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SC1042&1
WASSCE 2020
FINANCIAL
ACCOUNTING 2&1
Essay and Objective
3½ hours

THE WEST AFRICAN EXAMINATIONS COUNCIL

**West African Senior School Certificate Examination
 for School Candidates**

SC 2020

FINANCIAL ACCOUNTING 2 & 1
 ESSAY AND OBJECTIVE

3½ hours

*Do not open this booklet until you are told to do so. While you are waiting, read and observe the following instructions carefully. Write your **name and index number** in the spaces provided above.*

*This booklet consists of **two** papers. Answer Paper 2, which comes first, in your answer booklet and Paper 1 on your Objective Test answer sheet. Paper 2 will last for 2½ 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.*

*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 material. 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) Outline **two** differences between *bookkeeping* and *accounting*. [4 marks]
- (b) List **one** source document used for **each** of the following transactions:
 - (i) sales;
 - (ii) purchases;
 - (iii) cash deposit;
 - (iv) salary;
 - (v) returns outwards.[5 marks]
- (c) State **three** purposes of source documents. [6 marks]
2. (a) What is a *not-for-profit making organization*? [3 marks]
- (b) Outline **two** differences between a *for-profit organization* and a *not-for-profit making organization*. [4 marks]
- (c) Explain the following sources of funding in a not-for-profit making organization:
 - (i) subscription;
 - (ii) life membership fee;
 - (iii) entrance fee;
 - (iv) donation.[8 marks]
3. (a) Explain the term *fixed capital account*. [3 marks]
- (b) State **three** conditions that would result to a change in profit and loss sharing ratio of a partnership. [6 marks]
- (c) Outline **three** circumstances that would give rise to the creation of *goodwill* in a partnership. [6 marks]
4. (a) List:
 - (i) **three** books of accounts used in public sector accounting; [3 marks]
 - (ii) **four** users of public sector accounting information. [4 marks]
- (b) State **four** differences between the *private sector accounting* and the *public sector accounting*. [8 marks]

3
SECTION B
FINANCIAL ACCOUNTING PRACTICE

Answer three questions only from this section.

5. The following transactions were extracted from the books of *Odis Enterprises* for the year ended 31st December 2018.
- Cash received from trade debtors GH¢ 100,000
 - Cash paid to suppliers GH¢ 72,000
 - Expenses paid during the year were: rent GH¢ 2,500; general expenses GH¢ 1,800
 - A cash of GH¢ 5,200 was withdrawn by the proprietor for personal use
 - Fixed assets valued at GH¢ 8,000 on 31/12/2017 were to be depreciated at 10 % per annum

Additional information:

	31/12/17 GH¢	31/12/18 GH¢
Trade debtors	11,000	13,200
Trade creditors	4,000	6,500
Rent owing	—	500
Cash balance	12,100	30,600
Stock	15,900	17,000

You are required to prepare:

- (a) Statement of affairs as at 1st January 2018;
- (b) Cash Book;
- (c) Trading, Profit and Loss Account for the year ended 31st December 2018.

[15 marks]

6. The books of *Omiye Social Club* showed the following information for the year ended 31st December 2015.

RECEIPTS AND PAYMENTS ACCOUNT

	₦		₦
Balance 01/01/2015	3,000	Salaries	10,600
Subscriptions	130,000	Maintenance	13,000
Proceeds from concert	9,000	Stationery	1,200
Interest on deposit	2,400	Postage	600
Income from dance	7,200	Dance expenses	4,000
		General expenses	5,400
		Balance c/d	116,800
	<u>151,600</u>		<u>151,600</u>

Balances as at 1st January 2015 were as follows:

	₦
Accumulated fund	266,000
Bank deposit	80,000
Club House	160,000
Furniture and fittings	24,000

Additional information:

- ◆ Outstanding as at 31st December, 2015: Stationery ~~₦~~ 400; General expenses ~~₦~~ 1,200;
- ◆ Salaries of ~~₦~~10,600 paid including ~~₦~~1,000 owed since 2014;
- ◆ Depreciate club house by 10 % and furniture and fittings by 15 %.

You are required to prepare:

- (a) Income and Expenditure Account for the year ended 31st December 2015;
- (b) Balance sheet as at that date.

[15 marks]

7. The following balances were extracted from the books of *ABOBAKU Local Government* for the year ended 31st December 2019.

