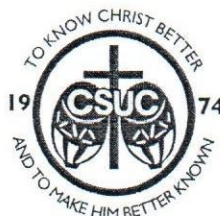


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**CHRISTIAN SERVICE UNIVERSITY COLLEGE
KUMASI, GHANA
CSUC SCHOOL OF BUSINESS
DEPARTMENT OF ACCOUNTING AND FINANCE
END OF FIRST SEMESTER EXAMINATIONS – 2019/2020 ACADEMIC YEAR**

Level 200

CSBA 245 PRINCIPLES OF ACCOUNTING I

December 30, 2019

Time 2 Hours: 15minutes

SECTION A & B [60 Marks]

INSTRUCTIONS TO CANDIDATES:

- This Paper is in **Two (2)** Sections; Section A & B
- Attempt **Three (3)** Questions in All
- Answer Section A, **Compulsory section** and Any **Two (2)** other Questions from any of the **three(3)** Question from Section B
- *Write your index number on all the leaflets on the question paper.*

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

Section A

This is a compulsory section,
It contains **two (2)** questions, which are all to be answered

Question 1(a)

The following expenditures were incurred by Anglican Senior High School for the year ending 31st December 2014. For the purpose of preparation of income and expenditure for the year, classify these into *capital* and *revenue* expenditures. Only answers are to provided in your answer booklet

Expenditure Receipt	Capital Receipt	Revenue Receipt	State briefly reason(s) for your answer
Sale of admission forms			
Grants			
A Ten(10) year Loan from Societe General Bank			
Wednesday Church offering			
Proceeds from disposal of its land in Obuasi			
Revenues from its cafeteria services			

(6marks)

Question 1(b)

- i) Why spend quality time preparing bank reconciliation statement? (2marks)
(ii All expenditures once incurred would be paid so why distinguish them? (2marks)

- ii) Discuss briefly why it is necessary for accountants to provide for dutiful debts in measuring the financial performance of their organizations? (2marks)

- iv) Briefly discuss the relevance of the following accounting concepts in preparation of income statements of a sole proprietorship organization:

a Business entity concepts

b Matching concept

(4marks)

- v) A friend visited you in your office, and upon seeing the plies of documents in the office; he complained and concluded that your office is a breeding ground for insects. As the accountant, briefly state and explain **two (2)** reasons to educate him on his observation and concern

(4 marks)

Section B

**This Section Contains Three (3) Questions of Equal Marks (20Marks Each)
You Are To Answer Any Two (2) of Them**

Question 1

All is Well Ent. has presented you with the following trial balance as at 31st December, 2012.

	GH¢	GH¢
Purchase	47,000	
Capital		21,000
Revenue		60,900
Repairs to buildings	848	
Motor car	950	
Car Expenses	318	
Freehold Land and Buildings	10,000	
Balance at Bank	540	
Furniture and Fittings	1,460	
Wages and Salaries	8,606	
Discounts	1,061	814
Drawings	2,400	
Rates and Insurance	248	
Bad debts	359	
Provision for Bad debts (1/1/18)		140
Trade Debtors	5,213	
Trade Creditors		4,035
General Expenses	1,586	
Stock – in – trade (1/1/18)	<u>6,300</u>	<u>86,589</u>
	<u>86,589</u>	<u>86,589</u>

The following matters are to be taken into account:

1. Stock in trade 31st December, 2018 GH¢8,800
2. Wages and salaries outstanding at 31st December 2018 GH¢318
3. Rates and insurance paid in advance at 31st December 2018 GH¢45
4. the provision for bad debts is to be reduced to GH¢100
5. During 2018 the owner withdrew goods costing GH¢200, for his private use. No entry has been made in the books for the withdrawals of these goods
6. The item repairs to buildings, GH¢848 include GH¢650 in respect of alterations and improvement to building.
7. One third of the car expenses represent the cost of the owner's motoring for private, distinct from business purposes.

