)



MAY 2011 EXAMINATIONS
(PROFESSIONAL)

PART 1

FINANCIAL ACCOUNTING FUNDAMENTALS
(Paper 1.1)

Attempt ALL Questions

TIME ALLOWED:

Reading & Planning - 15 Minutes
Workings - 3 Hours

QUESTION 1

- (a) All financial information produced by businesses should have some key qualitative characteristics. Identify any **four (4)** of these key characteristics and briefly explain them. (8 marks)
- (b) Financial information have different groups of users. Mention any **six (6)** groups of financial information users and briefly outline their information needs. (12 marks)

(Total: 20 marks)

QUESTION 2

The following balances appear in the accounting records of Troky, a limited liability company at 31 December 2009.

	GHS
Land & buildings:	
Cost	25,000
Accumulated depreciation 1/1/2009	9,000
Fixtures & equipment:	
Cost	15,000
Accrued depreciation 1/1/2009	8,000
Trade receivables	9,000
Cash at bank	3,000
Trade payables	6,250
Accrued expenses	1,250
Stated capital	12,500
Capital surplus	5,500
Income surplus	11,500
8% Debentures	2,500

The following additional information was provided:

- Inventory at 31/12/2009 was valued at GHS11,750.
- The company's land and buildings were revalued at 1/1/2009. The revaluation has not yet been reflected in the balances given above.

	Cost	Accrued depreciation	Net book value	Revalued amount
Land	10,000	-	10,000	12,500
Buildings	15,000	9,000	6,000	10,000

