

P1042 & 1 Nov.
WASSCE 2007
FINANCIAL
ACCOUNTING 2 & 1

2&1

3 $\frac{1}{2}$ hours

Name:

Index Number:

THE WEST AFRICAN EXAMINATIONS COUNCIL
West African Senior School Certificate Examination

November 2007

FINANCIAL ACCOUNTING 2 & 1

3 $\frac{1}{2}$ hours

Do not open this booklet until you are told to do so. While you are waiting, read the following instructions carefully.

Write your name and index number in the spaces provided at the top right-hand corner of this booklet.

This booklet consists of two papers. Answer Paper 2 which comes first, in your answer booklet and Paper 1 in your Objective Test answer sheet. Paper 2 will last for 2 $\frac{1}{2}$ 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.

www.myschoolgist.com

PAPER 2

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 materials. Calculators may be used but all workings must be shown.

SECTION A

THEORY OF FINANCIAL ACCOUNTING

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

1. (a) List **four** source documents used for making entries in a cash book. [4 marks]
 (b) State **four** classifications of costs revealed by manufacturing account. [6 marks]
 (c) State **two** reasons for the preparation of manufacturing accounts. [5 marks]
2. (a) What is a *Trial Balance*? [3 marks]
 (b) State **two** purposes for preparing a trial balance. [4 marks]
 (c) List and explain **four** errors that are **not** disclosed by a trial balance. [8 marks]
3. (a) What are *accounting conventions*? [3 marks]
 (b) Explain the following accounting concepts/conventions:
 (i) *materiality*;
 (ii) *consistency*;
 (iii) *conservatism*. [12 marks]
4. (a) List **two** features **each** of
 (i) manual data processing; [6 marks]
 (ii) electronic data processing.
 (b) List **three** electronic storage devices. [3 marks]
 (c) State **four** reasons why some firms still use manual data processing instead of electronic data processing. [6 marks]

SECTION B

FINANCIAL ACCOUNTING PRACTICE

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

5. Salamata Njai's cash book on 28th February, 2006 showed a credit balance of D2,740 and his bank statement showed a balance of D1,600 overdrawn on the same date. On investigation, the following were revealed:
- (a) A cheque issued to Jon Alfa amounting to D900 had not been presented to the bank for payment.
 - (b) A cheque of D820 from Hajia Fatou entered in the cash book as paid into the bank had not been credited by the bank.
 - (c) The receipts side of the cash book had been undercast by D440.
 - (d) Bank charges of D150 entered in the bank statement had not been entered in the cash book.
 - (e) A cheque for D1,100 drawn on the accounts had been charged by the bank in error to another account.
 - (f) A cheque for D200 paid into the bank had been dishonoured and shown as such by the bank but no entry was made in the cash book.
 - (g) A cheque drawn for D62 had been entered in the cash book in error as D26.
 - (h) A cheque for D94 drawn by another customer of the same name had been charged into Salamata Njai's bank account in error.

You are required to:

- (i) show the appropriate adjustments to be made in the cash book; and
- (ii) prepare a bank reconciliation statement as at 28th February, 2006.

[15 marks]

6. Ibrahim John runs a restaurant business from his apartment. He does not keep proper accounting records.

The following information were extracted from his notebook, cheque stubs and discussions with him.

	1/1/2006	31/12/2006
	N	N
Land and buildings	500,000	700,000
Motor vehicle	250,000	200,000
Stock	20,000	40,000
Debtors	12,000	35,000
Creditors	50,000	54,000
Bank	5,000	(2,250)
Cash	1,000	250
Drawings	—	12,000

You are required to prepare:

- (a) Opening and closing statement of affairs,
- (b) Profit or Loss statement for the year ended 31st December, 2006,
- (c) Balance Sheet as at that date.

[15 marks]

7. SATTOPPONG Ltd. operates two departments.

The following information relating to its operations for the financial year ended 31st December, 2005 was provided.

