

SC1042&1  
WASSCE 2016  
FINANCIAL  
ACCOUNTING 2&1  
Essay and Objective  
3½ hours

2 & 1

Name.....

Index Number.....

THE WEST AFRICAN EXAMINATIONS COUNCIL  
West African Senior School Certificate Examination  
for School Candidates

SC 2016

FINANCIAL ACCOUNTING 2 & 1

3½ hours

*Do not open this booklet until you are told to do so. While you are waiting, read and observe the following instructions carefully. Write your **name** and **index number** in the spaces provided above.*

*This booklet consists of **two** papers. Answer Paper 2, which comes first, in your answer booklet and Paper 1 on your Objective Test answer sheet. Paper 2 will last for 2½ hours after which the answer booklet will be collected. Do not start Paper 1 until you are told to do so. Paper 1 will last for 1 hour.*

This paper consists of two Sections, A and B. Answer **two** questions from Section A and **three** questions from Section B. You are reminded of the importance of clarity of expression and orderly presentation of relevant material. Calculators may be used but all working must be shown.

## SECTION A

## THEORY OF FINANCIAL ACCOUNTING

Answer **two** questions **only** from this section.

1. (a) What is a *general journal*? [3 marks]
- (b) State **six** uses of the general journal. [12 marks]
2. (a) List **four** items **each** that are found on the  
 (i) credit side of the sales ledger control account;  
 (ii) debit side of the purchases ledger control account. [8 marks]
- (b) List **seven** types of errors a trial balance will **not** reveal. [7 marks]
3. (a) Outline **three** distinguishing features of *public* and *private* companies. [9 marks]
- (b) State **three** rights available to an ordinary shareholder. [6 marks]
4. (a) What is *depreciation of an asset*? [3 marks]
- (b) List **three** causes of depreciation. [3 marks]
- (c) Explain the following methods of depreciation:  
 (i) straight line;  
 (ii) reducing balance;  
 (iii) revaluation. [9 marks]

SECTION B  
FINANCIAL ACCOUNTING PRACTICE  
Answer **three questions only** from this section.

5. Momoh Enterprise cash book showed a debit balance of Le 4,500 on December 31, 2014. Further examination revealed the following:

- A direct debit of Le 350 for subscription had been paid by the bank;
- Bank charges of Le 500 had not been reflected in the cash book;
- Payment settled by standing orders were omitted from the cash book; electricity bill Le 70, insurance Le 100, medical bill Le 120;
- A dividend of Le 320 paid directly into the bank had not been entered in the cash book;
- It was discovered that the cash book balance brought down was undercast by Le 180;
- Cheques amounting to Le 4,800 issued had not been presented for payment;
- Cheques amounting to Le 1990 paid into the bank had not yet been credited.

You are required to prepare:

- (a) the revised cash book.
- (b) bank reconciliation statement as at December 31, 2014.

[15marks]

6. The following is the Receipts and Payments Accounts of *Kayode Social Club* for the year ended 31st December, 2014.

RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2014

	₦	₦		₦
Cash in hand 1/1/2014		500	Purchase of sports equipment	1,800
Cash at bank 1/1/2014		1,000	Repairs	1,500
Subscriptions:			Salaries	1,700
2013	1,200		Insurance	1,000
2014	4,000		Show expenses	3,200
2015	<u>2,300</u>		Transport expenses	500
		7,500	Secretarial expenses	300
Donations		2,000	Purchase of furniture	3,000
			Balance c/d	16,000
End of Year show		15,000		
Transfer from deposit account		<u>3,000</u>		
		<u>29,000</u>		<u>29,000</u>

*Additional information:*

- Equipment was valued at ₦3,250 and furniture ₦1,550 on 31st December, 2013.
- Depreciation is to be provided as follows:
  - Equipment ₦505
  - Furniture ₦ 55
- The following expenses were outstanding:
  - Salaries ₦ 300
  - Transport ₦ 100
  - Repairs ₦ 250
- Subscriptions owing by members were as follows :
  - 31st December, 2013 ₦1,200
  - 31st December, 2014 ₦ 2,100
- The balance in the bank deposit account at 31st December, 2013 was ₦3,000.