	D
Construction of an office block	3,850,000
Renovation of classroom blocks	1,065,000
Court fines	90,000
Building permits	650,000
Rehabilitation of street lights	470,500
Wages and salaries	7,880,450
Medical services	1,334,650
Provision of pipe borne water	2,500,000
Interest on investments	250,000
Lorry park levies	380,000
Market tolls	560,000
Property rates	1,200,000
General administration	630,700
Motor vehicle procured	6,653,000
Extension of office building	950,000
Grants from donor agencies	2,000,000
Royalties	4,500,000
Subvention from Central/Federal Government	20,000,000
Donation to charity homes	250,000
Entertainment permits	70,000
Staff training	550,000
Entertainment expenses	200,000
Marriage registration fees	80,000
Allowance to community leaders	370,800
Birth certificate fees	160,000
Maintenance of motor vehicles	650,000

You are required to prepare for the year ended 31st December 2019:

- (a) Statement of Recurrent Expenditure;
- (b) Statement of Capital Expenditure;
- (c) Statement of Revenue.

[15 marks]

8. *Yallawa Stores Ltd* has two departments. The following balances were extracted from its books as at 31st December 2017.

	Le
Purchases: Department A	720,000
Department B	520,000
Rent and rates	50,000
Commission	55,000
Insurance	5,000
Sales: Department A	1,500,000
Department B	1,250,000
Discounts received	124,000
Advertising	20,000
Salaries and wages	250,000
Depreciation	35,000
Administration and general expenses	50,000
Opening stock: Department A	150,000
Department B	100,000
Closing stock: Department A	175,000
Department B	142,000

Additional information:

Expenses are to be apportioned to the departments as follows:

- * Commission — on the basis of sales;
- * Salaries and wages — 3 : 2 for department A and B respectively;
- * Discount received — 10 % of purchases;
- * Other expenses are to be apportioned equally.

You are required to prepare a Departmental Trading, Profit and Loss Account for the year ended 31st December 2017.

[15 marks]

9. The following information was extracted from the books of *Okere Manufacturing Company* for the year ended 31st December 2016.

	\$
Stock (01/01/16): raw materials	61,450
finished goods	84,650
work-in-progress	3,140
Wages	14,150
Carriage inwards of raw materials	650
Purchases of raw materials	42,360
Royalties	1,040
Plant and machinery (\$ 50,000)	40,000
Factory expenses	11,430
Factory power	6,050
Rent	2,400
Insurance	3,000
Discount allowed	1,430
Carriage outwards	610
Sales	292,400
Salesmen salaries	41,200
Office stationery	4,300

Additional information:

• Closing stock as at 31/12/16	\$
— raw materials	30,420
— finished goods	7,200
— work-in-progress	1,680
• Rent paid in advance	550
• Insurance outstanding	600
• Office stationery accrued	700
• Depreciation on plant and machinery at 10 % per annum on cost	

You are required to prepare Manufacturing, Trading, Profit and Loss
Account for the year ended 31st December 2016.

[15 marks]

END OF ESSAY TEST

**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.**

PAPER 1

1 hour

OBJECTIVE TEST

1. Use **2B** pencil throughout.
2. On the pre-printed answer sheet, check that the following details are **correctly** printed:
 - (a) In the space marked *Name*, check your **surname** followed by your **other names**.
 - (b) In the spaces marked *Examination*, *Year*, *Subject* and *Paper*, check 'WASSCE', 'SC 2020', 'FINANCIAL ACCOUNTING', and '1' in that order.
 - (c) In the box marked *Index Number*, your **index number** has been printed vertically in the spaces on the left-hand side, and each numbered space has been shaded in line with each digit. **Reshade** each of the shaded spaces.
 - (d) In the box marked *Subject Code*, the digits 104112 are printed vertically in the spaces on the left-hand side. **Reshade** the corresponding numbered spaces as you did for your index number.
3. An example is given below. This is for a male candidate whose *name* is Elliot Kofi AGBANA. His *index number* is 7102143958 and he is offering *Financial Accounting* 1.