8. Depreciation on motor car is at the rate of 10% on cost and Depreciation on Building is at the rate of 10%.

REQUIRED

- (a) Prepare an income statement for the year 2018 and
(b) Statement of financial as on 31st December, 2018.

(20Marks)

Question 2

The following information has been taken from the books of **Most High Enterprise** for the financial year ended 30 June 2018

	GH¢
Sales ledger balances at 1 July 2003	62, 540
Cash received from debtors	212, 390
Discount allowed	3, 470
Return inwards	4, 820
Cash sales	58, 330
Bad debts written off	1, 960
Credit sales for the year	249, 490
Debit balances transferred to purchase ledger accounts	3, 410

The total of **Most High Enterprise** sales ledger balances amounts to GH¢80080 which does not agree with the closing balance in the sales ledger control account. The following errors have been discovered:

1. A debtor balance of GH¢930 was omitted from the list of debtors.
2. Return inwards formal was under cast by GH¢870.
3. C-Donald had returned goods worth GH¢540 but this sum was recorded as GH¢450 in his account.
4. Discount allowed GH¢270 had been posted to the wrong side of debtors account.
5. A debtor was charged with GH¢80 interests but it was overlooked by the accountant.
6. Sales day book had been over cast by GH¢1360.
7. Bad debts of GH¢190 is entered in the control account but is not posted to the customer's account.
8. Discount allowed of GH¢350 had been entered in the cash book but not entered in the customer's account.
9. Return inwards GH¢440 from B-Jones had not been recorded in the books.
10. B-Hertz was both a customer and a supplier. He had a balance of GH¢270 in the purchase ledger and GH¢190 in the sales ledger. The contra entry was made in B-Hertz's account but no entry was made in the control account.
11. A sales invoice of GH¢1490 was not entered in the books.
12. . A credit sale of GH¢1860 to C-Nelson was entered on the credit side of his account.

Daboug Bright Christopher

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

REQUIRED

1. From the original list of balances, draw up the sales ledger control account for the year ended 30 June 2018;
2. Show the amendments to be made to the control account.
3. Draw up a statement amending the total of the sales ledger balance to agree with the new control account balance

(20Marks)

Question 3

The following is a summary of a book as presented by Agyenkwa Enterprise for the Month of April 2019:

	GH¢		GH¢
Receipts	1469	Balance	761
Balance c/d	<u>554</u>	Payments	<u>1262</u>
	<u>2023</u>		<u>2023</u>
		Bal b/d	<u>554</u>

All receipts are banked and all payments are made by cheque. On investigation you discovered the following:

1. A cheque drawn by the business of GH¢108 was wrongly charged to Gye Nyame Enterprise by the bank
2. Ledger fees of GH¢136 entered on the statement have not been entered in the cash book.
3. Cheques drawn amounting to GH¢450 for a payment of a customer was still with the customer as at June 2019.
4. Cheques received totally GH¢762 had been entered in the cash book and paid into the bank but were still in the office safe until May 2019.
5. A cheque for GH¢22 for Sundries had been in the cash book as a receipt instead of as a payment.
6. An interest of GH¢126 on the enterprises account was mistakenly charged to the enterprises saving account instead. This is yet to be rectified by the bank
7. A cheque received from Tumi Wura for GH¢80 had been returned by the bank and indicating irregular signature, no adjustment has been made in the cash book.
8. A regular payment by the bank on behalf of Agyenkwa Enterprise of GH¢750 for insurance premium was made by the bank for April but this is yet to be adjusted by the accountant
9. All dividends received are credited directly to the bank account during April, amounts totalling GH¢950 was on the bank statement but no entries were made in the cash book.
10. A cheque drawn for GH¢66 for stationary had been incorrectly entered in the cash book as receipt and as GH¢60
11. The balance brought forward in the cash book should have been GH¢711; not GH¢761.

REQUIRED

- (a) Show the adjustment required in the cash book.
- (b) Prepare a bank reconciliation statement as at 31st October.

(20Marks)