

ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA
BASIC ACCOUNTING PROCESSES & SYSTEMS
PAPER FOR MARCH 2021 DIET
QUESTIONS AND MARKING SCHEME

SECTION A: PART I MULTIPLE-CHOICE QUESTIONS (30 Marks)

ATTEMPT ALL QUESTIONS

Write ONLY the alphabet (A, B, C, D or E) that corresponds to the correct option in each of the following questions/statements.

1. When cash taken from the till is banked, the transaction is recorded as a
 - A. Bank entry
 - B. Till entry
 - C. Cash entry
 - D. Debit entry
 - E. Contra entry

2. The processes involved in book-keeping are as follows, **EXCEPT**
 - A. Classification of business transactions using source documents
 - B. Recording of transactions in appropriate subsidiary books
 - C. Extraction of the Trial Balance
 - D. Extracting future cash flow
 - E. Posting of entries from subsidiary books to the ledger

3. The following are non-current assets, **EXCEPT**
 - A. Land
 - B. Goodwill
 - C. Building
 - D. Receivable
 - E. Machinery

4. Which of the following is **NOT** a characteristic of business?
 - A. It is a social service to the public
 - B. It exists to make profits
 - C. It supplies goods that it either makes or buys from other parties
 - D. Its reward for accepting risk is profit
 - E. The profit earned by it belongs to its owners

5. Which of the following is **NOT** a content of the partnership agreement that can affect partnership account?
- A. Capital contribution
 - B. Division of profits or losses
 - C. Interest on capital
 - D. Partners' drawings
 - E. Partners' domestic expenses
6. Which of the following is **NOT** a key characteristic of Public Sector Entities?
- A. There is no equity ownership
 - B. The entities' right, powers and responsibility are derived from the law setting them up
 - C. They have multiple objectives
 - D. Public accountability by the operators is very important
 - E. It involves profit-sharing
7. Which of the following is **NOT** one of the elements of financial statements recognised by the IASB's conceptual framework?
- A. Receipt and Payment Account
 - B. Asset
 - C. Liabilities
 - D. Equity
 - E. Income and Expenditure
8. Which of the following is **NOT** recognised as Generally Accepted Accounting Principles?
- A. Concepts
 - B. Principles
 - C. Conventions
 - D. Laws, rules and regulations
 - E. Theories
9. The meaning of entity concept to a partnership business is that the
- A. Partners can issue ordinary shares
 - B. Liability of all the partners are limited
 - C. Partner's drawing reduces capital contribution
 - D. Current Account is not necessary for the partners
 - E. Partners cannot own private assets
10. Which of the following is **NOT** a main source document that is used for recording in the books of original entry?
- A. Quotations
 - B. Pro-forma invoices
 - C. Credit notes
 - D. Sales Ledger

- E. Payment Vouchers
11. Which of the following is **TRUE** of the General Journal?
- A. It has a brief explanation or narration of the transaction
 - B. It has only Debit column
 - C. It uses only Credit column
 - D. It does not have debit and credit column
 - E. It is used to record only sales and purchases transactions

Use the following information to answer questions 12 and 13

The following transactions took place in the books of Adegboyega Enterprises in January, 2020

- (i) January 5, 2020 Cash sales of ₦500,000
- (ii) January 10, 2020 Purchased ₦300,000 goods in cash

12. The correct double entry for item (i) is?

DR	CR
-----------	-----------

- | | |
|--------------------|---------------|
| A. Sales Account | Cash Account |
| B. Cash Account | Sales Account |
| C. Cash Account | Bank Account |
| D. Bank Account | Cash Account |
| E. Sales on credit | Cash Account |

13. The correct double entry for item (ii) is

DR	CR
-----------	-----------

- | | |
|--------------------------|---------------------|
| A. Bank Account | Goods account |
| B. Goods returns inwards | Cash Account |
| C. Cash Account | Purchases Account |
| D. Purchases Account | Cash Account |
| E. Cash Account | Purchases on credit |

14. **ONE** of the main uses of Trial Balance is to?

