

**UNIVERSITY OF CAPE COAST**  
**ACCOUNTING II ASSIGNMENT**

**INDEX: SB/HRM/19/0007**

**QUESTION 1**

**IN THE BOOKS OF BCOM**

**STATEMENT OF INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2018**

	GH¢	GH¢	GH¢
Sales			496,000
<b><u>LESS COST OF SALES:</u></b>			
Opening Inventory		18,000	
Add purchases		<u>248,000</u>	
Cost of Good Available for Sale		302,000	
Less Closing Inventory		<u>18,226</u>	
Cost of Goods Sold		283,774	
Add Wages		<u>84,500</u>	<u>(368,274)</u>
<b>Gross Profit</b>			127,726
<b><u>LESS OPERATING EXPENSES:</u></b>			
Directors Remuneration	32,000		
Add Owings	<u>1,160</u>	33,160	
Distribution Cost	22,000		
Less Prepaid	(2,500)	19,500	
Irrecoverable Debt (1,200 + 450)		1,650	
Allowance for Receivables (2279-840 )		1439	
Interest on Loan (5% × 25,000)		1,250	
Electricity		9,500	
Telephone		1,600	
Administration expense		40,880	
<b><u>Depreciation:</u></b>			
Motor Vehicle (20% × (64,000– 18,500)		9,100	
Fixtures and Fittings ( $\frac{98,200}{5}$ )		<u>19,640</u>	
<b>Total Expenses</b>			<u>(137,719)</u>
<b>NET LOSS</b>			<u><u>(9,993)</u></u>

**IN THE BOOKS OF BCOM**

**STATEMENT OF FINANCIAL POSITION AS AT 31<sup>st</sup> DECEMBER, 2018**

<b><u>NON- CURRENT ASSETS:</u></b>	<b><u>COST</u></b>	<b><u>DEP</u></b>	<b><u>NBV</u></b>
	GH¢	GH¢	GH¢
Fixtures and Fittings	98,200	(63,340)	34,860
Motor Vehicle	<u>64,000</u>	<u>(27,600)</u>	<u>36,400</u>
	162,200	90,940	71,260
<b><u>CURRENT ASSETS:</u></b>			

Closing Inventory		18,226	
Trade Recoverable	55,400		
Less Income Debts	(450)		
Allowance for Receivables	(2279)	52671	
Cash		160	
Distribution cost		<u>2,500</u>	
		73,557	
<b><u>LESS CURRENT LIABILITIES:</u></b>			
Bank Overdraft	1,600		
Directors Bonuses Owing	1,160		
Interest on Loan Outstanding	1,250		
Trade Payables	<u>57,300</u>	<u>(61,310)</u>	
<b>Working Capital</b>			<u>12,247</u>
<b>NET TOTAL ASSETS:</b>			<u><u>83,507</u></u>
<b><u>FINANCED BY:</u></b>			
Capital	GH¢	GH¢	GH¢
			50,000
Retained Earnings		23,700	
Divided paid		(5,200)	<u>18,500</u>
			68500
Less Net Loss			<u>(9,993)</u>
			58,507
<b><u>NON- CURRENT LIABILITIES:</u></b>			
5 % Loan Stock			<u>25,000</u>
			<u><u>83,507</u></u>

**Workings**

Trade receivables		55,400
Less irrecoverable debt		450
		54,950
Less specific allowances	650	650
		54300
Less general allowances		
2%of 54300	<u>1629</u>	1629
		<u>5267</u>

Closing allowances	2279
Less opening allowances	<u>840</u>
Increase in allowances	<u>1439</u>

Depreciation

Motor vehicle (reducing balance) = 64,000-18,500

20% of 45,500 = 9,100

## QUESTION 2

### WORKINGS

i. Electricity =  $11450 \times \frac{2}{3} = 22,900$

electricity A/c

	GH¢		GH¢
Bal b/d	34350	income statement	57250
Bal c/f	<u>22,900</u>		
	<u>57,250</u>		<u>57,250</u>
		Bal b/d	22,900

ii. Rent Paid to September =  $\frac{3}{6} \times 142,500 = 71,250$

Trade receivables A/c

	GH¢		GH¢
Bal b/d	747,055	bad debt	3,300
		Allowances increase	3360
		Bal c/d	<u>740,395</u>
	<u>747,055</u>		<u>747,055</u>
Bal b/d	740,395		

