

Index Number.....

Signature.....Date



**CHRISTIAN SERVICE UNIVERSITY COLLEGE
KUMASI, GHANA**

SCHOOL OF BUSINESS

DEPARTMENT OF ACCOUNTING AND FINANCE

BACHELOR OF BUSINESS ADMINISTRATION

**END OF FIRST SEMESTER EXAMINATIONS – 2020/21 ACADEMIC YEAR
(JANUARY ADMISSION)**

LEVEL 200

CSBG 245: PRINCIPLES OF ACCOUNTING 1

May, 2021

GENERAL INSTRUCTION TO CANDIDATES:

This paper carries 70 Marks

- This Paper is in Two Sections (A & B) and have four (4) questions
- Section “A” Question One Compulsory and any other Two (2) Questions from Section “B”
- Attempt Three (3) questions in ALL

Section A - (Compulsory)

Question 1

- A.** The source document is a good internal control and provides evidence a transaction occurred. Briefly explain source document and mention four (4) advantages of using subsidiary books.

(10 Marks)

- B.** OheneNi Maame operate a supermarket at Ash New Town, a suburb of Kumasi. She started her business in January 2018 and below are the transactions made during that period.

- Jan 20 Bought on credit from Henrietta:
 5 bags of sugar @ Gh¢50 per carton
 5 cartons of milk @ Gh¢10 each
 4 crates of egg @ Gh¢10 each
 Sugar is subject to 10% trade discount
- Jan 21 Sold 3 bags of sugar to Kenny @ Gh¢60 per bag, subject of 10% trade discount
- Jan 22 Returned 1 bag of sugar and 2 cartons of milk bought on Jan 20 to Henrietta
- Jan 25 Bought on credit from Nancy
 3 bags of sugar @ Gh¢45 per bag
 10 crates of egg @Gh¢12 each
 50 packets of omo @ Gh¢15 per packet
 Sugar is subject to 33% of trade discount
- Jan 26 Sold to Richard Owusu Enterprise
 10 bags of sugar @ Gh¢70 per bag
 4 cartons of milk @ Gh¢50 per carton
 40 packets of Omo @ Gh¢15 per packet
 10 crates of egg @ Gh¢15 each
 All subject to 20% trade discount
- Jan 27 Richard Owusu Enterprise returned 2 bags of sugar and 10 packets of Omo
- Jan 27 Returned 2 crates of eggs and 5 packets of Omo to Nancy
- Jan 30 Bought the following from Charlotte
 50 cartons of sardine @ Gh¢100
 20 packets of sugar @Gh¢400 per bag
 100 bags of rice @ Gh¢400 per bag
 Sardine is subject to 20% trade discount and rice @ 25% trade discount
- Jan 31 Returned 2 bags of rice and 1 carton of sardine bought from Charlotte
- Jan 31 Bought the following from
 Henrietta: 10 bags of sugar @ Gh¢60 per bag
 20 cartons of milk @ Gh¢35 per carton
 Nancy: 10 bags of sugar @ Gh¢65 per bag
 30 cartons of milk @ Gh¢40 per carton
 Both suppliers allowing 30% trade discount on all goods.

You are required to record the following transactions in the appropriate subsidiary books of OheneNi Maame on the 31st January 2018.

(20 marks)

Index Number.....

Signature.....Date

Section B**Question 2**

- A. Accounting Concepts are those basic assumptions and conditions on which accounting is based. These 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. The following information relates to Lady Hill Enterprise, on 1st January, 2018 balances brought forward in respect of fixed assets were;

	GH¢
Plant and Machinery	900,000
Motor Vehicle at cost	780,000
Provision for Depreciation:	
Plant and Machinery	50,000
Motor Vehicle	30,000

During the six months period ending 30th June, 2018, the following additional fixed assets were acquired by cheque;

- i. On 31st March 2018, two trucks at GH¢20,000 each and a plant for GH¢50,000.
- ii. On 1st April 2018, one saloon car at GH¢25,000 and four machines at GH¢10,000 each.

On 30th June 2018, two machines purchased on 1st January, 2015 at GH¢9,000 each were sold for GH¢4,500 and GH¢5,500. On the same date, one saloon car purchased on 1st July 2015 for Gh15,000 was auctioned for GH¢11,000. The enterprise depreciates Motor Vehicles and Plant & Machinery at 10% and 5% per annum respectively on the basis of one month ownership, one month depreciation on the straight-line method.

You are required to write up the following accounts as at 30th June 2018;

- a. Motor Vehicle and Plant & Machinery account
- b. Provision for depreciation of Motor Vehicle and Plant & Machinery
- c. Disposal Account on Motor Vehicle and Plant & Machinery

(15 Marks)**Question 3**

- A. The bank issue bank statement to its customers on monthly and/or upon request. This is to prove the accuracy of the customers cash records and it is done using a bank reconciliation statement. Mention five (5) purpose of bank reconciliation statement.

(5 Marks)

- B.** Kathy Dove Enterprise Cash Book at October 31, 2019 shown an overdrawn position of Gh¢12,350 and her bank statement also showed Gh¢51,750 overdrawn.

On October 31, 2019, a detailed examination of the two records revealed the following:

- i. Dividend amounting to Gh¢18,000 had been recorded by the bank but not entered in the cash book.
- ii. A cheque drawn for Gh¢39,860 had been entered in the Cash Book as Gh¢20,860
- iii. A receipt of Gh¢60,000 from a customer was paid direct to Lady Hill Enterprise bank account but no entry was made in the Cash Book
- iv. Cheques paid to suppliers: Sylvia Gh¢26,900 and Irene Gh¢39,700 had not been presented for payment.
- v. Standing orders totalling Gh¢24,000 and bank charges Gh¢500 entered in the bank statement had been omitted from the Cash Book.
- vi. A cheque for Gh¢40,000 received from Alex was dishonoured by the bank but no entry had been made in the Cash Book.
- vii. Bank Lodgements Gh¢43,800, Gh¢38,650 and Gh¢27,400 on October 30, 2019 had not been credited by the bank.
- viii. A cheque for Gh¢14,675 received from a customer was entered as a payment in the cash book.
- ix. A cheque for Gh¢20,000 recorded in Kathy Dove Enterprise cash book has been credited by the bank to Cathy Doe Enterprise account.

You are required to prepare

- a) Kathy Dove Adjusted Cash Book
- b) A Bank Reconciliation Statement as at October 31, 2019

(15 Marks)

Question 4

After several months of planning, Daphne started a business called Krispy Kreme. The following events occurred during its first month:

- a. Daphne invested Gh3,000 cash and Gh¢15,000 of equipment on 1st January, 2019
- b. Paid Gh600 cash for furniture
- c. Paid Gh500 to rent space in Kumasi City Mall
- d. Daphne purchase Gh1,200 of equipment on credit
- e. Daphne opened for business; cash received from services provided in the first week and a half of business (ending January 15) is Gh¢825
- f. Daphne provided Gh¢100 of haircutting services on account
- g. Daphne received a cheque of Gh¢100 for services previously rendered on account
- h. A cash of Gh¢125 is paid to an assistant for working
- i. Cash received from services provided during the second half of January is Gh¢930
- j. Paid Gh¢400 installment toward principal on the equipment purchase on credit (item "d")
- k. Daphne 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; Daphne Capital; Daphne Withdrawal; Revenues and Expenses.

(20 Marks)