

**THE INSTITUTE OF CHARTERED ACCOUNTANTS (GHANA)**  
**FINANCIAL ACCOUNTING FUNDAMENTALS QUESTION PAPER**  
**NOVEMBER 2014**

**QUESTION 1**

- (a) List and explain the **five (5)** elements of financial statement (Reference IASB Conceptual Framework) **(10 marks)**
- (b) Briefly explain the purposes of Financial Statements. **(5 marks)**
- (c) With reference to IAS 1 (Presentation of Financial Statements), outline all the components of a set of Financial Statements. **(5 marks)**

**QUESTION 2**

The following Receipts and Payment Accounts and other Information have been supplied by the Financial Secretary of the Achimota Golf Club for the year ended 31<sup>st</sup> December 2013

Receipts and Payments Account:

	GHC
<b>DEBIT ENTRIES:</b>	
Bal b/d: Demand Deposit account	900
Bank Savings account	1,400
Subscription	18,460
Bar Takings	31,020
Collection from marches	20,560
Interest on deposits	<u>960</u>
	<u>73,300</u>
<b>CREDIT ENTRIES:</b>	
Traveling & Transport	5,740
Salary	5,400
Rent	3,680
Repairs	850
Petty cash (re-imburement)	150
Equipment	1,000
Printing & stationary	1,120
Cash register	8,800
Bar Purchases	23,460
Bal c/d: Demand Deposit account	8,500
Bank Savings account	<u>14,600</u>
	<u>73,300</u>

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Other information is as follows:

	31/12/2012	31/12/2013
	GHC	GHC
Club pavilion	9,600	8,000
Bar stock	3,500	1,920
Bar creditors	1,700	3,820
Subscription due	920	1,440
Subscription in advance	80	110
Petty cash float	60	30

**Notes**

- (a) Donations are the result of an appeal for funds to build an extension to the club premises and the proceeds have been placed in the Bank Savings account.
- (b) Petty cash expenditure is mainly on postal expenses
- (c) It is the policy of the club to write off the cost of equipment as soon as it is purchased.

The cash register is to be depreciated by 25%

**Required:**

- (i) Determine Accumulated Fund as at 31/12/2012
- (ii) Prepare Subscription Account
- (iii) Prepare Bar Trading Account
- (iv) Prepare Income & Expenditure Account for the year ended 31/12/2013
- (v) Prepare the Statement of Financial position as at 31<sup>st</sup> December 2013

**(25 marks)**

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**QUESTION 3**

- (a) (i) What is a Control Account?
- (ii) State the purposes for which Control Accounts are prepared?

**(10 marks)**

- (b) The following information was provided by the sales girl of Agogo Brothers Enterprise for the month of July 2014.

	GHC
July 1 – Sales ledger balance	18,000
Total for July sales Journal	40,000
Account received from debtors	34,000
Discount allowed	1,000
Debit balance in the sales ledger set off against Credit in the purchase ledger	500
July 31 – Credit balance	2,000

**Required:**

Prepare sales ledger Control Accounts for the month of July 2014.

**(10 marks)**  
**(Total: 20 marks)**

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**QUESTION 4**

- (a) The following relate to the business of Kofi Agbola for the year ended December 31, 2013.

	GHC
Sales	688,560
Sales return	7,600
Inventory 1/1/2009 at cost	27,560
Inventory 31/12/2009 at cost	36,280

Gross profit for the year is  $33\frac{1}{3}$  of cost of goods sold

**You are required to calculate the:**

- (i) Turnover
- (ii) Cost of goods sold
- (iii) Amount of purchases
- (iv) Rate of stock turnover for the year ended 31 December 2013 **(10 marks)**

- (b) Kakabo Enterprise does not keep a set of accounting records for its business operations. For the year ended 31<sup>st</sup> December 2013, the following information was made available.

	GHC
Opening inventory	7,000
Cost of goods available for sale	227,000
Net profit	8,000
Net current assets	9,000
Short-term loan	1,600
Cost of sales	180,000
Gross profit percentage on sales	10%
Net book value of non-current assets	163,000
Accounts payable	1,400
Long-term loans	80,000
Current ratio	4:1
Capital	?

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You are required to calculate the following for Kakabo Enterprise on 31<sup>st</sup> December 2013

- (i) Sales
- (ii) Purchases
- (iii) Closing inventory
- (iv) Total operating expenses
- (v) Total value of current assets
- (vi) Capital

**(10 marks)**

**(Total: 20 marks)**

**QUESTION 5**

(a) What is a Trial Balance and what are its uses?

**(5 marks)**

(b) At the end of a financial year, the trial balance of Sam Enterprise failed to agree and the difference was entered in a suspense account. Subsequently, the following errors were discovered.

- (i) The sales day book had been undercast by GHC520
- (ii) A customer's personal account had been correctly credited with GHC250 discount, but no corresponding entry was made in the discount column of the cash book
- (iii) Discounts allowed amounting to GHC120 were credited instead of being debited to the discount allowed account.
- (iv) A debit balance on the account of E. A. Acquah, a customer, was undercast by GHC100.
- (v) An old credit balance of GHC250 on a customer's account (W. Akuffo) had been entirely overlooked when extracting the balances.

**Required:**

Prepare Journal Entries to correct the errors.

**(10 marks)**

**(Total: 15 marks)**

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