

PRINCIPLES OF ACCOUNTING PASSCO FOR I.T STUDENTS COMPILED BY

ADDAI EMMANUEL

SIR HERTZ

CONTACT:

0548885952



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UNIVERSITY OF EDUCATION, WINNEBA
COLLEGE OF TECHNOLOGY EDUCATION, KUMASI
FACULTY OF TECHNICAL EDUCATION
DEPARTMENT OF INFORMATION TECHNOLOGY EDUCATION
B.Sc (INFORMATION TECHNOLOGY EDUCATION)

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Course Title	Principles of Accounting 1
Course Code	ITC 114
Time	2 hours
Lecturer	Mr Obeng-Tweneboah
Instructions	Answer section A (Compulsory), and any other two (2) questions from Section (B)

SECTION A

QUESTION 1

The Cash book performs two important functions.

- i) As a Journal
- ii) As an Account

Explain briefly

QUESTION 2

- i) What Constitute Accounting Information?
- ii) Mention:
 - a. Five (5) users of Accounting Information
 - b. Five (5) characteristics any Accounting Information must have.
 - c. Three (3) important uses of Accounting Information to management

QUESTION 3

- i) State the meaning of 'Accounting Equation'.
- ii) What is 'Balance Sheet' in Accounting?
- iii) Why is Balance Sheet not an 'Account'?

QUESTION 4

- a) What is meant by "Expenditures".
- b) Mention four (4) differences between Revenue Expenditure and Capital Expenditure.

SECTION B

(ANSWER ANY TWO QUESTIONS)

QUESTION 5

The following transactions have been extracted from the books of Kwasi Oppong company Limited, a Sole Trader in the trading business of Hardware and building materials.

	GH¢
Land and Buildings	35,000
Plant and Machinery	15,000
Motor Van	45,000
Furniture and Fittings	5,000
Sundry Creditors	16,000 ✓
Cash in hand	12,000
Cash at Bank	18,000
Stock – 1/01/17	900
Rent and Rates	600
Lighting and Heating	400
Insurance	500
Sales	80,000 ✓
Carriage Inwards	200
Carriage Outwards	450
Purchases	45,000
Sales Returns	700
Purchases Returns	400
Discount Allowed	700
Discount Received	800
Bad Debts	300
Sundry Debtors	25,000
Repairs (Buildings)	1,000
Salaries	10,000
Drawings	2,000
Capital	110,250
	<u>414,900</u>

228,150

Stock at December 31, 2017 was GH¢12,500

Required

Prepare the Trial Balance of Kwasi Oppong company Limited as at December 31, 2017.

86207

QUESTION 6

The following transactions have been extracted from the books of Kwasi Oppong company Limited, a Sole Trader in the trading business of Hardware and building materials.

	GH¢
Land and Buildings	35,000
Plant and Machinery	15,000
Motor Van	45,000
Furniture and Fittings	5,000
Sundry Creditors	16,000
Cash in hand	12,000
Cash at Bank	18,000
Stock – 1/01/17	900
Rent and Rates	600
Lighting and Heating	400
Insurance	500
Sales	80,000
Carriage Inwards	200
Carriage Outwards	450
Purchases	45,000
Sales Returns	700
Purchases Returns	400
Discount Allowed	700
Discount Received	800
Bad Debts	300
Sundry Debtors	25,000
Repairs (Buildings)	1,000
Salaries	10,000
Drawings	2,000
Capital	<u>110,250</u>
	<u>414,900</u>

Stock at December 31, 2017 was GH¢12,500

Required

Prepare the following:

- Trading Account
- Profit and Loss Account
- Balance Sheet as at December 31, 2017

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QUESTION 7

Below is the Balance Sheet of Akosua Abiba, a Sole trader.

Balance Sheet as at 31st December 2012

	GH¢		GH¢
<u>Capital</u>	15,500	<u>Fixed Assets</u>	
Add Net Profit	<u>4,500</u>	Goodwill	4,000
	20,000	Plant & Machinery	8,000
Less Drawings	<u>2,000</u>	Motor Van	1,000
	18,000	Office furniture	2,500
Loan from Esi	5,000	<u>Current Assets</u>	
<u>Current Liabilities</u>		Stock	8,000
Creditors	4,000	Debtors	4,000
Accruals	1,200	Pre-payments	2,000
Bank Overdraft	<u>3,200</u>	Cash in Hand	2,500
	<u>32,000</u>		<u>32,000</u>

You are required to calculate the following:

- Value of Intangible Assets
- Value of Fixed Tangible Assets
- Value of Current Assets
- Value of Current Liabilities
- Working Capital
- Capital Owned
- Capital Employed
- Balance on the Profit and Loss Account for the year ended 31st December 2012

QUESTION 8

Adjoa Boadi has the following items in her Balance Sheet as at 30th June 2016. Capital GH¢70,000; creditors GH¢6,000. Loan from Kofi GH¢10,000; Shop fittings GH¢20,000; stock of goods GH¢19,000; Debtors GH¢18,000; Cash at Bank GH¢29,000.

The following took place during the year:

- i. Bought some goods on credit, GH¢7,000
- ii. Repaid Kofi GH¢10,000
- iii. One of the debtors paid a cheque for GH¢4,000
- iv. Bought some shop fittings GH¢6,000 paying them by cheque
- v. Paid a creditor GH¢2,000 by cheque

You are to draw up the Balance Sheet of K. K. Ltd after the above have been completed.

QUESTION 9

After preparing a trial balance an accounts clerk realized that the total of the debit side was GH¢46,500 and the credit side was GH¢48,000. The difference was posted to a suspense account. The following errors were later detected:

- a. Trade receivables balance of GH¢500 has been left out.
- b. Discount allowed of GH¢450 has been posted to Discount Received Account.
- c. There was an overcast of sales by GH¢350
- d. Wages of GH¢540 has been posted as GH¢450.
- e. There was an overcast of purchases by GH¢240
- f. Motor Expenses was overcast by GH¢100.

Required:

1. Correct the errors by the Journal
2. Prepare Suspense Account to show the results.