**Turn over**

You are required to prepare :

- (a) Statement of affairs as at 31st December, 2013;
- (b) Subscription account for the year ended 31st December, 2014;
- (c) Income and Expenditure account for the year ended 31st December, 2014.

[15marks]

7. The following balances were extracted from the books of Ogba Enterprise on December 31, 2014.

	₦
Capital	315,200
Purchases	259,800
Sales	484,700
Carriage inwards	17,410
Premises at cost	215,000
Equipment at cost	198,000
Trade debtors	76,800
Bank overdraft	63,509
Trade creditors	64,820
Cash in hand	13,400
Stock(January 1, 2014)	27,680
Salaries and wages	56,700
Provision for doubtful debts	13,000
Discount allowed	11,450
Drawings	70,000
Discount received	22,800
Electricity	29,229
General expenses	37,060
Rent	43,000
9% Debentures	100,000
Return inwards	24,500
Return outwards	16,000

*Additional information:*

- ◆ Stock in trade at December 31, 2014 was ₦29,400;
- ◆ Provision for doubtful debt to remain at 8% of debtors;
- ◆ General expenses owing totalled ₦12,860;
- ◆ Rent prepaid ₦ 19,500;
- ◆ Depreciation is to be provided as follows:
 

Premises	12½% on cost;
Equipment	10% on cost.

You are required to prepare:

- (a) Trading, Profit and Loss Account for the year ended December 31, 2014; and a
- (b) Balance Sheet as at that date.

[15 marks]



8. The following information relates to the books of accounts of *Adom Limited*.

TRADING PROFIT AND LOSS ACCOUNT FOR YEAR ENDED 31ST DECEMBER 2014.

	GH¢		GH¢
Opening stock	20,000	Sales	240,000
Add: Purchases	<u>160,000</u>		
	180,000		
Less: Closing stock	<u>36,000</u>		
Cost of goods sold	144,000		
Gross profit c/d	<u>96,000</u>		
	<u>240,000</u>		<u>240,000</u>
Selling and distribution expenses	73,200	Gross profit b/d	96,000
Administrative expenses	14,800		
Net profit	<u>8,000</u>		
	<u>96,000</u>		<u>96,000</u>

BALANCE SHEET AS AT 31ST DECEMBER, 2014

	GH¢	GH¢		GH¢	GH¢
Share capital:					
Ordinary shares		100,000	Fixed asset at cost		125,000
Preference shares		10,000	Less: Depreciation		<u>25,000</u>
General reserve	24,000				100,000
Profit and loss account	<u>8,000</u>		<u>Current Assets</u>		
		<u>32,000</u>	Stock	36,000	
		142,000	Debtors	39,000	
<u>Current liabilities</u>			Cash and bank	<u>7,000</u>	<u>82,000</u>
Trade creditors	28,000				
Accruals	<u>12,000</u>	40,000			
		<u>182,000</u>			<u>182,000</u>

You are required to calculate any six of the following:

- Gross profit percentage;
- Net profit percentage;
- Return on capital employed;
- Current ratio;
- Acid test ratio;
- Rate of stock turnover;
- Working capital;
- Shareholders' fund;
- liquid assets.

[15 marks]

**Turn over**

9. The following information was extracted from the books of Dauda Manufacturing Company for the year ended 31st December, 2012.

	D
Stock of goods-1st January, 2012:	
Raw materials	8,000
Finished goods	28,000
Work-in-progress	2,000
Purchases of raw materials	40,000
Carriage inwards	1,000
Manufacturing wages	100,000
Sales	390,000
Rent	50,000
Factory expenses	60,000
Royalties	1,500
Stock of goods- 31st December, 2012:	
Raw materials	6,000
Finished goods	26,000
Work-in-progress	1,500
Depreciation:	
Machinery	7,500
Delivery van	1,280
Selling expenses	3,000
Discount allowed	1,500

*Additional information:*

- ◆ Factory expenses prepaid amounted to D 5,000;
- ◆ Selling expenses accrued was D 2,500;
- ◆ Rent is apportioned between factory and selling department in the ratio 5:3 respectively.