	Footwear	Clothing
	Le	Le
Sales	72,500	36,250
Stock (1 January, 2005)	7,280	5,420
Motor van (at cost)	28,800	19,200
Furniture and fittings (at cost)	8,900	5,900
Other Common Costs:		
	Le	
Repairs	4,680	
Carriage inwards	2,800	
Advertisement	6,800	
Lighting and cooling	2,600	
Wages	17,800	
Salaries	8,400	

Additional information:

- (a) Purchases is 30% of sales in each department.
- (b) Carriage inwards, advertisement, lighting and cooling expenses are to be apportioned between the Footwear and Clothing Departments in the ratio 3:1 respectively.
- (c) Apportion repairs and salaries between the Footwear and Clothing Departments in the ratio 2:1 respectively.

- (d) Wages is to be apportioned equally between the two departments.
- (e) Depreciate fixed assets at 20% per annum on cost.

You are required to prepare in a columnar form, a Departmental Trading, Profit and Loss Account for the year ended 31st December, 2005.

[15 marks]

8. W. Roberts decided to purchase the business of Shadé D. Forster on 1st May, 2005 when Shadé D. Forster's balance sheet was as follows:

Balance Sheet as at 30th April, 2005

	D		D	D
Capital	35,100	<u>FIXED ASSETS</u>		
<u>CURRENT LIABILITIES</u>		Fixtures		1,920
Creditors	3,360	Motor van		<u>21,000</u>
		<u>CURRENT ASSETS</u>		<u>22,920</u>
		Stock	5,160	
		Debtors	7,500	
		Bank	<u>2,880</u>	
				<u>15,540</u>
	<u>38,460</u>			<u><u>38,460</u></u>

W. Roberts was to take over all assets and liabilities of Shadé D. Forster except cash at bank. Fixed Assets were revalued as follows:

— Fixtures		D7,920
— Motor van		D20,000

Additional information:

- (a) 5% was to be provided for bad debts.
- (b) W. Roberts was to pay a goodwill equal to three years' purchase of the average profit for the last five years. These were D4,290; D3,720; D5,040; D5,910 and D4,590.
- (c) The transactions were duly carried out and payment was made to Shadé D. Forster by cash.

You are required to:

- (i) show the journal entries to record the above transactions;
- (ii) prepare the Balance Sheet as at 1st May 2005, after the transactions.

[15 marks]

Turn over

9. The following balances were extracted from the books of Oluwajoba Local Government for the year ended 31st December, 2005.

Head	Particulars	Amount N
1001	Taxes and rates	3,100,350
1002	Local licences and fees	456,440
1003	Rent on government property	600,000
1004	Interests and dividends	175,500
1005	Statutory allocation	8,000,000
2001	Local Government Council Chairman	4,408,000
2002	Secretary to local government	685,000
2003	Health and Social Welfare	905,600
2004	Personnel costs	2,066,450
2005	Traditional chiefs	1,355,000
2006	Other charges	105,000

Additional information:

The general revenue balance on 1st January, 2005 was N752,000.

You are required to prepare a Statement of Revenue and Expenditure for the year ended 31st December, 2005.

[15 marks]

DO NOT TURN OVER THIS PAGE UNTIL YOU ARE TOLD TO DO SO.