- A. Post items from sales day book into the sales ledger
- B. Check postings from purchases day book into the purchases ledger
- C. Facilitate preparation of the final accounts
- D. Correct errors of postings
- E. Standardise accounting records

15. Temitope Enterprises provision or allowance for depreciation in 2019 accounting year is ~~N~~50,000. Which of the following is the correct double entry for this transaction?
- | | DR | CR |
|----|------------------------------------|-----------------------------|
| A. | Depreciation expense account | Allowance for depreciation |
| B. | Allowance for depreciation account | Depreciation expense |
| C. | Non-current asset account | Depreciation expense |
| D. | Depreciation expense account | Statement of profit or loss |
| E. | Depreciation expense account | Cash book |
16. Which of the following is **NOT** a revenue expenditure?
- Cost incurred in acquiring trading inventories for sale
 - Discount allowed on Credit sales
 - Cost of Repairing Plant and Equipment
 - Staff Salaries and emoluments
 - Purchase of new equipment for use as non-current asset
17. Which of the following is **NOT** a debit entry in Trade Receivables Ledger Control Accounts?
- Dishonoured bills and cheques from customers
 - Cash paid to customers from the cash book
 - Debit notes issued
 - Discount allowed as recorded in the Cash book
 - Credit Sales from sales day book
18. Which of the following is **NOT** added to Basic Salary to arrive at the Gross pay?
- Responsibility allowance
 - Transport allowance
 - Tax due
 - Overtime allowance
 - Medical allowance

Use the following information to answer questions 19 and 20

The following information was provided by Camara enterprises:

Standard Time or Allowed Time = 250 hours

Wages rate per hour = Le15

Actual time taken = 220 hours

The enterprise uses Hasley Premium Plan.

19. The Bonus amount is
- A. Le 210
 - B. Le 220
 - C. Le 225
 - D. Le 235
 - E. Le 240
20. Total earnings is
- A. Le 3,425
 - B. Le 3,455
 - C. Le 3,515
 - D. Le 3,525
 - E. Le 3,555
21. Which of the following is **NOT** an advantage of Time Based system of remuneration?
- A. It facilitates cost control
 - B. It provides incentive for longer period of work
 - C. Wages negotiations (changes) can be easily affected
 - D. It has stood the test of time
 - E. It does not encourage innovation
22. Which of the following is **NOT** an objective of control over cash?
- A. Temptation to embezzle idle cash by staff is avoided
 - B. It enable the business to have more idle cash in the office at all times
 - C. It prevents losses of cash through fraud or theft
 - D. There will be accurate accounting for cash transactions
 - E. Management will maintain adequate amount of cash at all times

Use the following to answer questions 23 and 24

Gamil Nkuruma Ventures has the following transactions in the month of January, 2020

- (i) Discount allowed on Sales to customers amount to GMD20,000.
- (ii) Discount received on Purchases from Supplies is GMD30,000.

23. The accounting treatment of item (i) in the books of Gamil Nkuruma Ventures is

DR

CR

- | | | |
|----|--------------------------|--------------------------|
| A. | Cash book | Discount allowed account |
| B. | Discount allowed account | Cash book |
| C. | Income statement | Discount allowed account |
| D. | Discount allowed account | Income statement |
| E. | Cash book | Income statement |

24. The accounting treatment of item (ii) in the books of Gamil Nkuruma Ventures is

DR

CR

- | | | |
|----|---------------------------|---------------------------|
| A. | Income statement | Discount received account |
| B. | Discount received account | Income statement |
| C. | Cash book | Discount received account |
| D. | Discount received account | Cash book |
| E. | Cash book | Income statement |

25. Which of the following is **NOT** a component of the published financial statements?

- A Statement of Profit or loss and other comprehensive income
- B Cash book and subsidiary ledgers
- C Statement of financial position
- D Statement of changes in equity
- E Statement of cash flows

Use the following information to answer questions 26 and 27

Weah Enterprises presented the following information from its financial records for the year ended 31 December, 2019

	L\$
Sales	56,000
Purchases	40,000
Carriage outwards	1,600
Returns inwards	900
Carriage inwards	1,300
Returns Outward	1,490

26. The Cost of Sales is
- A. L\$ 38,700
 - B. L\$ 39,810
 - C. L\$ 40,190
 - D. L\$ 41,300
 - E. L\$ 41,400

27. The Gross Profit is
- A. L\$ 15,290
 - B. L\$ 15,300
 - C. L\$ 16,190
 - D. L\$ 17,280
 - E. L\$ 18,111
28. Which of the following is **NOT** a feature of spread sheet package?
- A. Row
 - B. Column
 - C. Cell
 - D. Title Bar
 - E. Sequential Formula
29. Which of the following is **NOT** an Accounting package?
- A. Sage
 - B. Quick Books
 - C. Microsoft Excel
 - D. Tally
 - E. Oracle
30. The International Accounting Standard (IAS) on Property, Plant and Equipment (PPE) is
- A. 1
 - B. 2
 - C. 5
 - D. 8
 - E. 16

SECTION A: PART II SHORT-ANSWER QUESTIONS (20 Marks)

