

FINANCIAL ACCOUNTING 2
7005

GENERAL CERTIFICATE OF EDUCATION BOARD

Technical and Vocational Education Examination

JUNE 2021

ADVANCED LEVEL

Specialty Name (Specialty Code)	ACCOUNTING (ACC) / TAXATION & INFORMATION MANAGEMENT SYSTEMS (TIMS)
Subject Title	FINANCIAL ACCOUNTING
Subject Code No.	7005
Paper No.	2

Three hours

INSTRUCTIONS TO CANDIDATES

This Paper has SIX Questions. Answer Any Five

Each question carries 20 marks.

If you answer MORE THAN five (5) Questions, ONLY the first five will be marked and the other cancelled.

OHADA Charts of Accounts, CALCULATORS, and GRAPH PAPERS are ALLOWED

However, **OHADA Charts of Accounts** with explanatory notes, formulae and model entries **ARE NOT ALLOWED**

You must use **ONLY** Blue or Black ink. No answer in Pencil will be marked.

All Appendices filled or completed should be handed in with the answer booklet.

DO NOT write your name or candidate number on the appendices.

All necessary calculations must be shown.

You are reminded of the necessity for good English and orderly presentation in your answers.

You are advised to carefully read through the questions paper before you begin your answers.

Turn Over

SECTION A: OHADA FINANCIAL ACCOUNTING

1. From the trial balance before inventory of "CACAO PLC" we extracted the following as at 31/12/2020
- Ordinary customers 2,100,000 CFAF
 - Doubtful debt customers 1,420,000 CFAF
 - Impairment loss on doubtful debts 350,000 CFAF

The situation of doubtful customers is presented in the following table:

NAMES	DEBT	IMPAIRMENT LOSS CFAF	SETTLEMENT 31/12/2020 CFAF	OBSERVATION
Alao	X	200,000	727,425	For balance
Aladi	Y	30,000	274,275	For balance
Akanni	Z	120,000	166,950	We hope for 300,000 for Balance

The settlements made by bank were not recorded.

Aladi's claim represents one third of Alao's, while Alao's is 190,000 CFAF higher than Akanni's.

In addition, among the ordinary customers are three customers Malikath, Doris and Achabi respectively debtors of 360,000 CFAF, 180,000 CFAF and 850,000 CFAF who are in financial difficulties. The claim On Doris is totally irrecoverable. We hope to recover 300,000 CFAF from Malikath. On the other hand, Achabi has been declared bankrupt; his financial position is as follows:

- Net assets 1,700,000 CFAF
- Privileged liabilities 900,000 CFAF
- Unsecured liabilities 2,000,000 CFAF

Required:

- (i) Prepare the statement of doubtful customers as at 31/12/2020 using *appendix 1*. (12 marks)
- (ii) Journalise the adjustments for the entity. (8 marks)

NB: The Debts are exclusive of VAT while the settlements are VAT inclusive.

(Total 20 marks)

2. MARLIA Entity keeps its records such that all transactions affecting containers (drums) are held in one ledger account. At the start of the month of December 2020, the initial balance of stock of drums in quantity was 8,000. During the month of December, the following transactions took place in the entity regarding drums:
- December 06: Purchase on credit 600 drums
 - December 13: Consignment to customers on credit 1,700 drums
 - December 17: Consignment from suppliers in cash 500 drums
 - December 23: Return by customers 690 drums
 - December 28: Return to suppliers with refund of cash 200 drums
 - December 30: Lost in the warehouse through theft 150 drums
 - December 31: Kept by customers and considered sold 140 drums

Other details:

Unit costs are as follows:

- For purchase or initial stock of crates: 1,000 CFAF each.
- For each drum consigned to customers: 1,500 CFAF
- For each drum retaken from customers: 1,200 CFAF
- For each drum consigned by suppliers: 1,100 CFAF
- For each drum returned to suppliers: 1,000 CFAF
- VAT at standard rate of 19.25%.

Required:

- (i) For these transactions prepare the stock card of containers using *appendix 2*. (12 marks)
- (ii) Journalise the transactions for MARLIA Entity under perpetual inventory. (8 marks)

(Total 20 marks)

3. The following documents from AMAH Entity are provided to you for the month of December 2020.

Document 1: Account 5211 BICEC Bank as in the general ledger of AMAH Entity

Dates	Narratives	Debit	Credit	Balances
01/12/2015	Balance b/f	5,135,400		5,135,400
08/12/2015	Cheque 217 to supplier YAYA		1,141,600	3,993,800
08/12/2015	Collection of cheque from ABBA	6,501,600		10,495,400
10/12/2015	Collection of cheque from DAVID	3,000,000		13,495,400
12/12/2015	Payment of matured bills		2,400,000	11,095,400
15/12/2015	Transfer from Giro bank	7,000,000		18,095,400
16/12/2015	Cheque 210 to OLAMA		1,124,600	16,970,800
17/12/2015	Collection of cheques for cash sales	4,941,600		21,913,400
18/12/2015	Cheque 230 to NANA		2,480,200	19,432,200
20/12/2015	Cheque 232 to BABA		5,660,800	13,771,400
20/12/2015	Cheque 233 to YETNA		10,000,000	3,771,400
29/12/2015	Collection of cheques for cash sales	3,860,800		7,632,200
30/12/2015	Unpaid cheque		1,060,000	6,572,200
31/12/2015	Cheque 235 to DANAY		1,400,560	5,171,640