You are required to prepare Manufacturing, Trading and Profit and Loss Account for the year ended 31st December, 2012.

[15 marks]

Answer all the questions.

Each question is followed by four options lettered A to D. Find the correct option for each question and shade in pencil on your answer sheet, the answer space which bears the same letter as the option you have chosen. Give only one answer to each question. An example is given below.

Which of the following documents is used to deposit money into a current account?

- A. Passbook
- B. Paying-in slip
- C. Cheque book
- D. Credit card

The correct answer is Paying-in slip, which is lettered B, and therefore answer space B would be shaded.

A  B  C  D  E

Think carefully before you shade the answer spaces; erase completely any answer(s) you wish to change.

Do all rough work on this question paper.

Now answer the following questions.

1. External users of accounting information include
  - A. employees.
  - B. management.
  - C. bankers.
  - D. directors.
  
2. Every asset should have
  - A. a non-monetary value.
  - B. tangible and intangible qualities.
  - C. monetary cost and future benefit.
  - D. an inadequate monetary value.
  
3. Which of the following are impersonal accounts?
  - I. Investment
  - II. Creditors
  - III. Premises
  - IV. Debtors
  - V. Salaries
  - A. I, III, and IV
  - B. I, III and V
  - C. II and IV
  - D. III and V
  
4. Nwoye buys stock and pays by cheque. The entries in the books of Nwoye is debit
  - A. Purchases; credit cheque.
  - B. Purchases; credit Bank.
  - C. Bank; credit Purchases.
  - D. cheque; credit Purchases.
  
5. A bank statement shows an overdraft of GH¢ 190,000. Kofi, a debtor paid GH¢400,000 into the account. The new bank balance is
  - A. GH¢ 590,000.
  - B. GH¢ 590,000 overdrawn.
  - C. GH¢ 210,000.
  - D. GH¢ 210,000 overdrawn.

- 6 Which of the following errors are errors of commission:
- I. A cheque paid to Adom debited to Adam's account;
  - II. Credit sales to Eva credited to Sales account but debited to Eve's account;
  - III. Furniture repairs debited to Furniture account;
  - IV. Credit purchases from Manu credited to Manu's account.
- A. I and II
  - B. I and IV
  - C. II and IV
  - D. III and IV
- 7 A Petty cash account has an imprest of GH¢ 6,000. If GH¢ 2,000 were left, how much will be re-imbursed at the end of the period?
- A. GH¢ 8,000
  - B. GH¢ 6,000
  - C. GH¢ 4,000
  - D. GH¢ 2,000
8. Cash paid to Jake ₵ 2500 was entered on the credit side of his account and debited to cash account. This is an error of
- A. principle.
  - B. commission.
  - C. complete reversal of entries.
  - D. original entry.
- 9 One of the purchases invoice of Mr. Dauda showed D 96,240 less  $12\frac{1}{2}\%$  trade discount and cash discount of 20%. Since Mr. Dauda paid the amount due within the credit period, the amount paid is
- A. D 77,368.
  - B. D 73,157.
  - C. D 67,368.
  - D. D 63,157.
10. Bank reconciliation statement is prepared to reconcile the differences between
- A. Bank statement and credit transfers.
  - B. Cash book and bank transfers.
  - C. Bank statement and cash transfers.
  - D. Cash book and bank statement.
11. Which of the following items of expense involves actual cash payment?
- A. Discount allowed
  - B. Provision for depreciation
  - C. Carriage outwards
  - D. Allowances for doubtful debts
12. In the preparation of the Trading account of Omuya Ltd, the company included credit sales of ₵ 18,000 made during the year. The concept guiding this treatment is the
- A. materiality concept.
  - B. dual aspect concept.
  - C. matching concept.
  - D. money measurement concept.

