

QUESTION 1

- (a) An error is an irregularity in the accounting records that renders the financial statements not valid.

Required:

- i. List **five (5)** accounting errors that do not affect the agreement of the trial balance. **(5 marks)**
- ii. List **five (5)** accounting errors that affect the agreement of the trial balance. **(5 marks)**
- (b) The trial balance of Yepe Enterprise as at 31st March, 2012 was balanced by the inclusion of the debit balance difference of GHC5,000.
- Further investigations revealed the following errors:
- (1) The total sales day book for March 2012 had been overstated by GHC4,500.
 - (2) Discount received of GHC2,500 in January 2012 had been posted to the debit of the discount allowed account.
 - (3) Payment by cheque to a creditor for GHC3,150 had been entered in the cash book as GHC1,350.
 - (4) Wages of GHC4,200 paid in the month of March had not been posted from the cash book.
 - (5) In March 2012, purchases of new equipment amounting to GHC10,000 had been debited to the purchases account.
 - (6) A remittance of GHC2,700 received from a credit customer in March 2012, had been credited to the sales account.
 - (7) The proprietor of Yepe Enterprise withdrew a cheque of GHC1,400 for his personal use. The bank account and the drawings account were both credited.

Required:

Pass journal entries to correct each of the errors discovered.

(10 marks)

Note: No narration is required.

(Total: 20 marks)

QUESTION 2

The following is the receipt and payments account of the Agblobgoshie Drivers Union for the year ended 30th June 2012.

	<u>GHC</u>		<u>GHC</u>
Balance at bank 30/6/2011	4,590	Printing of tickets	199,530
Registration fees	1,890	Salaries and wages	18,720
Membership dues received	16,425	Rent and rates	8,370
Ticket sales	235,215	Electricity bills	5,760
Sale of office car	33,750	Insurance	810
		Miscellaneous expenses	2,070
		Stationery	1,485
		Payments on account of office equipment	20,250
		Balance at bank 30/6/2012	<u>34,875</u>
	<u>291,870</u>		<u>291,870</u>

The following additional information is also available.

	1 July 2011	30 June 2012
	<u>GHC</u>	<u>GHC</u>
(1) Stock of tickets at cost	12,240	14,175
Creditors for tickets supplied	13,770	16,110
Rent and rents owing	810	1,620
Electricity bills due	720	855
Membership dues outstanding	1,125	1,800
Insurance paid in advance	225	315

(2) Membership dues received during the year is made up of:

	<u>GHC</u>
1 July 2010 - 30/6/2011	1,125
1 July 2011 - 30/6/2012	13,725
1 July 2012 - 30/6/2013	<u>1,575</u>
	<u>16,425</u>

(3) On 1st July 2011, the Union had an office car which had a carrying value of GHC22,500. During the year ended 30th June 2012, the car was sold for GHC33,750.

(4) Office equipment was valued at GHC13,500 on 1 July 2011. On 1st January 2012, the Union bought an additional equipment at a cost of GHC23,400. Depreciation of equipment is to be provided at the rate of 10% per annum, on monthly basis.

Required:

- (a) Prepare an Income Statement for the year ended 30th June 2012.
- (b) Prepare Statement of Financial Position as at 30th June 2012.

20 marks

QUESTION 3

- (a) Extracts from the books of AB Ltd show the following balances for the month of September 2012.

		GHC
Sales ledger balances 01/09/2012		
	Debit	25,400
	Credit	500
Purchases ledger balances 01/09/2012		
	Debit	400
	Credit	18,250
Total for the month to 30 th September 2012:		
Purchases on credit		100,250
Sales on credit		135,720
Payment to credit suppliers		85,000
Cheques from credit customers		105,150
Bad debt written off		2,500
Discount allowed		15,000
Discount received		8,500
Returns inwards		5,500
Returns outwards		6,700
Balances on the sales ledger set off against balances in the purchases ledger		14,000
Cash purchases		18,950
Sales ledger - Credit balance at 30 th Sept. 2012		5,000
Purchases ledger - Debit balance at 30 th Sept. 2012		4,500

Required:

Prepare the Sales Ledger Control Account and the Purchases Ledger Control Account for the month ending 30th September 2012.

(16 marks)

- (b) State **two (2)** advantages of preparing Control Accounts

(4 marks)

(Total: 20 marks)

QUESTION 4

You are given the trial balance of Twumasi Ltd as on 31st December, 2011 as follows:

	DR <u>GHC</u>	CR <u>GHC</u>
Stated Capital (issued at GHC1 per share)		425,000
Receivables & Payables	154,000	90,000
Inventory 31 st December, 2010	68,000	
Bank	210,000	
Premises at cost	288,700	
Machinery at cost	125,000	
Motor Vehicles at cost	105,000	
Depreciation Provision at 31/12/2011		
Premises		54,000
Machinery		36,000
Motor Vehicles		21,000
Income Surplus (at 31/12/2011)		52,000
Directors' Remuneration	76,000	
Sales		890,000
Purchases	527,000	
Motor Expenses	3,800	
Wages & Salaries	4,600	
Repairs to Machinery	2,900	
Sundry Expenses	3,000	
	<u>1,568,000</u>	<u>1,568,000</u>

You are given the following additional information.

- (1) Inventory at 31st December, 2011 was GHC88,000
- (2) Motor expenses owing amounted to GHC150
- (3) The directors recommended an interim dividend of 10 pesewas (GHC0.10) per share to be paid in November 2011. This was paid but has not been recorded in the financial records.
- (4) Depreciation should be charged at the rates of:

Motor vehicles:	25% on cost
Premises	5% on cost

You are required to draw up the Income Statement for the year ending 31st December, 2011 and a Statement of Financial Position as at 31 December, 2011.

20 marks

QUESTION 5

The following are extracts from the cash and bank statements of IBQ Ltd for the month of April, 2012.

Cash Book

<u>Date</u>		<u>DR</u> <u>GHC</u>	<u>Date</u>		<u>CR</u> <u>GHC</u>
April 1	Balance b/d	60,000	April 2	Yaw Djan	2,200
“ 7	Mark Aboagye	14,000	“ 11	Essuman	5,120
“ 13	Yaa Kesewaa	4,900	“ 17	Osa Agyei	7,600
“ 16	Peter Mensah	9,780	“ 25	Martyey	1,840
“ 27	Selasi Kofi	<u>3,800</u>	“ 30	Balance c/d	<u>75,720</u>
		<u>92,480</u>			<u>92,480</u>

Bank Statement

	<u>Details</u>	<u>DR</u> <u>GHC</u>	<u>CR</u> <u>GHC</u>	<u>Balance</u> <u>GHC</u>
April 1	Balance b/d			60,000
“ 3	Yaw Djan	2,200		57,800
“ 7	Mark Aboagye		14,000	71,800
“ 13	Essuman	5,120		66,680
“ 13	Yaa Kesewaa		4,900	71,580
“ 19	Credit transfer – Nii		900	72,480
“ 22	Peter Mensah		9,780	82,260
“ 30	Bank charges	160		82,100
“ 30	Insurance	1,250		80,850
“ 30	Provident Fund	2,570		78,280

You are required to:

- Write the adjusted cash book as at 30th April, 2012.
- Draw up a bank reconciliation statement as at 30th April, 2012.

20 marks