**THE WEST AFRICAN EXAMINATIONS COUNCIL
ANSWER SHEET**

PRINT IN BLOCK LETTERS		GHA	
Name: <u>AGBANA ELLIOT KOFI</u>			
Examination: <u>WASSCE</u>		Year: <u>SC 2020</u>	
Subject: <u>FINANCIAL ACCOUNTING</u>		Paper: <u>1</u>	

1. Use grade 2B pencil throughout.
2. Answer each question by choosing one letter and shading it like **A** **B** **C** **D** **E**
3. Erase completely any answer 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.

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

SUBJECT 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

For Supervisors only
If candidate is absent
shade this space ☐

Answer **all** the questions.

1 hour

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

The correct answer is Paying-in slip, which is lettered B, and 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. A debit entry in a fixed asset account represents
 - A. an increase in the fixed asset account.
 - B. a decrease in the fixed asset account.
 - C. a profit on disposal of the fixed asset.
 - D. a loss on disposal of the fixed asset.
2. When bank charges are discovered in a bank statement, the adjustment is effected in the
 - A. bank reconciliation statement.
 - B. cash book.
 - C. suspense account.
 - D. bank loan account.
3. The double entry for interest on drawings by partners is: debit
 - A. Partners' Current Account; credit Appropriation Account.
 - B. Profit and Loss Account; credit Interest Account.
 - C. Appropriation Account; credit Partners' Current Account.
 - D. Interest Account; credit Profit and Loss Account.
4. A credit purchase of GH¢ 200 from Osae was posted to the account of Osei. This is an error of
 - A. principle.
 - B. commission.
 - C. omission.
 - D. original entry.

Use the following information to answer questions 5 and 6.

	Le
Provision for doubtful debts	1,000 Cr
Bad debts	500 Dr
Debtors	50,000 Dr
Additional bad debts to be written off	500
New provision for doubtful debts to stand at 5 % of debtors	

5. The net figure for debtors in the balance sheet is
 A. Le 47,025.
 B. Le 46,550.
 C. Le 45,600.
 D. Le 45,500.
6. The provision for doubtful debts to be charged to the profit and loss account is
 A. Le 2,500.
 B. Le 2,475.
 C. Le 2,450.
 D. Le 1,000.
7. An office equipment bought for use was found to be defective and returned to the supplier. The subsidiary book to record this transaction is
 A. returns outwards journal.
 B. returns inwards journal.
 C. purchases journal.
 D. general journal.
8. In a situation of incomplete records, profit is determined as
 A. closing capital – drawings + opening capital.
 B. closing capital – drawings – opening capital.
 C. closing capital + drawings – opening capital.
 D. closing capital + drawings + opening capital.
9. The document which serves as authority to incur expenditure in public sector accounting is
 A. warrant.
 B. vote.
 C. budget.
 D. voucher.
10. A debit balance of GH¢ 420 on the purchases ledger control account means that the
 A. trade creditors were overpaid by GH¢ 420.
 B. trade creditors are owed GH¢ 420.
 C. goods returned to trade creditors amounted to GH¢ 420.
 D. total supplies from trade creditors amounted to GH¢ 420.
11. A total of D 9,160 from sales day book was entered in the sales account as D 9,610. To correct this error: debit
 A. Sales Account D 450; credit Sales Day Book D 450.
 B. Sales Day Book D 450; credit Sales Account D 450.
 C. Sales Account D 450; credit Suspense Account D 450.
 D. Suspense Account D 450; credit Sales Account D 450.

Use the following information to answer questions 12 to 14.

Atah, Bubu and Chikum were in partnership sharing profits and losses in proportion to their capital contributions:

	₦	₦
	Capital	Drawings
Ata	40,000	8,000
Bubu	30,000	5,000
Chikum	20,000	—

Net profit for the year was ₦40,500 and interest on capital was 5 % per annum.