ATTEMPT ALL QUESTIONS

Write the correct answer that best completes each of the following questions/statements:

1. Characteristics of useful financial information that has to do with relevance and faithful representation is known as.....
2. The full meaning of **IFRIC** is..... and **IASB** is.....
3. The relationship that exists between two or more persons carrying on business with a view to making profit is called.....
4. The two main documents that are fundamental to the creation of a limited liability company are and
5. IASB's conceptual framework prescribes that the financial statements required of entities are..... financial statements.
6. The concept which assumed that a business entity will continue in operation for the foreseeable future is regarded as
7. The source document used to record in the sales day book is ..
8. The books in which transactions are first recorded before being posted to the ledger is called
9. Ibukunoluwa introduced a capital of ~~N~~200,000 (using cheque) to start a Face Mask business on February 2, 2020. The double entry for this transaction is and
10. An error within the same class of account but affecting different persons or items is known as an error of
11. The cost of acquiring a non-current asset for use in an entity is known as
12. Which side of the Trade Payables Ledger Control Account can we post Discount received and Purchases?
13. Cheques deposited in the business bank account and not yet recorded in the bank statement as at the time of preparing Bank Reconciliation statement is called
14. The formula for calculating bonus in Rowan plan scheme is

15. The term given to an allowance in form of a percentage reduction in the full invoice price made to a customer is
16. A written authorisation used in approving a transaction for payment is called
17. An amount allowed to a customer so that he can pay promptly is called
18. Application software that record and process accounting transactions within functional modules are known as.....

Use the following information to answer questions 19 and 20

The following transactions/information were extracted from the financial statements of the Kofi Enterprises:

	GH¢
Insurance premium	30,000
Building	800,000
Equipment	200,000
Motor Vehicle maintenance	100,000
Discount received	20,000
Discount Allowed	15,000
Bank Loan	500,000
Trade Creditors	50,000

19. The items that will be posted into Income Statement are:
 i ii iii iv
20. The items that will be posted into Statement of Financial Position are:
 i ii iii iv

SECTION B: ATTEMPT ANY FOUR QUESTIONS IN THIS SECTION (50 Marks)

QUESTION 1

- a. Nyumah is a sole trader involved in sewing and selling COVID 19 face mask. Nyumah introduced the capital of L\$200,000 into the business on the March 2, 2020 in form of cash. He bought a laptop computer worth L\$50,000 on March 4, 2020 for the office but gave the laptop to her daughter to use for her University Degree programme.

Required

You are required to show the double entries as the Accounting technician.
(4 Marks)

- b. The following were extracted from the books of Cheapoo Enterprise, that is into electronic business in Moronvia for the month of November, 2019:

	L\$'000
Sales Ledger balance – 1 November, 2019	9,404
Purchases ledger balances – 1 November, 2019	5,514
Sales journal balances – 30 November, 2019	74,874
Purchases journal balances – 30 November, 2019	81,600
Returns inwards	1,820
Returns outwards	1,498
Receipts from Customers – Cash	77,058
Discount allowed	2,690
Payment to Suppliers	70,830
Discount received	1,492
Irrecoverable debts written off	230
Sales ledger set off	418
Purchases ledger set off	220

On 30 November, 2019, it was discovered that a supplier was paid twice in error. The amount was refunded on that date.

Required

Prepare the Sales and Purchases ledger balances as at 1 December, 2020.

(8½ Marks)
(Total 12½ Marks)

QUESTION 2

- a. What is Double entry principle? (2½ Marks)
- b. i. Explain **FIVE** main importance of the Ledger Accounts. (5 Marks)
- ii. State and explain **FOUR** groups of ledger. (5 Marks)
- (Total 12½ Marks)**

QUESTION 3

- a. Explain the term “liabilities”. (2½ Marks)
- b. Akwasi is a graduate of Accounting that has struggled to find a paid employment but couldn't. In December, 2019, he heard about COVID-19 and took interest in producing hand sanitizer and face mask. He sold the ideas to a business magnate that funded the project on January 1, 2020, he started the business, as Akwasi Ventures, with the production of hand sanitizer and face mask. The product has a trade name of AKWA19 for a worldwide market. He was successful in the first three months ending 31 March, 2020 but didn't know to what extent? For him to know the extent of the success and profit, he presented the following Trial balance as at 31 March, 2020