iv. Bad debt = 3,300

31 - 60 days =  $20\% \times 136,000 = 27,200$

Over 60 days =  $24,180 - 3,300 = 20,880$

=  $20,880 \times 75\% = 15,660$

Total Provision for this year =  $27,200 + 15,660$

= 42,860

Closing allowance 42,860

Less Opening allowance 39,500

increase in allowance 3,360

v. Depreciation =  $20\% \times 448,000$

= 89,600

CAPITAL

1,004,357

Add rent prepaid

71,250

1075607

Less: Accrued Electricity

22,900

Bad Debt

3,300

Depreciation

89,600

Provision increases

3,360

119,160

957,440

**FINANCIAL POSITION AS AT 31<sup>ST</sup> SEPTEMBER, 2018**

**NON- CURRENT ASSETS:**

	<b><u>COST</u></b>	<b><u>ADP</u></b>	<b><u>NBV</u></b>
	GH¢	GH¢	GH¢
Plant and Machinery	875,000	516,600	358,400

**CURRENT ASSETS:**

Inventory		211,695	
Debtors	743,755		
Provision for debt	<u>( 3,360 )</u>	740,395	
Rent Prepaid		71,250	
Cash and Bank		<u>31,400</u>	
			<u>1,054,740</u>
			<u>1,413,140</u>

**FINANCED BY:**

Capital			957,440
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**LESS LIABILITIES**

Trades Payable		432,800	
Accrued Electricity		<u>22,900</u>	<u>455,700</u>
			<u>1,413,140</u>

### QUESTION 3

#### IN THE BOOKS OF MR. WILSON STATEMENT OF AFFAIRS AS AT 31<sup>ST</sup> DECEMBER, 2017

	GH¢	GH¢	GH¢
<b><u>NON- CURRENT ASSETS:</u></b>			
Motor Van	45,000		
Fixtures and Fittings	14,500		
Inventory	17,440		
Debtors	8,540		
Bank Balance	15,000		
Cash	1,500		
Less Creditors		9,520	
Opening capital		<u>92,460</u>	
		<u>101,980</u>	

#### IN THE BOOKS OF MR. WILSON STATEMENT OF FINANCIAL POSITION AS AT 31<sup>ST</sup> DECEMBER, 2018

<b><u>NON- CURRENT ASSETS:</u></b>	<b><u>COST</u></b>	<b><u>DEP</u></b>	<b><u>NBV</u></b>
	GH¢	GH¢	GH¢
Motor vehicle	45,000	5,000	40,000
Fitting and furniture	16,500	2175	<u>14,325</u>
			54,325
<b><u>Current assets</u></b>			
Trade receivables		5750	
Inventory		12,845	
Prepaid rent		10,000	
Cash in hand		<u>1000</u>	
			29,595
			<u>83,920</u>
<b><u>Financed by</u></b>			
Capital			92,460
Retained earnings			5,000
Add net profit			16,570
Less Drawings			47,400
<b><u>Current liabilities</u></b>			
Trade payables		5,290	
Bank overdraft		12,000	<u>17,290</u>
Total equity and liabilities			<u>83,920</u>

### Workings

Closing capital	66,630
Less opening capital	92460
	(25,830)
Add drawings	47,400
	21,570
Less winnings	<u>5,000</u>
Net profit	<u>16,570</u>

### SATEMENT OF AFFAIRS AS AT 31<sup>ST</sup> DECEMBER, 2018

	GH¢	GH¢
Motor Vehicle	40,000	
Fixtures and Fittings	14,325	
Inventory	12,845	
Debtors	5,750	
Prepaid Rent	10,000	
Cash Balance	1,000	
Creditors		5,290
Bank		12,000
Capital	<u>        </u>	<u>66,630</u>
	<u>83,920</u>	<u>83,920</u>

#### **QUESTION 4**

##### ***Payable Control Account***

	GH¢		GH¢
Contra	3,250	Balance b/d	103,240
Return Outwards	256	Purchases	3126
Balanced c/d	<u>102,860</u>		
	<u>106,366</u>		<u>106,366</u>
		Balanced b/d	102,860

##### ***Receivable Control Account***

	GH¢		GH¢
Balance b/d	126,845	Contra	3,250
Provision (981-891)	90	Bad Debts	1,680
		Sales	890
		Balanced c/d	<u>121,115</u>
	<u>126,935</u>		<u>126,935</u>
Balance b/d	121,114		

#### **IN THE BOOKS OF MR. PATRICK MENSAH**

##### **RECONCILIATION STATEMENT TRADE PAYABLES**

Trial Balance Figure	104, 476
Omission	1, 248
Receipts	<u>(2, 864)</u>
Adjusted Balance	<u>102, 860</u>

##### **FOR TRADE RECEIVABLES**

Trial Balance Figure	123, 935
Provisions (981-891)	90
Bad Debt Recovered	300
Receipts	<u>(2, 864)</u>



Closing Adjusted Bal.