**YOU WILL BE PENALIZED SEVERELY IF YOU ARE
FOUND LOOKING AT THE NEXT PAGE BEFORE
YOU ARE TOLD TO DO SO.**

**WHILE YOU ARE WAITING, READ THE FOLLOWING
INSTRUCTIONS CAREFULLY.**

Paper 1

OBJECTIVE TEST

1 hour

1. Use **HB pencil** throughout.
2. If you have got a blank answer sheet, complete its top section as follows.
 - (a) In the space marked *Name*, write in capital letters your **surname** followed by your **other names**.
 - (b) In the spaces marked *Examination, Year, Subject and Paper*, write '**WASSCE**', '**2007 NOV.**' '**FINANCIAL ACCOUNTING**' and '**1**' respectively.
 - (c) In the box marked *Index Number*, write your **index number** vertically in the spaces on the left-hand side. There are numbered spaces in line with each digit. Shade carefully the space with the same number as each digit.
 - (d) In the box marked *Paper Code*, write the digits **104112** in the spaces on the left-hand side. Shade the corresponding numbered spaces in the same way as for your index number.
 - (e) In the box marked *Sex*, shade the space marked **M** if you are **male**, or **F** if you are **female**.
3. If you have got a pre-printed answer sheet, check that the details are correctly printed, as described in 2 above. In the boxes marked *Index Number, Paper Code and Sex*, **reshade** each of the shaded spaces.
4. An example is given below. This is for a **male** candidate, whose **name** is **Chukwuma Adekunle CIROMA**, whose **index number** is **5251102068** and who is offering **Financial Accounting 1**.

THE WEST AFRICAN EXAMINATIONS COUNCIL

PRINT IN BLOCK LETTERS

Name: CIROMA CHUKWUMA ADEKUNLE Examination: WASSCE Year: 2007 NOV.
Surname Other Names

Subject: FINANCIAL ACCOUNTING Paper: 1

INDEX NUMBER	
5	0 1 2 3 4 5 6 7 8 9
2	0 1 2 3 4 5 6 7 8 9
5	0 1 2 3 4 5 6 7 8 9
1	0 1 2 3 4 5 6 7 8 9
1	0 1 2 3 4 5 6 7 8 9
0	0 1 2 3 4 5 6 7 8 9
2	0 1 2 3 4 5 6 7 8 9
0	0 1 2 3 4 5 6 7 8 9
6	0 1 2 3 4 5 6 7 8 9
8	0 1 2 3 4 5 6 7 8 9

For Supervisors only.
 If candidate is absent shade this space:

PAPER CODE	
1	0 1 2 3 4 5 6 7 8 9
0	0 1 2 3 4 5 6 7 8 9
4	0 1 2 3 4 5 6 7 8 9
1	0 1 2 3 4 5 6 7 8 9
1	0 1 2 3 4 5 6 7 8 9
2	0 1 2 3 4 5 6 7 8 9

SEX				
Indicate your sex by shading the space marked M (for Male) or F (for Female) in this box: <table style="display: inline-table; vertical-align: middle; margin-left: 10px;"> <tr> <td style="text-align: center;">M</td> <td style="text-align: center;">F</td> </tr> <tr> <td style="text-align: center;"><input style="width: 20px; height: 15px;" type="checkbox"/></td> <td style="text-align: center;"><input style="width: 20px; height: 15px;" type="checkbox"/></td> </tr> </table>	M	F	<input style="width: 20px; height: 15px;" type="checkbox"/>	<input style="width: 20px; height: 15px;" type="checkbox"/>
M	F			
<input style="width: 20px; height: 15px;" type="checkbox"/>	<input style="width: 20px; height: 15px;" type="checkbox"/>			

INSTRUCTIONS TO CANDIDATES

1. Use grade **HB pencil** throughout.
2. Answer each question by choosing one letter and shading it like this: [A] [B] [C]
3. Erase completely any answers you wish to change.
4. Leave extra spaces blank if the answer spaces provided are more than you need.
5. Do not make any markings across the heavy black marks at the right-hand edge of your answer sheet.



8.

Answer **all** the questions.

Each question is followed by **four** options lettered A to D. Find out 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. Pass book
- B. Paying-in slip
- C. Cheque book
- D. Credit card

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

[A]

 [B]

[C]

[D]

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. Which of the following users of accounting information is interested in the ability of a company to pay dividend?
 - A. Competitors
 - B. Suppliers
 - C. Shareholders
 - D. Tax authority
2. Which of the following is **not** a personal account?
 - A. Capital Account
 - B. Cash Account
 - C. Debtors' Account
 - D. Creditors' Account
3. A petty cash balance of ₦30 was omitted from the Trial Balance. To correct the error, debit
 - A. Petty Cash Account ₦30; Credit Suspense Account ₦30.
 - B. Cash Account ₦30; Credit Petty Cash Account ₦30.
 - C. Petty Cash Account ₦30; Credit Cash Account ₦30.
 - D. Cash Account ₦30; Credit Suspense Account ₦30.