	GH¢'000	GH¢'000
Sales		5,600
Purchases	4,000	
Carriage outwards	160	
Electricity	80	
Salaries & Wages	620	
Insurance	30	
Buildings	10,000	
Fixtures	400	
Receivables	700	
Returns inwards	90	
Payables		410
Bank	650	
Drawings	480	
Carriage inwards	130	
Motor Vehicles	1,600	
Capital		12,881
Returns outwards		149
Rent of Office equipment	<u>100</u>	<u>-</u>
	<u>19,040</u>	<u>19,040</u>

Required

Prepare Statement of Profit or Loss for the period ended 30 April, 2020, and a Statement of Financial position as at 30 April, 2020. **(10 Marks)**

(Total 12½ Marks)

QUESTION 4

a. In accordance with International Accounting Standard No.1 on Preparation of Financial Statements, state **FIVE** main components of financial statements. **(2½ Marks)**

b. Sandolo Blah, a Liberian entrepreneur, presented the following information extracted from the financial records of his business

- i. Goods sold for GMD141,000 and profit on sale is GMD27,000.
- ii. Inventory bought for GMD150,000 and sold for GMD240,000.
- iii. Inventory bought for GMD90,000 with loss on sale of GMD18,000.

You are required to use accounting equations to calculate

- i. Expenses for (i) above
- ii. Profit for (ii) above
- iii. Revenue for (iii) above

(3 Marks)

c. Cheapoo Conteh Enterprise is a local manufacturer of dress wear to be included in Personal Protective Equipment (PPE). The following balances are extracted from the financial records of the organisation for the year ended 31 December, 2019.

	GMD'000
Raw materials inventories as at 1 January, 2019	40,000
Work-in-progress as at 1 January, 2019	29,000
Purchase of raw materials	120,000
Manufacturing wages	80,000
Returns outwards	17,500
Carriage inwards	22,000
Office salaries	33,500
Factory Machine Depreciation	28,000
Factory Insurance premium	14,000
Factory expenses	33,000
Royalties paid	36,000
Raw material inventories as at 31 December, 2019	24,000
Work-in-progress as at 31 December, 2019	25,000

You are required to

Prepare the Manufacturing Account for the year ended 31 December, 2019 in order to ascertain the Production cost that will be transferred to the Statement of Profit or Loss.

(7 Marks)

(Total 12½ Marks)

QUESTION 5

a. What is Microsoft Excel? Explain **FIVE** of the main features of Microsoft Excel Spread sheet. **(6 Marks)**

b. Explain the term “Data Entry” for accounting transactions (with specific examples). **(5 Marks)**

c. List **THREE** data used for input into non-current assets subsystem under accounting packages. **(1½ Marks)**

(Total 12½ Marks)

QUESTION 6

Adegboyega Kofoshi is a graduate with a Degree in Electrical and Electronic Engineering. During his Youth Service, he had a savings of ₦990,000 from his service year allowance, from his parents and the company where he served. After the Youth service, he started a retail business, Adegboyega Kofoshi Enterprises, selling household electrical equipment. He transferred his car worth ₦1,440,000 for the use of the business. The car was a gift from his parents. He borrowed ₦198,000 from his friend. All these were used for the business. During the month of December, 2019, he had the following transactions:

			₦
December 3	Purchased electrical equipment from Chukwu Ltd on credit	540,000	
Dec 3	The equipment carriage expenses to warehouse by cash	49,368	
“ 6	Sold goods on credit to Johnson & Co	570,000	
“ 8	Sold good for cash	78,840	
“ 11	Paid general expenses by cash	48,834	
“ 15	Purchased electrical items on credit from Chukwu Ltd	180,000	
“ 17	Adelaide Ventures repair the motor car on credit	32,556	
“ 20	Paid cash to Chukwu on account	502,500	
“ 22	Johnson & Co paid cash	375,000	
“ 25	Paid cash for salaries and wages	233,874	

“	25	Paid cash for Rent & Rates	18,000
“	27	Sold electrical wire to Ajibandele on credit	204,000

You are required to

- a. Post the transactions into the ledgers.
- b. Extract a Trial Balance as at 31 December, 2019.