121, 115

## QUESTION 5

### IN THE BOOKS OF AMA STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30<sup>TH</sup>

APRIL, 2017

	GH¢	GH¢	GH¢
Sales			16,678
<b><u>LESS COST OF SALES:</u></b>			
Opening Inventory		956	
Add Purchases		5,685	
Less Drawings		<u>(96)</u>	
		6,545	
Less Closing Inventory		<u>1,324</u>	<u>5,221</u>
<b>Gross Profit</b>			11,457
<b><u>LESS EXPENSES:</u></b>			
Telephone (135 + 25)		160	
Rent (1,800-667)		1,133	
Motor Expenses		1,545	
Sundry Expenses		765	
Bad Debt		573	
Depreciation		<u>713</u>	<u>4,889</u>
<b>NET PROFIT</b>			<u><u>6,568</u></u>

## WORKINGS

<b><i>Bank Account</i></b>			
	GH¢		GH¢
Cash Takings	5,907	Balance b/d	1,693
Debtors	6,596	Payment	6,469
		Sundry	763
		Motor exp.	505
		Rent	1,800
		Telephone	
		Bal. c/d	<u>1,144</u>
	<u>12,503</u>		<u>12,503</u>
Bal. b/d	1,144		

<b><i>Debtors Control Account</i></b>			
	GH¢		GH¢
Bal. b/d	2,632	Bad Debts	575
Credit Sales	6,611	Bank	6,596
		Bal. c/d	<u>2,072</u>
	<u>9,243</u>		<u>9,243</u>
Bal. b/d	2,072		

<b><i>Creditors Control Account</i></b>			
	GH¢		GH¢
Bank	2,463	Bal. b/d	1,745
Bal. c/d	<u>967</u>	Credit Purch.	<u>5,685</u>
	<u>7,430</u>		<u>7,430</u>
		Bal. b/d	967
Credit sales= 6,611			

**sales**=credit sales +cash sales

Cash sales = cash takings = 5907  
 Money taken =  $60 \times 12 = 3120$   
 Motor repairs =  $20 \times 12 = 1040$   
Cash sales 10,067

Then  $6,611 + 10,067 = 16,678$

Drawings = cash takings + goods takings  
 $3120 + 99 = 3216$

Depreciation = motor vehicle 15% of  
 $4750 = 713$

### IN THE BOOKS OF AMA

#### STATEMENT OF FINANCIAL POSITION AS AT 30<sup>ST</sup> APRIL, 2017

<u>NON- CURRENT ASSETS:</u>	<u>COST</u>	<u>DEP</u>	<u>NBV</u>
	GH¢	GH¢	GH¢
Motor Vehicle	4750	713	4037
CURRENT ASSETS			
Trade receivables		2072	
Inventory		1324	
Telephone		25	
Rent		667	
Cash in hand		<u>1,144</u>	
		5,257	
LESS CURRENT LIABILITIES			
Trade payables	967		
Accruals	<u>25</u>	<u>992</u>	
			<u>4,265</u>
Working capital			8,302
FINANCED BY			
Capital			4,950
Add net profit			<u>6,568</u>
			11,518
Less Drawings (3120±96)			<u>3216</u>
Capital employed			8,302

## QUESTION 6

### IN THE BOOKS OF SOB ENTERPRISE STATEMENT OF INCOME FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 2014

	GH¢	GH¢	GH¢
Sales			1,079,130
<b><u>LESS COST OF SALES:</u></b>			
Opening Inventory		120,000	
Add purchases		<u>650,120</u>	
Cost of Good Available for Sale		770,120	
Less Closing Inventory		<u>(80,150)</u>	
Cost of Goods Sold			<u>(689,970)</u>
<b>Gross Profit</b>			389,160
Add: Discount Received		21,570	
Decrease in Provision in doubtful debt		250	<u>25,400</u>
			414,560
<b><u>LESS OPERATING EXPENSES:</u></b>			
Rent and Rate	14,000		
Less Prepaid	<u>(2,000)</u>	12,000	
Vehicle Winning Expenses	15,650		
Add owing	<u>6,150</u>	21,800	
<b><u>Depreciation:</u></b>			
Vehicle (20% × 150,000)		30,000	
Furniture and Fittings (20% × 50,600)		10,120	
General Expenses		65,000	
Insurance Expenses		5,000	
Bad Debts		7,000	
Discount Allowed		15,160	
Wages and Salaries		250,000	
Salary Expenses		6,150	
Repairs to the Shop		<u>6,500</u>	<u>(428,730)</u>
<b>NET LOSS</b>			<u><u>(14,170)</u></u>