Use the following information to answer questions 4 and 5.

Cash book balance	D16,500
Unpresented cheques	D4,800
Credit transfers	D3,300

4. Balance as per adjusted Cash Book is

- A. D24,600
- B. D21,300
- C. D19,800
- D. D13,200

5. Balance as per Bank Statement is

- A. D24,600
- B. D21,300
- C. D19,800
- D. D13,200

6. Which of the following is **not** a real account?

- A. Stock Account
- B. Cash Account
- C. Drawings Account
- D. Equipment Account

7. The credit entry for the purchase of a fixed asset paid for immediately is in the

- A. Fixed Asset Register.
- B. General Journal.
- C. Purchases Day Book.
- D. Cash Book.

8. A debit balance of ₦500,000 in a Cash Account shows that

- A. cash has been overspent by ₦500,000.
- B. there was ₦500,000 cash in hand.
- C. cash received was over by ₦500,000.
- D. cash received was less by ₦500,000.

9. Which of the following does **not** appear in a bank statement?

- A. Dishonoured cheques
- B. Uncredited cheques
- C. Bank charges
- D. Standing order

10. Which of the following is **not** a petty cash item? The purchase of

- A. machinery
- B. postage stamps
- C. light bulbs
- D. stationery

11. Which of the following accounts is found in a private ledger?
- Drawings Account
 - Premises Account
 - Sales Account
 - Rent and Rates Account
12. Which book of original entry is used for recording the return of goods bought?
- Petty Cash Book
 - General Journal
 - Returns Inwards Journal
 - Returns Outwards Journal
13. Which of the following is **not** a use of the general journal?
- Purchase and sale of goods for cash
 - Purchase and sale of assets on credit
 - Correction of errors
 - Transfer between accounts
14. The excess of gross profit over expenses is
- cost of sales.
 - net loss.
 - net profit.
 - margin.
15. The accounting basis of preparing trading, profit and loss accounts is
- accrual.
 - cash.
 - budgetary.
 - objectivity.
16. Which of the following is **not** part of final accounts?
- Cash Account
 - Trading Account
 - Manufacturing Account
 - Profit and Loss Account

Use the following information to answer questions 17 and 18.

	Le
Cost of asset	100,000
Depreciation	80,000
Cash realised on disposal of asset	30,000

17. The net book value at the time of sale is
- Le100,000
 - Le50,000
 - Le30,000
 - Le20,000

18. The profit on sale of the asset is
- Le50,000
 - Le30,000
 - Le20,000
 - Le10,000
19. Which of the following requires a debit entry in Creditors Ledger Control Account?
- Discounts received
 - Credit purchases
 - Bills payable dishonoured
 - Returned cheques
20. Purchases made from a customer and settled against the customer's indebtedness is referred to as
- reserve.
 - set-off.
 - balance.
 - provision.
21. Which of the following is required for the preparation of Control Accounts?
- Source documents
 - Profit and loss account
 - Subsidiary books
 - Balance sheet
22. Which of the following systems of recording transactions does **not** give rise to incomplete records?
- No entry
 - Partial entry
 - Single entry
 - Double entry
23. Profit expressed as a proportion of cost price is
- mark-up.
 - margin.
 - interest.
 - dividend.

Use the following information to answer questions 24 to 27.

D

Opening Stock of Raw Materials	17,400
Closing Stock of Raw Materials	13,500
Purchases of Raw Materials	57,000
Direct labour	12,000
Electricity (factory)	7,500
Supervisor's salary	16,500
Depreciation of plant	4,500

