

**CAMEROON GENERAL CERTIFICATE OF EDUCATION BOARD**

General Certificate of Education Examination

**JUNE 2016**

**ADVANCED LEVEL**

Subject Title	ACCOUNTING
Paper No./Title	3 – Financial Accounting
Subject Code No.	0705

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**Three Hours**

**Answer FIVE questions. Choosing THREE from Section A and TWO from Section B**

Official OHADA accounting plans are allowed.

**In calculations, you MUST show all steps in your workings.**

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Turn Over

## SECTION A

(Answer Any Three Questions)

1. SAJOS Co. Ltd. keeps a bank account with BICEC bank. On 31/12/2012, the BICEC bank account kept by SAJOS Co. Ltd. shows a debit balance of 1,100,000 FCFA. The bank statement received from BICEC had an overdraft of 300,000 FCFA.

On checking the bank statement with the bank account, the following differences were noticed:

- Cheque No- 911 issued to a supplier was still on transit; amount 160,000 FCFA
- Cheque No-655 received from a customer and deposited for collection had not gone through the banking system; amount 1,900,000 FCFA
- Domiciliation of bill No- 16 was discovered on the bank statement 200,000 FCFA
- Bill No- 22 of 260,000 FCFA was recorded as 234,000 FCFA in the bank statement.
- Bank charges amounted to 34,000 FCFA
- Customer's transfer of 600,000 FCFA was recorded by the bank to the favour of SAJOS Co. Ltd.

**Required:**

- (a) Present the bank reconciliation statement as at 31/12/ 2013 (use **Appendix 1**) (12 marks)
- (b) Make the adjustment entries of the bank reconciliation (6 marks)
- (c) State two reasons why the balance of the bank account differs from that of the bank statement (2 marks)
- (Total – 20 marks)**

2. The balance sheet of ASANG PLC is given as follows for different financial periods ending 31<sup>st</sup> December:

	000 FCFA	31/12/2012 000 FCFA	000 FCFA	31/12/2013 000 FCFA
<b>Fixed asset:</b>				
Land	20,000		20,000	
Building	150,000		135,000	
Equipment	70,000	240,000	59,500	214,500
<b>Current Assets:</b>				
Stock	30,000		53,000	
Debtors	45,000		40,000	
Prepayments	6,000		17,000	
Bank and cash	2,300		13,000	
	83,300		123,000	
<b>Current liabilities</b>				
Creditors	60,000		57,000	
Accruals	-----		500	
Corporation tax	800		2,000	
Proposed dividend	2,500		3,000	
	(63,300)		(62,500)	
<b>Working capital</b>		20,000		60,500
<b>Capital employed</b>		<b>260,000</b>		<b>275,000</b>
<b>Financed by:</b>				
<b>Equity:</b>				
Ordinary share capital	150,000		160,000	
Share premium	-----		1,500	
Reserves	100,000		104,000	
Profit retained	8,000	258,000	8,400	273,900
<b>Long term liabilities:</b>				
Debenture		2,000		1,100
<b>Capital employed</b>		<b>260,000</b>		<b>275,000</b>



*Additional information:*

- (i) Dividends and taxes of one year are paid in the following year. No fixed assets were sold or purchased.
- (ii) 1,000 ordinary shares of 10,000 FCFA each were issued at 11,500 FCFA each and were fully paid up by cash.

**Required:**

Prepare a cash flow statement as at 31/12/2013 for the company in conformity with IAS 7.

(Total = 20 marks)

3. The trial balance below is extracted from the books of NANA PLC as at 31/12/2011.

	DR	CR
	FCFA (000)	FCFA (000)
Capital 1/1/2011		12,000
Freehold premises	4,000	
Motor vehicles	3,000	
Stock at 1/1/2011	9,000	
Purchases	14,750	
Sales		30,258
Sales Returns	370	
Wages	2,634	
Salaries	900	
Rates	230	
Office expenses	1,100	
Sundry debtors	3,600	
Sundry creditors		2,680
Cash at Bank	4,270	
Cash in hand	456	
Bad debts	156	
Discounts	70	164
Loan		3,000
Drawings	1,060	
Fixtures and fitting	1,700	
Carriage inwards	350	
Carriage outwards	456	
	<b>48,102</b>	<b>48,102</b>

*Additional information:*

- (i) The stock at 31/12/2011 was valued at 10,500,000 FCFA.
- (ii) The following expenses were accrued:
  - Wages 70,000 FCFA
  - Office expenses 30,000 FCFA
- (iii) Rate are prepaid to the extent of 50,000 FCFA
- (iv) Depreciation to be charged on premises at 5 % and on vehicles at 20 %.
- (v) Fixtures and fittings are to be re-valued at 1,400,000 FCFA.
- (vi) Provision should be made for doubtful debts at 5 % of sundry debtors.

