

SC1042
WASSCE 2021
FINANCIAL
ACCOUNTING 2 **2**
Essay
2 ½ hours

INDE

- ❖ PAST QUESTIONS
- ❖ QUIZZES
- ❖ REVISION NOTES
- ❖ SYLLABUS / CHIEF EXAMINERS' REPORT
- ❖ LESSON NOTES
- ❖ FREE COURSES
- ❖ CAREER / SCHOLARSHIP OPPORTUNITIES
- ❖ STUDENT NEWS

DATE: _____

THE WEST AFRICAN EXAMINATIONS COUNCIL
West African Senior School Certificate Examination
for School Candidates

SC 2021

FINANCIAL ACCOUNTING 2

2 ½ hours

ESSAY
[75 marks]

INSTRUCTIONS TO CANDIDATES

1. In the spaces provided above, write your **name**, **full index number**, normal **signature** and the **date of examination**.
2. This booklet consists of **two** sections; **A** and **B**. Answer **five** questions in **all**: **two** question **only** from section **A** and **three** questions from section **B**.
3. Write the **question number**, your **name** and **index number** at the top of each page.
4. Write on both sides of the paper unless otherwise instructed on the question paper.
5. Begin **each** answer to a question on a fresh page. Leave two lines between answers where there are sub-sections to the same question.
6. On **no account** should you tear off any part of the booklet.
It is an examination malpractice to do so. The answer booklet will be collected at the end of the examination.
7. Write in the space provided below, the **NUMBER OF THE QUESTIONS YOU HAVE ANSWERED** in the order in which you have written them.

For Examiner's Use ONLY	
Question No.	Mark
Total	

IndexNumber:.....

PAPER 2

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

ESSAY

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) What are *accounting concepts*? [3 marks]
(b) Explain the following accounting concepts:
(i) *business entity*;
(ii) *accrual*;
(iii) *going concern*;
(iv) *consistency*;
(v) *periodicity*;
(vi) *historical cost*. [12 marks]
2. (a) Explain the operation of petty cash book using the imprest system. [3 marks]
(b) Outline two disadvantages of the imprest system of keeping petty cash book. [4 marks]
(c) State four uses of a petty cash voucher. [8 marks]
3. (a) Explain the following terms as used in accounts of not-for-profit making organizations:
(i) *entrance fees*; [2 marks]
(ii) *subscriptions*. [3 marks]
(b) State five features of Income and Expenditure Account. [10 marks]
4. (a) What is a *bank reconciliation statement*? [3 marks]
(b) Explain the following terms:
(i) *bank charges*;
(ii) *standing order*;
(iii) *credit transfer*;
(iv) *dishonoured cheques*;
(v) *unpresented cheques*;
(vi) *uncredited cheques*. [12 marks]

Index Number:

SECTION B

FINANCIAL ACCOUNTING PRACTICE

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

5. *Oluchi* is a trader who does not keep a complete set of accounting records but is able to provide the following information about her business:

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	1st January 2019	31st December 2019
	₦	₦
Debtors	190,000	230,000
Creditors	120,000	90,000
Bank	68,000	124,000
Fittings	150,000	135,000
Stock	124,000	140,000
Expenses accrued	22,000	18,000
Rent prepaid	200,000	100,000

Cash sales were deposited to the bank after payment for expenses of ₦ 66,000 and drawings of ₦ 30,000.

Her bank account showed the following:

Bank Account as at 31st December 2019

	₦		₦
Balance b/f (1/1/19)	68,000	Payment to supplier	320,000
Receipts from customers	236,000	Expenses	58,000
Cash deposits from sales	198,000	Balance c/d	124,000
	<u>502,000</u>		<u>502,000</u>

You are required to prepare:

(a) Total Debtors Account;

(b) Sales Account;

(c) Total Creditors Account;

(d) Trading, Profit and Loss Account for the year ended 31st December 2019.

[15 marks]

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IndexNumber:.....

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6. *Sesay* operates a shop with two Departments A and B. The following balances were extracted from his books at 31st December 2019.