Turn over



13. In accounting context, purchases refer to  
 A. goods bought and paid for only.  
 B. goods bought for resale only.  
 C. goods bought on credit only.  
 D. goods bought to be used in the firm only.
14. Which of the following items is a current liability?  
 A. Stock of raw materials  
 B. Cash in hand  
 C. Bills payable  
 D. Cash at bank
15. The balance sheet is prepared to reveal  
 A. the result of the operations for the period under review.  
 B. the financial position of the business.  
 C. the arithmetic accuracy of the ledger.  
 D. the accruals and payments.
16. The excess of cost of goods sold over net sales is  
 A. gross profit.  
 B. gross loss.  
 C. net profit.  
 D. net loss.

Use the following information to answer questions 17 and 18

Rent prepaid 01/01/2014	₹ 600
Rent paid 31/12/2014	3000
Rent prepaid 31/12/2014	400

17. Rent for 2014 chargeable to the profit and loss account is  
 A. ₹ 4,000.  
 B. ₹ 3,200.  
 C. ₹ 3,000.  
 D. ₹ 2,800.
18. The balance sheet as at 31st December, 2014 will show  
 A. current asset of ₹ 600.  
 B. current asset of ₹ 400.  
 C. current liability of ₹ 400.  
 D. current liability of ₹ 600.
19. Which of the following would result from an increase in the provision for doubtful debts?  
 A. A decrease in gross profit  
 B. A decrease in net profit  
 C. An increase in gross profit.  
 D. An increase in net profit

Use the following information to answer questions 20 and 21

Acquisition cost of computers	₹ 80,000
Installation cost	20,000
Estimated residual value	4,000
Estimated useful life	5 years

20. The depreciable value of computers is  
 A. Le 80,000.  
 B. Le 96,000.  
 C. Le 100,000.  
 D. Le 104,000.
21. The total costs of the computers is  
 A. Le 80,000.  
 B. Le 96,000.  
 C. Le 100,000.  
 D. Le 104,000.
22. Which of the following expenses constitutes prime cost?  
 I. Direct labour cost  
 II. Factory overheads  
 III. Hiring of machine for production  
 IV. Warehouse rent  
 A. I and II only  
 B. I and III only  
 C. I, II and III only  
 D. I, II and IV only
23. Partly manufactured goods are treated in the balance sheet of a manufacturing company as  
 A. current assets.  
 B. fixed assets.  
 C. current liabilities.  
 D. long term liabilities.

Use the following information to answer questions 24 and 25.

Cash purchases	D
Creditors 1/1/14	29,641
Creditors 31/12/14	2,473
Cash paid to creditors	3,117
Discount received	127,345
	4,211

24. The credit purchases is  
 A. D 161,841.  
 B. D 156,986.  
 C. D 134,673.  
 D. D 132,200.
25. The total purchases is  
 A. D 161,841.  
 B. D 156,986.  
 C. D 134,673.  
 D. D 132,200.
26. Offei, a petty trader sold goods for GH¢ 36,240. The gross profit being  $33\frac{1}{3}\%$  on cost. What was the cost price?  
 A. GH¢ 45,300  
 B. GH¢ 28,992  
 C. GH¢ 27,180  
 D. GH¢ 24,160

