

TAKORADI TECHNICAL UNIVERSITY
FACULTY OF APPLIED SCIENCES
INFORMATION AND COMMUNICATION TECHNOLOGY DEPARTMENT
END OF FIRST SEMESTER EXAMINATION, 2018/2019

PROGRAMME: HND ICT 2 EVENING

COURSE: INTRODUCTION TO ACCOUNTING

DURATION: 2.30 HOURS

INSTRUCTION: ANSWER ANY FOUR (4) QUESTIONS IN ALL

Question 1

- a) Identify the variables in the accounting equation below:

$$A = C + (P - D) + L$$

(3 marks)

- b) State the accounts to be debited and credited from the following transactions below:

- i) Cash introduced into a business by the proprietor
- ii) Goods previously purchased returned to suppliers
- iii) Bank charges on business bank account
- iv) Goods sold to customers on credit
- v) Cash discounts received from suppliers
- vi) Business petrol used by proprietor for personal use.

(17 marks)

- c) List any one (1) merit and demerit of double entry principles on accounting equation. (5 marks)

(Total : 25 marks)

Question 2

- a) List any four (4) fundamental accounting concepts. (8 marks)

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- b) Briefly explain these concepts mentioned above. (12 marks)
- c) During the preparation of the annual financial reports of ATWIMA KWAWOMA RURAL BANK Company Ltd, the senior Accounts Officer was faced with a number of problems, summarized as follows,
- One of the shareholders of the company has invested his dividend in some shares of another company.
 - During the year, the company purchased GHC 50,000 worth of office pins, this has all been written off in the books but still in use at the end of the year.
 - At the year ended, an amount is outstanding for electricity consumed during the accounting period.
 - Due to prevailing factors, including economic, management realizes that the long run future prospects of the company are uncertain.
- (1.25 marks each)

Question 3

- a) Enumerate any six (6) source documents. (6 marks)
- b) State any four (4) circumstances under which goods bought or sold might be returned. (4 marks)
- c) The information below relates to Madam Sakyiwaa, a trader for the month of January 2013.
- Jan. 1 Bought from Fiifi Stores: Silk GHS 4,000, Cotton GHS 8,000. All subject to 20% trade discount.
- Jan. 8 Sold to Kukua: Silk GHS 3,600; Linen GHS 4,000; Cotton goods GHS 6,000. All subject to 15% trade discount.
- Jan. 10 Sold to Aba : Linen goods GHS 2,800; Wollen items GHS 4,400 and Silk GHS 3,800.
- Jan. 15 Bought from Esi: Cotton GHS 8,800; Linen GHS 5,200. All subjects to 25% trade discount.
- Jan. 20 Return: Silk GHS 500, Cotton GHS 800 to Fiifi Stores.
- Jan. 22 Goods returned by Aba: Linen GHS 450 and Wollen GHS 600
- Jan. 25 Sold to Ekow: Linen GHS 4,200, subject to 10% discount and cotton GHS 5,000
- Jan. 28 Returned to Esi: Cotton GHS 1,000
- Jan. 30 KuKua returned goods: Linen GHS 400 and Cotton GHS 1,200
- Required:
- Prepare the purchases and Sales Journals to record the above entries. (15 marks)

Question 4

The data below relates to the business of WOFA KWAME ENTERPRISE for the period ended 31st December 2011.

	DR(GHS)	CR (GHS)
Capital		12,636
Provision for doubtful debt		211
Drawings	1,200	
Cash at Bank	693	
Trade Receivables and Payables	3,896	1,731
Premises	5,000	
Motor Van	1,800	
Furniture	350	
General Expenses	314	
Office Expenses	382	
Motor Expenses	664	
Insurance	78	
Rent	304	
Salaries and Wages	3,862	
Purchases and Sales	11,874	18,600
Returns	205	322
Carriage inwards	310	
Carriage outwards	200	
Inventories 1/1/11	<u>2,368</u>	
TOTAL	<u>33,500</u>	<u>33,500</u>

Additional information

- i) Inventories at the close of the period was GHS 2,946
- ii) GHS 12 had been paid in advance for 2012, in respect of rent.
- iii) General expenses in arrears was GHS 66
- iv) Provide 10% depreciation on all fixed assets.
- v) Increase provision for doubtful debts to GHS 230

You are required to prepare

- a) An income statement of Wofa Kwame Enterprise for the year ended 31st December 2011.
- b) And statement of financial position as at that date. (25 marks)

Question 5

- a) Identify and explain any five (5) qualitative characteristics of a good financial statement. (10 marks)
- b) Explain the term trial balance and mention any two (2) of its importance. (4 marks)
- c) There are certain errors in accounting, whenever they are committed, the trial balance will still agree. Mention five (5) of these errors. (5 marks)
- d) State the double entry principles applicable to the following accounts: i) personal account, ii) nominal account and iii) real account. (6 marks)

Question 6

Boggey Sakyi, a business tycoon from Germany, now wants to go into Manufacturing of cocoa beans in Ghana. As a student with indepth knowledge in manufacturing account, explain with an example each the following terms to him:

- i) Direct costs
- ii) Factory overheads
- iii) Prime costs
- iv) Material used/consumed
- v) Work in progress (20 marks)