(Total 12½ Marks)

SOLUTION TO QUESTIONS

SECTION A: PART 1

MULTIPLE-CHOICE

1. E
2. D
3. D
4. A
5. E
6. E
7. A
8. E
9. C
10. D
11. A
12. B
13. D
14. C
15. A
16. E
17. D
18. C
19. C
20. D
21. E
22. B
23. C
24. B
25. B
26. B
27. A
28. E
29. C
30. E

(30 ticks @ 1 mark each = 30 marks)

Working Notes on MCQ

19. Bonus 50% (250hrs – 220hrs = 30hrs) x Le 15
= 50% x 30hrs x Le 15
= Le 225

20. Total Earning = Le 15 x 220hrs + bonus (w19)
= Le 3300 + Le 225
= Le 3525

26.	L\$
Purchases	
	40,000
Carriage Inwards	1,300
Returns outwards	
	<u>(1,490)</u>
27. Cost of sales	<u>L\$39,810</u> L\$
Sales	
	56,000
Returns Inwards	
	<u>(900)</u>
	55,100
Less costs of salary (w26)	
	<u>(39,810)</u>
Gross profit	<u>L\$15,290</u>

SECTION A: PART II SHORT-ANSWER QUESTIONS (SAQ)

1. Qualitative Characteristics
2. IFRIC – International Financial Reporting Interpretation Committee
IASB – International Accounting Standard Board
3. Partnership business
4. Memorandum of Association/Articles of Association
5. General purpose
6. Going concern
7. Sales Invoice/Bill
8. Subsidiary books/Books of prime entry/Books of origin entry
9. Dr Bank and CR Capital
10. Commission
11. Capital Expenditure
12. Discount Received – Debit side
Purchase – Credit side
13. Uncredited cheques/lodgements
14. Bonus $\frac{\text{Time Saved}}{\text{Time Allotted}} \times \text{Time Taken} \times \text{Time Rate}$
15. Trade Discount
16. Approved payment voucher
17. Cash Discount
18. Accounting Softwares/Packages
19.

Insurance Premium	GH¢ 30,000
Motor vehicle maintenance	GH¢ 100,000
Discount received	GH¢ 20,000
Discount Allowed	GH¢ 15,000
20.

Building	GH¢ 800,000
Equipment	GH¢ 200,000
Bank loan	GH¢ 500,000
Trade creditors/payables	GH¢ 50,000

(20 ticks @ 1 mark each = 20 Marks)

SECTION B:

QUESTION 1

- a. IN THE BOOKS OF NYUMAH
DOUBLE ENTRIES /JOURNAL ENTRIES

	DR L\$	DR L\$
Cash book/Bank Capital	200,000	200,000
Office Equipment Cash book	50,000	50,000
Drawings Office Equipments	50,000	50,000

(8 ticks @ ½ mark each = 4 Marks)

OR Through Ledger Approach

Cash Book / Bank A/C

	L\$		L\$
Capital	200,000	Equipment	50,000
	<u> </u>	Bal c/f	<u>150,000</u>
	<u>L\$200,000</u>		<u>L\$200,000</u>
Bal b/f	150,000		

Capital A/C

	L\$
Cash book	200,000

Office Equipment

		L\$	
Cash Book	<u>50,000</u>	Drawings	<u>50,000</u>
		L\$	
Office Equipments	50,000		

Drawings A/C

(8 ticks @ 1/2 mark each = 4 Marks)

b. **CHEAPOO ENTERPRISES**

SALES LEDGER CONTROL ACCOUNT

2019	L\$'000	2019	L\$'000
1 Nov Bal b/f	9,404	30 Nov Cash	77,058
30 Sales	74,874	30 Returns inwards	1,820
30 Set off	220	30 Discount Allowed	2,690
		30 Bad debt written off	230
		30 Set off	418
		30 Balance c/d	<u>2,282</u>
	<u>84,498</u>		<u>84,498</u>
1 Dec Balance b/d	2,282		

(Any 8 sticks @ 1/2 marks = 4 Marks)

PURCHASES LEDGER CONTROL ACCOUNT

2019	L\$'000	2019	L\$'000
30 Nov Returns outwards	1,498	1 Nov Bal b/f	5,514
30 Cash	70,830	30 Purchases	81,600
30 Discount received	1,492	30 Cash refund	314
30 Set Off	418	30 Set off	<u>220</u>
30 Balance c/d	<u>13,410</u>		<u>87,648</u>
	<u>87,648</u>	30 Balance b/d	13,410

(9 ticks @ 1/2 marks = 4 1/2 Marks)

(Total 12 1/2 Marks)

QUESTION 2

- a. **Double entry principle** states that for every debit entry, there must be a corresponding credit entry and vice-versa. If the principle is properly followed, the total of the debit entries in the accounts must be equal to the total of the credit entries.

There are three pairs of concepts that aid the understanding of the double entry principles and they are:

1. Debit incoming items and Credit Outgoing items
2. Debit the Receiver and Credit the Giver.
3. Debit Expenses/Losses and Credit Profit/gains

In general, the above principles are the underlying basis for debiting assets and expenses as well as crediting liabilities and revenue.

