



**CHRISTIAN SERVICE UNIVERSITY COLLEGE
KUMASI, GHANA**

CSUC SCHOOL OF BUSINESS

HIGHER NATIONAL DIPLOMA(HND) & DIPLOMA PROGRAMMES

**END OF FIRST SEMESTER EXAMINATIONS
2020/21 ACADEMIC YEAR**

LEVEL 100

DBA 101: PRINCIPLES OF ACCOUNTING 1

SMS 116: INTRODUCTION TO ACCOUNTING

June, 2021

Time Allowed: Three (3) Hours

GENERAL INSTRUCTION TO CANDIDATES:

SECTION A & B (60 MARKS)

- This Paper have four (4) questions
- Attempt **Three (3)** questions in **ALL**
- Answer **Question One (1)Compulsory** in Section A, and any other **Two (2)** Questions from Section B

Section A

Question 1 (Compulsory)

- (A) Accounting is a specialized language that is able to purposeful mobilize resources that led to results and provide a rank ordering of results allowing evaluators of accounting signals to be able to say “this result” is better (or worse). What then is Accounting?

(5 Marks)

- (B) After several months of planning, Katherine started a business called Krispy Kreme. The following events occurred during its first month:

- a) On July 1, Katherine invested Gh3,000 cash and Gh¢15,000 of equipment in Krispy Kreme.
- b) On July 2, paid Gh600 cash for furniture for the shop.
- c) On July 3, paid Gh500 to rent space for the month of July.
- d) On July 4, Katherine purchased Gh1,200 of equipment on credit for the shop (using a long-term note payable).
- e) On July 5, Krispy Kreme opened for business; cash received from services provided in the first week and a half of business (ending July 15) is Gh¢825
- f) On July 15, Katherine provided Gh¢100 of consultancy services on account
- g) On July 17, Katherine received a cheque of Gh¢100 for services previously rendered on account
- h) On July 17, Katherine paid a cash of Gh¢125 to an assistant for working during the grand opening.
- i) Cash received from services provided during the second half of July is Gh¢930
- j) On July 31, paid a Gh¢400 installment toward principal on the note payable entered into on July 4.
- k) On July 31, Katherine made a cash withdrawal of Gh¢900 for personal use

You are required to arrange the following assets, liability and equity titles in a table form: Cash; Accounts Receivable; Furniture; Equipment; Note Payable; Katherine Capital; Katherine Withdrawal; Revenues and Expenses.

(15 marks)

Section B

Question 2

- (A) Accounting Concepts are procedures that have come to be accepted through past application as ground rules which should guide and underlie the preparation and presentation of financial statements. Briefly explain the following Accounting Concepts;

- i. Accrual Concept
- ii. Going Concern
- iii. Business Entity
- iv. Money Measurement
- v. Historical Cost Concept

(5 Marks)

- (B) Tilly Yamoah has appointed you as Accounts Officer. During the interview, Tilly was not fully convinced by your ability to write up books of account. You are thereby required to write up the accounts for the month of March 2019 to record the following transactions and extract a trial balance as at that date.

- March 1 Started business with Gh¢1,000 cash
- March 2 Received a loan of Gh¢5,000 from Hetty, a bank account being opened and the cheque paid into it.
- March 3 Bought office supplies for cash Gh¢60
- March 4 Bought office equipment on credit from Lady Hill Ltd Gh¢550
- March 5 Took Gh¢300 out of bank and put into the cash till
- March 7 Repaid part of Hetty's loan by cash Gh¢800
- March 20 Pay amount owing to Lady Hill Ltd by cheque
- March 24 Repaid part of Hetty's loan by cheque Gh¢1,000
- March 30 Bought machinery on credit from Katherine Gh¢500

(15 Marks)

Question 3

- A) The bank issue bank statement to its customers to prove the accuracy of its cash records and this is done using a bank reconciliation statement. Mention five (5) purpose of bank reconciliation statement
- B) OheneNi Maame operates a current account with G.C.B Bank Ltd in Kumasi. All payments and receipts passed through this account. The Account Officer prepared the following bank reconciliation statement as at 31st December, 2010.

	GH¢
Balance per bank statement	21,000
Add Uncredited cheques	<u>4,620</u>
	25,620
Less Unpresented cheques	<u>6,000</u>
Balance per Cash Book	<u>19,620</u>

The bank transactions for January 2011 are;	Per Bank	Per Cashbook
	GH¢	GH¢
Balance Jan 31, 2010	25,650	27,750
Cheque Deposits	15,000	17,730
Withdrawal	12,300	9,600
Credit Transfer	3,700	
Standing Order (Insurance)	1,000	
Reversal of cheques	750	
Commission on turnover	45	

You are required to prepare;

- a) The adjusted cash book for January 2011
- b) The bank reconciliation statement as at January 31, 2011

(15 Marks)

Question 4

- (A) Briefly explain the Petty Cash Book and Imprest System.

(5 Marks)

- (B) Nana Ama Duah Enterprise commences business on January 1, 2018 but did not keep proper books of accounts. The following transactions took place;

Index Number..... Signature..... Date.....

January 1: Purchased from Akua Asantewaa Enterprise on credit:

100 cartons of milk @ GHc10 each

50 bags of sugar @ GHc5 each

100 crates of eggs @ GHc1

The milk attracted a trade discount of $2\frac{1}{2}\%$

January 3: Sold to Nana Abena Tiwaa on credit; 30 dozen tins of milk @ GHc2.70 per dozen and 4 bags of sugar @ GHc7 each

January 4: Sold 30 cartons of milk @ GHc10.80 each and 50 crates of eggs @ GHc1.20 each to Afua Duku on credit. The total sales attracted a trade discount of 2%

January 5: Returned 10 cartons of milk to Akua Asantewaa Enterprise.

January 7: Afua Duku returned 10 cartons of milk

January 15: Bought 200 cartons of milk @ GHc10.20 each and 100 bags of rice @ GHc12 each from Kwame Ntiri on credit. The total purchases attracted a trade discount of 5%

January 17: Returned 5 bags of rice to Kwame Ntiri

January 18: Sold 100 cartons of milks @ GHc11.20 each to Akua Adofoa on credit, at a $2\frac{1}{2}\%$ trade discount

January 19: Sold 30 bags of rice to Awo Awisi @ GHc15 on credit

January 31: Awo Awisi returned 3 bags of rice

You are required to record the above transactions in the appropriate books of original entry of Nana Ama Duah Enterprise.
(15 Marks)