27. Which of the following is a credit item in an Income and Expenditure account?
- A. Electricity
  - B. Donations
  - C. Stationery
  - D. Bar supplies
28. Purchases of fixtures and fittings by a club is recorded in the
- A. Receipts and payments account only.
  - B. Income and expenditure account only.
  - C. Receipts and payments account and Balance sheet.
  - D. Income and expenditure account and Balance sheet.
29. The concept which states that the affairs of a business are to be treated as being separate from the private activities of the owner is
- A. realization concept.
  - B. business entity concept.
  - C. cost concept.
  - D. dual aspect concept.
30. Where fixed capitals are maintained in a partnership, share of profits are
- A. credited to partners capital accounts.
  - B. credited to partners current accounts.
  - C. debited to partners capital accounts.
  - D. debited to partners current accounts.
31. In the absence of a partnership agreement, additional capital contributions by partners attract interest of
- A. 5%.
  - B. 10%.
  - C. 12%.
  - D. 15%.
32. In preparing partnership accounts, interest on drawings is debited to current accounts and credited to
- A. Capital Account.
  - B. Appropriation Account.
  - C. Drawings Account.
  - D. Profit and Loss Account.
33. When allotments have been fully paid, subscribers are referred to as
- A. allottees.
  - B. applicants.
  - C. non-members.
  - D. shareholders.

*Use the following information to answer questions 34 to 36.*

Oruma Ltd issued 300,000 ordinary shares at ₦1.00 each. Applications were received for 200,000 shares and all those who applied, paid in full.

34. The subscribed share capital is
- A. ₦300,000.
  - B. ₦250,000.
  - C. ₦200,000.
  - D. ₦150,000.

35. The unsubscribed share capital is
- ₦ 300,000.
  - ₦ 200,000.
  - ₦ 150,000.
  - ₦ 100,000.
36. The authorized share capital is
- ₦300,000.
  - ₦250,000.
  - ₦200,000.
  - ₦150,000.
37. The Branch current account records
- head office transactions with the branch.
  - branch transactions with the head office.
  - goods sent to branch at selling price.
  - cash received from branch as sales.
38. The entries for credit sales at branch where the head office keeps all records are: debit
- Branch Stock Account; credit Branch Debtors Account.
  - Branch Debtors Account; credit Branch Stock Account.
  - Branch Debtors Account; credit Branch Adjustment Account.
  - Branch Adjustment Account; credit Branch Debtors Account.
39. The cost of goods returned by branch to head office is debited to
- Branch Stock Adjustment account.
  - Goods Sent to Branch Account.
  - Branch Stock Account.
  - Branch Profit and Loss Account.
40. Which of the following is a source of local government revenue?
- Excise duties
  - Market duties
  - Import duties
  - Loans and grants
41. The transfer of money from one sub-head to another in the public sector is
- budgeting.
  - allocation.
  - virement.
  - vote.
42. The total of the discounts received column in the three column cash book is
- debited to Discount Received Account.
  - credited to Discount Received Account.
  - debited to Discount Allowed Account.
  - credited to Discount Allowed Account.
43. Which of the following expenses is apportioned between departments based on sales?
- Discount received
  - Electricity
  - Carriage inwards
  - Carriage outwards



44. In the purchase of a business, a buyer has paid more than the value of the net assets of the business. The excess payment is referred to as
- A. bonus.
  - B. goodwill.
  - C. net profit.
  - D. premium.
45. Assets which are readily convertible into cash are termed as
- A. liquid assets.
  - B. fixed assets.
  - C. intangible assets.
  - D. tangible assets.
46. A loan to a company, under the company's seal is
- A. fixed deposit.
  - B. mortgage.
  - C. bond.
  - D. debenture.
47. Debts that a firm is unable to recover are debited to Bad Debts Account and credited to
- A. Suppliers Account.
  - B. Sales Account.
  - C. Customers Account.
  - D. Cash Account.
48. When a fixed asset is disposed off, the accounting entries to write off the asset are; debit
- A. Profit and Loss Account, credit Asset Disposal Account.
  - B. Asset Disposal Account, credit Profit and Loss Account.
  - C. Asset Disposal Account, credit Asset Account.
  - D. Profit and Loss Account, credit Provision for Depreciation Account.
49. The financial statement which is an expression of the accounting equation is the
- A. Trading Account.
  - B. Profit and Loss Account.
  - C. Balance sheet.
  - D. Statement of cash flow.
50. Which of the following errors will affect the agreement of the trial balance?
- A. Error of original entry
  - B. Error of commission
  - C. Error of transposition
  - D. Error of omission

***END OF PAPER***