(2½ Marks)

b. **(i) FIVE (5) Importance of ledgers**

- They serve as the means of keeping permanent records of assets, liabilities, income, expenses and Owner's equity.
- They provide relevant information that is required to prepare the statement of profit or loss and the statement of financial position.
- They give the origin of every transaction and the parties involved.
- They show the details of movement in each account. For instance, a bank account will show what amount had been deposited or how much had been withdrawn and for what purpose.
- The Trial Balance is extracted from the ledger accounts at the end of the accounting period.

(Any 5 points @ 1 mark each = 5 Marks)

(ii) FIVE (5) Groups of Ledgers

- **Sales Ledger or Trade Receivable Ledger:** This contains all the personal accounts of customers otherwise referred to as trade receivables.
- **Purchases Ledger or Payables Ledger:** It contains the personal accounts of suppliers of goods and services, otherwise referred to as trade payables.
- **Private/Cash Ledger:** Private ledger contain details of capital accounts, drawings account, loan account and investment account. Usually only the senior managers have access to these accounts in order to prevent details of the items contained therein from being publicized. The Cash ledger contains all cash transactions.
- **General Ledger:** This is also referred to as the nominal ledger. It contains the remaining accounts such as:

- **Nominal accounts:** relating to expenses, wages, rent, sales, purchases, bad debt accounts; and
- **Real accounts:** relating to assets such as land and buildings, motor vehicles, inventories, plant and machinery.

1/2 marks for mentioning

1/2 mark for explanation including Nominal and Real accounts

(5 Marks)

(Total 12¹/₂ Marks)

QUESTION 3

a. Liabilities

Liability can be defined as present obligations of an entity arising from past events and the settlement of which is expected to result in an outflow of resources that embody economic benefits.

A liability is an obligation that already exists. An obligation may arise also from normal business dealings usually from past transactions or events. Trade payables for example, arise out of past purchase transactions so also an obligation to pay a bank loan must have arisen out of past borrowings. There are two major categories of liabilities which are: current liabilities and non-current liabilities.

Current Liabilities: These are amounts owed currently by business to be paid within twelve (12) months. Such as trade payable, Bank overdraft etc.

Non-current liabilities: these are current obligation that will take more than one year before repayments is due, such as long term loans etc.

(2¹/₂ Marks)

b.

AKWASI VENTURE

Statement of Profit or Loss for the year ended 31 March, 2020

	GH¢'000	GH¢'000
Sales		5,600
Returns inwards		<u>(90)</u>
Net Sales		5,510
Less Cost of Sales:		
Purchases	4,000	
Carriage inwards	<u>130</u>	
	4,130	
Returns outwards	<u>(149)</u>	<u>(3,981)</u>
Gross Profit		1,529
Expenses		
Carriage outwards	160	
Electricity	80	
Salaries and Wages	620	
Insurance premium	30	
Rent of Office equipment	<u>100</u>	<u>(990)</u>
Profit for the year		539

Statement of Financial Position as at 31 March, 2020

	GH¢'000	GH¢'000
Assets		
Non Current Assets		
Buildings	10,000	
Fixtures	400	
Motor Vehicles	<u>1,600</u>	12,000
Current Assets		
Receivables	700	
Bank	<u>650</u>	<u>1,350</u>
Total Asset		<u>13,350</u>
Equity and Liabilities		
Capital		12,881
Net Profit		539
Drawings		<u>(480)</u>

	12,940
Current Liabilities	
Payables	<u>410</u>
Total Assets and Liabilities	<u>13,350</u>

(40 ticks @ $\frac{1}{4}$ marks each =10 Marks)
(Total 12 $\frac{1}{2}$ Marks)

QUESTION 4

a. The Five (5) main Components of Financial Statements in accordance with IAS 1

- (i) Statement of Financial Position as at the end of the period
 - (ii) Statement of Profit or Loss and other comprehensive income for the period;
 - (iii) A Statement of changes in equity for the period.
 - (iv) A Statement of Cash flows for the period
 - (v) Notes, comprising a summary of significant accounting policies and other explanatory information and;
 - (vi) A statement of financial position as at the beginning of the earliest comparative period when an entity applies an accounting policy retrospectively or make a retrospective restatement of items in its financial statement.
- (Any 5 ticks @ $\frac{1}{2}$ mark = 2 $\frac{1}{2}$ Marks)

b. Accounting equation

P = Profit; R = Revenue; E = Expenses

(i) Calculation of Expenses (E)

$$\begin{aligned}
 E &= R - P \\
 &= \text{Le } 141,000 - \text{Le } 27,000 \\
 &= \underline{\text{Le } 114,000}
 \end{aligned}$$