**IN THE BOOKS OF SOB ENTERPRISE**  
**STATEMENT OF FINANCIAL POSITION AS AT 31<sup>ST</sup> DECEMBER, 2014**

<b><u>NO -CURRENT ASSETS</u></b>	<b><u>COST</u></b>	<b><u>DEP</u></b>	<b><u>NBV</u></b>
	GH¢	GH¢	GH¢
Vehicles	150,000	(60,000)	90,000
Furniture and Fittings	<u>50,600</u>	<u>(20,240)</u>	<u>30,360</u>
	<u>200,600</u>	<u>80,240</u>	120,360
<b><u>CURRENT ASSETS</u></b>			
Inventory		80,150	
Trade Receivables	80,000		
Less Provision (2,500-250)	(2,250)	77,750	
Bank Balance		165,240	
Rent and Rate Prepaid		<u>2,000</u>	
		325,140	
<b><u>CURRENT LIABILITIES:</u></b>			
Trades Payables	100,000		
Vehicle Running Expenses Outstanding	6,150	<u>(106,150)</u>	<u>218,990</u>
working Capital			<u>339,350</u>
<b><u>FINANCED BY:</u></b>	GH¢	GH¢	GH¢
Capital			473,520
Less: Net Loss			(14,170)
Drawing			<u>(120,000)</u>
<b><u>CAPITAL EMPLOYED</u></b>			<u>339,350</u>

**QUESTION 7**  
**IN THE BOOKS OF J JONES**  
**STATEMENT OF INCOME FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER, 20X6**

	GH¢	GH¢	GH¢
<b><u>RAW MATERIALS</u></b>			
Opening Inventory		21,000	
Add Purchases		<u>258,000</u>	
		279,000	
Less Closing Inventory		<u>25,000</u>	
<b>Cost of Raw Materials Consumed/Prime Cost</b>			254,000
<b><u>FACTORY OVERHEADS</u></b>			
Fuel and Light (80% × 25,000)		20,000	
Factory Wage		59,000	
Rent of Rates		12,000	
Plant Repairs		9,000	
Plant and Machinery		<u>8,000</u>	<u>108,000</u>
<b>Cost of Production</b>			362,000
Add Work in Progress (Opening)			<u>14,000</u>
			376,000
Less Work in Progress (Closing)			11,000
<b>Cost of Good Completed</b>			<u>365,000</u>
Add Manufacturing Profit			<u>17,000</u>
<b>Market Value</b>			<u><u>382,000</u></u>
<b><u>PROFIT AND LOSS</u></b>			
Sales			482,000
Less Returns			<u>7,000</u>
			475,000
<b><u>LESS COST OF SALES</u></b>			
Opening Inventory	23,000		
Add Market Value	<u>382,000</u>		
	405,000		
Less Closing Inventory	<u>26,000</u>	<u>379,000</u>	
<b>Gross Profit</b>			96,000
Add Manufacturing Profit			<u>17,000</u>
<b>Total Gross Profit</b>			113,000

<b><u>LESS OPERATING EXPENSES:</u></b>	GH¢	GH¢	GH¢
Fuel and Light (20% × 25,000)		5,000	
Administrative Expenses		17,000	
Carriage Outwards		4,000	
Rent and Rates (25% × 16,000)		4,000	
General Expenses		9,000	
Doubtful Debts (5% × 20,000)		<u>1,000</u>	<u>40,000</u>
<b>Net Profit</b>			<u><u>73,000</u></u>

**IN THE BOOKS OF J JONES**

**STATEMENT OF FINANCIAL POSITION AS AT 31<sup>st</sup> December, 20X6**

<b><u>NO- CURRENT ASSETS:</u></b>	<b><u>COST</u></b>	<b><u>ADP</u></b>	<b><u>NBV</u></b>
	GH¢	GH¢	GH¢
Plant and Machinery	80,000	16,000	64,000
Freehold Premises	<u>410,000</u>		<u>410,000</u>
	490,000	<u>16,000</u>	474,000
<b><u>CURRENT ASSETS:</u></b>			
Raw Materials	25,000		
Work in Progress	11,000		
Finished Goods	<u>26,000</u>	62,000	
Cash in Hand		11,000	
Debtors	20,000		
Provision for doubtful debt	<u>1,000</u>	19,000	
Rent and Rates		<u>5,000</u>	
		97,000	
<b><u>LESS CURRENT LIABILITIES:</u></b>			
Sundry Creditors	37,000		
Fuel and Light	<u>4,000</u>	<u>41,000</u>	<u>56,000</u>
			<u><u>530,000</u></u>
<b><u>FINANCED BY:</u></b>			
Capital			457,000
Add Net Profit			<u>73,000</u>
			<u><u>530,000</u></u>