	Dr GH¢	Cr GH¢
Sales: Department A		30,000
Department B		20,000
Stock: Department A (01/01/19)	500	
Department B (01/01/19)	400	
Purchases : Department A	23,600	
Department B	16,400	
Wages of Sales Assistants:		
Department A	2,000	
Department B	1,500	
Delivery Expenses (Department A)	300	
Common Expenses:		
General office salaries	1,500	
Rates	260	
Fire insurance	100	
Electricity	240	
Repairs to premises	500	
Telephone	500	
Cleaning	600	
Auditing charges	2,400	
Stationery	1,200	

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Additional Information:

- * Stock at 31st December 2019 were valued at Department A GH¢ 600, Department B GH¢ 300.
- * General office salaries, telephone, audit charges and stationery are to be apportioned on the basis of sales.
- * All other common expenses are to be apportioned as follows:

Department A	one-fifth
Department B	four-fifth

You are required to prepare:

Sesay's Departmental, Trading, Profit and Loss Account for the year ended 31st December 2019.

[15 marks]

Index Number:.....

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7. *Ologun Trading Enterprises* supplies goods to its Enugu branch.

The following transactions were recorded with the branch in December 2019.

- (i) On 1st December 2019, goods costing *D* 24,000 were invoiced to the branch at cost plus 33⅓%.
- (ii) At the end of the month, the branch returns showed that sales were *D* 20,000.
- (iii) Goods invoiced at *D* 320 were returned to the head office.
- (iv) Closing stock at the branch was *D* 11,520 at selling price.

You are required to prepare in the head office books, the following Accounts:

- (a) Goods sent to Branch Accounts;
- (b) Branch Stock Account;
- (c) Branch Adjustment Account.

[15 marks]

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Index Number:

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8. Loly and Willy were in partnership sharing profits and losses in the ratio of 3:2 respectively. The Balance sheet as at 31/12/2019 is as follows:

Balance Sheet as at 31st December 2019					
	Le	Le		Le	Le
<u>Capital:</u>			<u>Fixed Assets:</u>		
Loly	200,000		Plants & machinery	240,000	
Willy	<u>150,000</u>	350,000	Furniture & fittings	80,000	
Loan		100,000	Motor vehicles	<u>30,000</u>	350,000
<u>Current Liabilities:</u>			<u>Current Assets:</u>		
Creditors		90,000	Stock		50,000
			Debtors	60,000	
			Less: provision for doubtful debts	<u>5,000</u>	55,000
			Cash	<u>85,000</u>	<u>190,000</u>
		<u>540,000</u>			<u>540,000</u>

Additional information:

Joe was admitted into the business on the following terms:

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- * plants and machinery was revalued at Le 300,000;
- * furniture and fittings was revalued at Le 60,000;
- * stock was reduced by Le 10,000;
- * provision for doubtful debts was increased to Le 7,000;
- * Loly took over one of the motor vehicles for Le 10,000;
- * Joe contributed Le 100,000 as capital and paid Le 75,000 for goodwill which was shared among the old partners.

You are required to prepare:

- (a) Revaluation Account;
- (b) Capital Account;
- (c) Balance Sheet after the admission of Joe.

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[15 marks]

Index Number:.....

9. The authorised capital of *Babs Company Limited* is 200,000 ordinary share. The company decided to issue 180,000 of the share at \$ 2 on the following terms:

\$ 0.40 on application;
\$ 0.70 on allotment;
\$ 0.90 on first and final call.

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Applications were received for 200,000 shares on June 20, 2019 and allotments made on June 30, 2019 on which date, excess application monies were returned to unsuccessful applicants.

First and final call was made on July 26, 2019. All instalments were received on due dates.

You are required to prepare:

- (a) Bank Account;
- (b) Ordinary Share Application Account;
- (c) Allotment Account;
- (d) First and Final Call Account;
- (e) Ordinary Share Capital Account.

[15 marks]

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END OF PAPER