**Required:**

- (a) Prepare a statement of Income for the year ended 31/12/2011.
- (b) Prepare a statement of Financial Position as at 31/12/2011.

(10 marks)

(10 marks)

(In every case use vertical format)

(Total = 20 marks)



4. On the 1/2/2013, EBONG CO Ltd., P.O. Box 111 Bamenda purchased raw materials worth 1,500,000 FCFA from TIMTIM and Sons, P.O. Box 051 Tikou, Invoice No- S01 was issued on the same date with the following trade terms:

- Trade discounts 12 % and 10 %
- Cash discounts 8 %
- Commercial containers 25,000 FCFA
- Transport invoiced 12,040 FCFA
- VAT rate is 19.25 %

On 2/2/2013, a bill No- B 02 was accepted for the settlement of Invoice No- S 01 to be matured on 28/2/2013. Bill No- B 02, which was sent for domiciliation at BICEC, could not be settled on the due date. It was withdrawn and replaced by Bill No-B 19 with a new nominal value and maturity date of 5/4/2013. Renewal charges amounted to 40,000 FCFA and interest is charged for lateness at 40 % per annum

**Required:**

- (a) Establish Invoice No-S 01 (9 marks)  
 (b) Determine the face value of Bill No- B 02 and Bill No-B 19 (4.5 marks)  
 (c) Make the necessary classical journal entries in the books of EBONG CO Ltd. (6.5 marks)

(Total = 20 marks)

**SECTION B**

*(Answer Any Two Questions)*

5. On 31/12/2012, the extract of GAM Ltd. balance sheet is as follows:

A/c No	Account name	Amount (FCFA)
1013	Subscribed capital called up, paid but not redeemed	5,000,000
131	Net profit for the year	1,200,000

Fiscal analysis of expenses and revenues for the financial year 2012 revealed the following:

- The company remunerated the current account of James at the rate of 15 % per annum. The central Bank rate is constant at 9 % per annum.
- The company donated 80,000 FCFA to MBOM handicraft centre in Yaounde-Cameroon.
- The provision for paid leave amounted to 50,000 FCFA.
- The transport equipment brought by James was depreciated at a constant rate of 25 %. The fiscal rate is 20 %.
- Revenues amounting to 20,000 FCFA were exonerated from company tax.
- Annual turnover for the year 2012 is 4,500,000 FCFA.

**Required:**

- (a) Calculate the taxable profit for the year ended 2012. (12 marks)  
 (b) Determine the company tax due for the year 2012 and state the latest date of its payment. (8 marks)

(Total = 20 marks)

6. DEPAM enterprise is a Plc created on the 1<sup>st</sup> of January 2011 with a capital of 600,000,000 FCFA divided into shares of 20,000 FCFA each. At the end of the 2012 financial year, the net accounting profit was 163,620,000 FCFA.

The General Assembly of shareholders has decided the following as far as the appropriation of result is concerned:

- Allocation of legal reserves of 10 %
- Allocation of statutory interests at 8 %
- Optional reserved 48,000,000 FCFA
- Super dividends per share 600 FCFA

It is mentioned that shares in cash were paid half at the creation of the company. The other half was called up and paid up on the 31<sup>st</sup> March 2012. Shares in kind represent one fourth of the shares in cash and were all paid at creation.

**Required:**

- (a) Determine the number of shares in kind and the number of shares in cash. (4 marks)
  - (b) Prepare a profit appropriation table. (10 marks)
  - (c) Make the journal entries of the appropriation of profit given that the dividends were paid by cheque on 31/3/2013. (6 marks)
- (Total = 20 marks)**

7. Ejele Company was formed with a capital of 60,000,000 FCFA divided into shares of 10,000 FCFA each. The company decided on the 10/5/2013 to make a successive double increase of capital by issuing of 2,500 shares at 14,650 FCFA, and incorporation of statutory reserve by distributing 1,500 free shares of 10,000 FCFA each. The mathematical value of a share on 1/5/2013 is 24,000 FCFA.

**Required:**

- (a) Calculate the subscription and attribution rights. (6 marks)
  - (b) Calculate the attribution and subscription right considering that the reserves was incorporated before issuing of new shares. (6 marks)
  - (c) Present the accounting recording of the increase knowing that  $\frac{3}{4}$  of cash capital was called on the 10/5/2013 and that the increase expenses were:
    - Digressive right 750,000 FCFA.
    - Remuneration of intermediary 298,125 FCFA (all paid by bank cheque on the 12/5/2013 and immobilised on 31/12/2013).
- (8 marks)**  
**(Total = 20 marks)**



**Appendix 1: For Question 1**  
*(To be handed in with the answer sheet)*

**BANK RECONCILIATION STATEMENT AS AT 31/12/2103**

Description	Bank account kept by SAJOS Co Ltd		BICEC Bank statement	
	DR. FCFA	CR. FCFA	DR. FCFA	CR. FCFA