12. The profit available for sharing by the partners is
 A. ₦90,000.
 B. ₦40,500.
 C. ₦36,000.
 D. ₦27,500.
13. The balance in Chikum's current account is
 A. ₦14,000.
 B. ₦ 9,000.
 C. ₦ 8,000.
 D. ₦ 4,000.
14. Bubu's share of profit is
 A. ₦16,000.
 B. ₦12,000.
 C. ₦ 8,000.
 D. ₦ 4,000.
15. Recognition of profit when goods are sold and the buyer takes ownership of them is in line with
 A. realization concept.
 B. matching concept.
 C. business entity concept.
 D. going concern concept.
16. The purpose of preparing trading account is to ascertain
 A. average stock.
 B. gross profit.
 C. cost of goods sold.
 D. cost of goods available for sale.
17. A trader adds 25 % on cost as profit. The profit on sales of \$ 300,000 would be
 A. \$ 75,000.
 B. \$ 60,000.
 C. \$ 50,000.
 D. \$ 25,000.
18. The accounting concept which distinguishes an enterprise from its owners is
 A. money measurement concept.
 B. dual aspect concept.
 C. going concern concept.
 D. business entity concept.
19. Eze introduces his private car into his business. The aspect of accounting equation of the business that would be affected are
 A. Assets and Capital.
 B. Capital and Profit.
 C. Liabilities and Assets.
 D. Capital and Liabilities.
20. Debtors and credit sales for a period are D 120,000 and D 600,000 respectively. The debtors' payment period would be
 A. 1,825 days.
 B. 365 days.
 C. 73 days.
 D. 5 days.

Use the following information to answer questions 21 to 23.

Receipts and Payments Account of *Abaluare Youth Club* for the year ended 31st December 2018.

	₦		₦
Balance b/f	650,000	Wages and salaries	2,400,000
Subscriptions	9,660,000	Rent and rates	600,000
Annual dance tickets	1,500,000	Anniversary dance expenses	955,000
Donations	800,000	Travelling expenses	140,000
		Kitchen equipment	4,000,000
		Balance c/d	<u>4,515,000</u>
	<u>12,610,000</u>		<u>12,610,000</u>

Subscriptions for 2017 and 2019 received during the year were ₦180,000 and ₦150,000 respectively.

21. Subscriptions credited to Income and Expenditure Account for 2018 was
 - A. ₦9,990,000.
 - B. ₦9,690,000.
 - C. ₦9,630,000.
 - D. ₦9,330,000.
22. The total expenses debited to Income and Expenditure Account for 2018 was
 - A. ₦12,610,000.
 - B. ₦8,095,000.
 - C. ₦4,515,000.
 - D. ₦4,095,000.
23. The surplus for the year 2018 was
 - A. ₦7,865,000.
 - B. ₦7,535,000.
 - C. ₦5,845,000.
 - D. ₦5,235,000.
24. A **non-cash expense** chargeable against profit and loss account is
 - A. insurance payable.
 - B. debenture interest.
 - C. provision for doubtful debts.
 - D. rent and rates.
25. The cost incurred on goods purchased for production which can be traced to a particular production unit is classified as
 - A. direct labour.
 - B. direct expenses.
 - C. direct materials.
 - D. factory overhead.

Use the following information to answer questions 26 and 27.

A manufacturing company's cost of production was D 200,000. The finished goods were transferred to the warehouse at D 220,000. At the end of the year, 9 % of these goods were still in stock.

26. The value of closing stock of finished goods in the trading account is
 - A. D 37,800.
 - B. D 20,000.
 - C. D 19,800.
 - D. D 18,000.

27. The value of closing stock of finished goods that would be shown in the balance sheet is
- D 37,800.
 - D 20,000.
 - D 19,800.
 - D 18,000.
28. Items shown in manufacturing account include:
- Purchases of raw materials.
 - Purchases of finished goods,
 - Carriage inwards,
 - Carriage outwards.
- I and II only
 - I and III only
 - I, II and III only
 - I, III and IV only

Use the following information to answer questions 29 to 31.

Kwamenah bought goods worth Le 50,000 from *Doe and Sons Limited* on the following terms:

3 % trade discount; 10 % cash discount.

Kwamenah returned defective goods worth Le 8,000 the next day and made payment for the remaining goods on the due date.

29. The cash paid by Kwamenah was
- Le 43,650.
 - Le 43,500.
 - Le 37,800.
 - Le 36,660.
30. Kwamenah would record the 10 % discount in the
- sales journal.
 - cash book.
 - purchases journal.
 - journal proper.
31. Doe and Sons Limited would enter the 3 % discount in the
- sales journal.
 - cash book.
 - purchases journal.
 - journal proper.
32. A partner who contributes capital but does not participate in the day-to-day running of the business is
- an active partner.
 - a limited partner.
 - a nominal partner.
 - a sleeping partner.
33. An example of real account is
- Computer Repairs Account.
 - Computer Insurance Account.
 - Office Computer Account.
 - Depreciation of Computer Account.