(ii) Calculation of Profit (P)

$$\begin{aligned}
 P &= R - E \\
 &= \text{Le } 240,000 - \text{Le } 150,000 \\
 &= \underline{\text{Le } 90,000}
 \end{aligned}$$

(iii) Calculation of Revenue (R)

$$R = P + E$$

$$\begin{aligned}
 &= (\text{Le } 18,000) + \text{Le } 90,000 \\
 &= \underline{\underline{\text{Le } 72,000}}
 \end{aligned}$$

(1 Mark for each = 3 Marks)

c. Cheapoo Conteh Enterprise

Manufacturing Account for the year ended 31 December, 2019

	GMD (000)	GMD (000)
Opening inventory:		
Raw materials		40,000
Purchases - materials	120,000	
Carriage inwards	<u>22,000</u>	
	142,000	
Returns outwards materials	(17,500)	
		<u>124,500</u>
Cost of materials available		164,500
Manufacturing wages		80,000
Royalties		36,000
Prime cost		<u>256,500</u>
Factory Overheads:		
Depreciation - Machine	28000	
Factory Insurance	14000	

Factory expenses	<u>33,000</u>	75,000
Changes in wip		
Opening inventory (wip)	29000	
Closing inventory (wip)	<u>(25000)</u>	
		4,000
Cost of production		<u>GMD</u> <u>335,500</u>

(28 ticks @ 1/4 mark each = 7 Marks)
(Total 12½ Marks)

QUESTION 5

a. Microsoft Excel is a powerful tool for manipulating of rows and column to process, record, post and analyze data. They are widely used in the field of accounting and finance to calculate depreciation of various type, project evaluation and mathematics of finance. **(1 Mark)**

The main features of Microsoft Excel includes:

- (i) **Rows:** These are referenced by numbers starting from 1. Initially, there are 65,536 rows. For Microsoft 2010, row ranges from 1 to 1,048,576.
- (iii) **Columns:** They are referenced by alphabets starting from A. Initially there are 256 columns. For Microsoft 2010, column is now from A to XFD and total of 16384 columns.
- (iv) **Cell:** A cell is the intersection of row and column. The number depend on the Microsoft Excel version in use.
- (iv) **Worksheet:** This contains cells which are made of rows and columns as shown above depending on the version of Microsoft Excel in use. It has the chance of opening pages which are known as sheet1, sheet 2, sheet 3.....
- (v) **Workbook:** The workbook consists of worksheets. It is also called excel file. The file contains a set of pages called work sheets.

(vi) Title Bar: This refers to the name of current workbook.

(vii) Menu Bar: This consist of varieties of menu such as file, edit, view, save etc

(Any 5 explanations @ 1 mark each = 5 Marks)

b. Data Entry for Accounting transactions (with specific examples)

A computerized accounting system permits the entity to enter data electronically in variety of ways, which make processing of transactions more convenient. Data entry is a process whereby data that are collected from various sources are entered into the computer system through input devices like the key board. There are various forms of electronic source documents that can be used to process data. **(2 ½ Marks)**

These include:

- (i) Electronic receipt issued to customers to post into electronic cash book.
- (ii) Electronic invoices issued to customers who bought an entity's goods on credit used to post into the Sales Day Book.
- (iii) Electronic invoices received from suppliers that supplied goods on credit used to post into the Purchases Day Book.
- (v) Electronic invoices and receipts received from suppliers for posting into return outwards and suppliers account; and
- (vi) Electronic credit advise (note) used to post into return inwards and customers' accounts.

(Any 5 specific example @ ½ each marks = 2½ Marks)

c. THREE (3) types of data used for input into non-current assets subsystem under accounting packages are;

- (i) Capitalization policy
- (ii) Depreciation policy
- (iii) Purchase invoices
- (iv) Cash payments
- (v) Adjustment Journal

(Any 3 points @ ½ marks = 1 ½ Marks)

(Total 12 ½ Marks)

QUESTION

6

a)

ADEGBOYEGA KOFOSHI ENTERPRISES

Cash a/c			
		N	N
1-Dec-19	Bal b/f	1,188,000	3-Dec-19 Carriage inwards 49,368
8-Dec-19	Sales	78,840	11-Dec-19 General expenses 48,834
22-Dec-19	Tade receivables- Johnson & Co	375,000	20-Dec-19 Trade payables- Chukwu Ltd 502,500
			25-Dec-19 Salaries and wages 233,874
			25-Dec-19 Rent amd rates 18,000
			31-Dec-19 Bal c/d 789,264
		1,641,840	1,641,840
1-Jan-20	Bal b/d	789,264	
Capital a/c			
		N	N
31-Dec-19	Bal c/d	2,430,000	1-Dec-19 Bal b/f 2,430,000
			1-Jan-20 Bal b/d 2,430,000