24. The cost of raw materials used is
- D74,400
 - D72,900
 - D64,800
 - D60,900

25. The prime cost is
- A. D80,400
 - B. D76,800
 - C. D72,900
 - D. D60,900
26. The factory overhead is
- A. D32,400
 - B. D28,500
 - C. D24,000
 - D. D23,000
27. The cost of production is
- A. D105,300
 - B. D101,400
 - C. D86,100
 - D. D53,700
28. Which of the following is **not** recorded in an Income and Expenditure Account?
- A. Donations received
 - B. Purchase of sports equipment
 - C. Profit from bar
 - D. Depreciation of clubhouse
29. The sum which represents the difference between the assets and liabilities of an association or club is
- A. consolidated fund.
 - B. accumulated fund.
 - C. working capital.
 - D. general reserve.
30. To avoid disagreements, value of transactions are recorded in the books based on
- A. money measurement concept.
 - B. historical cost concept.
 - C. accrual concept.
 - D. going concern concept.
31. The adjustment of prepayments and expenses outstanding when measuring income for a particular period is in compliance with
- A. consistency concept.
 - B. going concern concept.
 - C. realisation concept.
 - D. accrual concept.

32. A reserve is an amount
- added to current year's profit.
 - set aside out of current year's profit.
 - charged against current year's profit.
 - to be utilised as next year's profit.
33. Accounting records do not show the quality of an organization's staff. This is a limitation imposed by
- money measurement concept.
 - going concern concept.
 - business entity concept.
 - realization concept.

Use the following information to answer questions 34 to 36.

	Idowu N	Alaba N
Capital account	40,000	30,000
Current account	6,000	8,000
Drawings	10,000	6,000
Interest on drawings — 10%		
Interest on capital — 5%		
Net profit — N38,000		

Profits and losses are shared equally.

34. The partnership's divisible profit is
- N43,100
 - N41,500
 - N39,600
 - N36,100
35. Idowu's share of profit is
- N21,550
 - N20,750
 - N19,800
 - N18,050
36. Alaba's current account balance is
- N26,950
 - N20,950
 - N19,150
 - N18,050
37. Which of the following is **not** a credit item in a partner's current account?
- Interest on capital
 - Interest on drawings
 - Salaries
 - Profit

38. A part of share capital which a company will **not** be demanding until it is going into liquidation is
- called-up capital.
 - uncalled-up capital.
 - reserved capital.
 - authorised capital.
39. The cash received from prospective shareholders is debited to Bank Account and credited to
- Application Account.
 - Allotment Account.
 - Calls-in-Arrear Account.
 - Calls-in-Advance Account.
40. The class of shares that entitles its holder to arrears of unpaid dividend is
- ordinary share.
 - participative preference share.
 - cumulative preference share.
 - redeemable preference share.
41. The excess of current assets over current liabilities is
- authorised capital.
 - issued capital.
 - working capital.
 - nominal capital.
42. The maximum amount which a company can raise by way of selling shares is
- paid-up capital.
 - issued capital.
 - authorised capital.
 - working capital.

Use the following information to answer questions 43 to 45.

	Dept. A	Dept. B
	N	N
Sales	40,000	60,000
Cost of sales	25,000	45,000
Equipment	100,000	50,000
Discount Allowed	— N1,500	
Depreciation of equipment	— N18,000	

43. Total expenses for Department A is
- N15,000
 - N12,600
 - N12,000
 - N9,750

44. Net profit of Department B is
- A. ₦15,000
 - B. ₦10,000
 - C. ₦8,100
 - D. ₦6,900
45. Gross profit for Department A is
- A. ₦15,000
 - B. ₦12,600
 - C. ₦12,000
 - D. ₦9,750
46. The basis of accounting used by government is
- A. accrual.
 - B. cash.
 - C. commitment.
 - D. virement.
47. Recurrent expenditure of government is paid from
- A. Reserve Fund.
 - B. Contingencies Fund.
 - C. Consolidated Fund.
 - D. Development Fund.
48. Which of the following is a storage device of a computer system?
- A. Program
 - B. Screen
 - C. Printer
 - D. Magnetic tape
49. V.D.U. in Electronic Data Processing stands for
- A. Visual Display Unit.
 - B. Variety Display Unit.
 - C. Video Display Unit.
 - D. Video Demonstration Unit.
50. Which of the following is **not** a hardware of the computer system?
- A. Mouse
 - B. Keyboard
 - C. Monitor
 - D. Program