34. The concept that guides a firm to adopt a regular method of recording transactions in its books over a period is
- periodicity concept.
 - consistency concept.
 - going concern concept.
 - historical cost concept.
35. A business extracted its trial balance and discovered that the total of the credit side exceeded the total of the debit side. Pending further investigation, the difference would be
- credited to Suspense Account.
 - debited to Suspense Account.
 - credited to Profit and Loss Account.
 - debited to Profit and Loss Account.

Use the following information to answer questions 36 to 38.

Cash Book of Ogidigbi Enterprises			
	GH¢		GH¢
Balance b/f	127,000	Salaries	142,000
Amount received from debtors	409,000	Electricity	238,000
		Stationery	126,000
		Balance c/d	30,000
	<u>536,000</u>		<u>536,000</u>

Other balances were as follows:

	01/01/2017	31/12/2017
	GH¢	GH¢
Salaries owing	40,000	55,000
Electricity prepaid	58,000	60,000
Stationery outstanding	49,000	36,000

36. The salaries that would be charged to Profit and Loss Account for the year 2017 is
- GH¢ 197,000.
 - GH¢ 157,000.
 - GH¢ 142,000.
 - GH¢ 127,000.
37. The electricity that would be charged to Profit and Loss Account for the year 2017 is
- GH¢ 296,000.
 - GH¢ 240,000.
 - GH¢ 238,000.
 - GH¢ 236,000.
38. The stationery that would be shown in the Balance Sheet as at 31st December 2017 is
- GH¢ 139,000.
 - GH¢ 113,000.
 - GH¢ 36,000.
 - GH¢ 13,000.
39. Accounting equation of a business shows the
- current assets and current liabilities only.
 - difference between current assets and liabilities.
 - assets and the sources of financing them.
 - owners' interest in the business only.

40. The internal users of accounting information are the
 A. creditors.
 B. employees.
 C. investors.
 D. customers.
41. A computer set bought for ₦ 150,000 was disposed for ₦ 45,000 after some years of use. The profit on disposal was ₦ 7,500. Accumulated depreciation at the time of disposal was
 A. ₦ 112,500.
 B. ₦ 105,000.
 C. ₦ 97,500.
 D. ₦ 37,500.
42. Accumulated fund of a club is equivalent to its
 A. net worth.
 B. gross worth.
 C. total assets.
 D. total liabilities.

Use the following information to answer questions 43 to 45.

Stock 01/01/2018:	GH¢
– Sportswear	11,400
– Cosmetics	28,500
Purchases:	
– Sportswear	80,000
– Cosmetics	120,000
Sales:	
– Sportswear	150,000
– Cosmetics	250,000
Wages paid:	
– Sportswear	7,600
– Cosmetics	6,500
Stock 31/12/2018:	
– Sportswear	15,200
– Cosmetics	27,600

43. The cost of sales for Sportswear Department was
 A. GH¢ 127,400.
 B. GH¢ 120,900.
 C. GH¢ 83,800.
 D. GH¢ 76,200.
44. The cost of sales for Cosmetics Department was
 A. GH¢ 127,400.
 B. GH¢ 120,900.
 C. GH¢ 83,800.
 D. GH¢ 76,200.
45. The gross profit for Sportswear Department was
 A. GH¢ 76,200.
 B. GH¢ 73,800.
 C. GH¢ 66,200.
 D. GH¢ 58,600.

46. Income received in advance is treated in the balance sheet as a
A. current liability.
B. current asset.
C. long-term liability.
D. fixed asset.
47. Discount allowed ₦ 2,000; Bad debts ₦ 1,000; Cheque received from customers ₦ 24,000; Returns inwards ₦ 500; Sales ledger balance at the beginning ₦ 2,000. The amount of sales is
A. ₦ 29,500.
B. ₦ 26,000.
C. ₦ 25,500.
D. ₦ 24,000.
48. The document which contains the internal regulations of a limited liability company is the
A. Certificate of Incorporation.
B. Prospectus.
C. Article of Association.
D. Memorandum of Association.
49. The excess of net assets acquired over purchase consideration is
A. capital reserve.
B. goodwill.
C. purchase price.
D. discount.
50. A method of charging depreciation at a fixed percentage of the net book value is
A. straight line method.
B. reducing balance method.
C. sum of the years' digits method.
D. revaluation method.

END OF PAPER