Motor vehicle a/c			
	N		N
1-Dec-19 Bal b/f	<u>1,440,000</u>	31-Dec-19 Bal c/d	<u>1,440,000</u>
1-Jan-20 Bal b/d	1,440,000		
Loan a/c			
	N		N
31-Dec-19 Bal c/d	<u>198,000</u>	1-Dec-19 Bal b/f	<u>198,000</u>
		1-Jan-20 Bal b/d	198,000
Purchases a/c			
	N		N
3-Dec-19 Trade payables- Chukwu Ltd	540,000	31-Dec-19 Bal c/d	<u>720,000</u>
15-Dec-19 Trade payables- Chukwu Ltd	<u>180,000</u>		
	<u>720,000</u>		<u>720,000</u>
1-Jan-20 Bal b/d	720,000		
Trade payables- Chukwu Ltd a/c			
	N		N
20-Dec-19 Cash	502,500	3-Dec-19 Purchases	540,000

31-Dec-19	Bal c/d	217,500	15-Dec-19	Purchases	180,000
		720,000			720,000
			1-Jan-20	Bal b/d	217,500
Carriage inwards a/c					
		N			N
3-Dec-19	Cash	49,368	31-Dec-19	Bal c/d	49,368
1-Jan-20	Bal b/d	49,368			
Sales a/c					
		N			N
31-Dec-19	Bal c/d	852,840	6-Dec-19	Tade receivables- Johnson & Co	570,000
			8-Dec-19	Cash	78,840
			27-Dec-19	Tade receivables- Ajibandele	204,000
		852,840			852,840
			1-Jan-20	Bal b/d	852,840
Tade receivables- Johnson & Co a/c					
		N			N
6-Dec-19	Sales	570,000	22-Dec-19	Cash	375,000
			31-Dec-19	Bal c/d	195,000

		<u>570,000</u>		<u>570,000</u>
1-Jan-20	Bal b/d	195,000		
General expenses a/c				
		N		N
11-Dec-19	Cash	<u>48,834</u>	31-Dec-19	Bal c/d
				<u>48,834</u>
1-Jan-20	Bal b/d	48,834		
Motor vehicle repairs a/c				
		N		N
17-Dec-19	Sundry payables- Adelaide Ventures	<u>32,556</u>	31-Dec-19	Bal c/d
				<u>32,556</u>
1-Jan-20	Bal b/d	32,556		
Sundry payables- Adelaide Ventures a/c				
		N		N
31-Dec-19	Bal c/d	<u>32,556</u>	17-Dec-19	Motor vehicle repairs
				<u>32,556</u>
			1-Jan-20	Bal b/d
				32,556

Salaries and wages a/c

N			N		
25-Dec-19	Cash	<u>233,874</u>	31-Dec-19	Bal c/d	<u>233,874</u>
1-Jan-20	Bal b/d	233,874			

Rent and rates a/c

N			N		
25-Dec-19	Cash	<u>18,000</u>	31-Dec-19	Bal c/d	<u>18,000</u>
1-Jan-20	Bal b/d	18,000			

Tade receivables- Ajibandele a/c

N			N		
27-Dec-19	Sales	<u>204,000</u>	31-Dec-19	Bal c/d	<u>204,000</u>
1-Jan-20	Bal b/d	204,000			

(Any 34 @ 1/4 mark = 8 1/2 Marks)

b.

ADEGBOYEGA KOFOSHI ENTERPRISES
TRIAL BALANCE AS AT DECEMBER 31, 2019

DETAILS	DR N	CR N
Cash	789,264	
Capital		2,430,000
Motor Vehicles	1,440,000	
Loan		198,000
Purchases	720,000	
Trade payables- Chukwu Ltd		217,500
Carriage inwards	49,368	
Sales		852,840
Tade receivables- Johnson & Co	195,000	
General expenses	48,834	
Sundry payables- Adelaide Ventures		32,556
Motor vehicle repairs	32,556	
Salaries and wages	233,874	
Rent and rates	18,000	
Tade receivables- Ajibandele	204,000	

3,730,896	3,730,896
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16 ticks @ $\frac{1}{4}$ mark each = 4 Marks
(Total 12 $\frac{1}{2}$ Marks)