Document 2: Bank statement received from BICEC Bank

Dates	Narratives	Debit (CFAF)	Credit (CFAF)
01/12/2015	Balance b/f		5,135,400
02/12/2015	Transfer order/customer MIKRE		3,000,000
03/12/2015	Cheque 218	1,250,210	
05/12/2015	Cheque 219	749,790	
06/12/2015	Domiciliated bills	1,741,000	
10/12/2015	Collection of cheques		6,501,600
12/12/2015	Collection of cheques		3,000,800
13/12/2015	Standing order/ENEO	1,961,000	
15/12/2015	Domiciliated bills	2,400,000	
15/12/2015	Cheque 217	1,141,600	
17/12/2015	Giro bank transfer		7,000,000
19/12/2015	Collection of cheques		3,000,600
20/12/2015	Cheque 230 to NANA	2,480,200	
22/12/2015	Cheque 210	1,124,600	
25/12/2015	Discounted bills (nominal value 7,000,000 CFAF)		6,855,200
29/12/2015	Coupons from securities		497,800
29/12/2015	Cheque 232	5,660,800	
22/12/2015	Cheque 233	10,000,000	
31/12/2015	Credit balance	6,482,200	

Required:

- (i) Prepare the bank reconciliation using *appendix 3*.
(ii) Journalise the bank reconciliation statement for the entity.

(15 marks)

(5 marks)

(Total 20 marks)

SECTION B: INTERNATIONAL FINANCIAL ACCOUNTING

4. KAH and TAH are in Partnership sharing profit and loss in the ratio 55:45. Below is the additional information for the business:

Trial balance of KAH and TAH for the year ended 31 December, 2020		
Details	Dr (CFAF)	Cr (CFAF)
Sales		6,620,000
Purchases	4,050,000	
Return	120,000	80,000
Electricity	190,000	
Rents	240,000	
Wages and salaries	520,000	
General expenses	70,000	
Carriage inwards	90,000	
Carriage outwards	110,000	
Building	2,000,000	
Fixtures and fitting	750,000	
Receivables	1,200,000	
Payables		900,000
Bank	120,000	
Cash	940,000	
Loan (repayable in 2 years)		1,000,000
Capital account for TAH		550,000
Capital account for KAH		550,000
Current account for TAH		500,000
Current account for KAH		500,000
Stock at 1 st January 2020	300,000	
Totals	10,700,000	10,700,000

Additional information:

- Inventory as at 31 December 2020 was 550,000 CFAF.
- Both partners are entitled to a salary of 60,000 CFAF each.
- Interest on capital is 10% to be given to both partners.
- KAH and TAH withdrew 1,200,000 CFAF and 1,000,000 CFAF cash at an interest rate of 8%.

Required: Prepare:

- (i) The statement of comprehensive income of KAH and TAH for the year 31 December 2020. (12 marks)
- (ii) The appropriation account of KAH and TAH. (4 marks)
- (iii) The current account of KAH and TAH. (4 marks)

(Total 20 marks).

5. The following were the assets and liabilities of "Cameroon Youth shall Grow Club" as at December 31, 2020:

	CFAF (000)
Furniture and fittings (net)	16,340
Inventory of refreshment	4,460
Land	51,600
Subscription received in advance	4,900
Payables for drinks supplied	6,780

The receipts and payments accounts carried the following information:

Receipts and Payments Account			
	CFAF (000)		CFAF (000)
Balance on 01/01/2020	7,466	Repairs and maintenance	3,218
Donations received	500	Salaries and wages	6,309
Rent of hall	5,600	Gifts and donations	600
Members' subscription	24,000	Dance expenses	950
Sale of brochure	2,740	Refreshment supplies	19,415
Sale of dance tickets	3,500	Banners expenses	10,000
Sale of refreshment	11,200	Balance c/d	14,514
	55,006		55,006

Additional information:

- Wages of 556,000 CFAF were due but unpaid at the year-end.
- Inventories of drinks at December 31, 2020 were 14,210,000 CFAF.
- Depreciation expenses on Furniture and fittings were 1,900,000 CFAF.
- Subscription due but not paid at 31 December 2020 was 1,900,000 CFAF.

Required:

- (i) Prepare the club's income and expenditure account for the year ended 31 December 2020. (10 marks)
- (ii) Prepare a statement of financial position as at 31 December 2020. (10 marks)

(Total 20 marks)

6. HAMA is a retailer who does not keep proper accounting records for his business. On 31 December 2020, you were invited to build up accounting records from available information. After investigation, the following information was made available:-

- (i) All sales were made on cash basis at a uniform mark-up of 40% for the year 2020.
- (ii) A summary of receipts and payments based on the cash at bank account for the year ended 31 December 2020 showed the following:

Receipts	CFAF (000)	Payments	CFAF (000)
Cash deposit	26,545	Administrative expenses	2,250
		Payments to suppliers	12,800
		Drawings (by HAMA)	1,210
		Selling expenses	580
		Bank charges	210
		Land	5,000

- (iii) During 2020, selling expenses of 440,000 CFAF were paid in cash.
- (iv) The insurance company had agreed to compensate the business for 50% of some cash stolen.

(v) Balances of the business as at 31 December were as follows:

	2019 CFAF (000)	2020 CFAF (000)
Office equipment, net (with a cost of 1,875,000 CFAF)	1,500	?
Inventory	9,250	2,475
Cash at bank	3,900	?
Trade payables	1,500	2,100
Accrued administrative expenses	-	1,200
Prepaid selling expenses	200	-
Capital	13,650	-
Cash in hand	300	?(1)
(1) Cash balance before it was stolen.		

(vi) Depreciation is to be provided on office equipment at a rate of 20% per annum using the straight-line method.

Required: Prepare

(i) Income statement for the year ended 31 December 2020, showing the cash loss separately. (12 marks)

(ii) Statement of financial position as at 31 December 2020. (8 marks)

(Total 20 marks)

APPENDICES
(TO BE COMPLETED AND INCLUDED IN YOUR ANSWER BOOKLETS)

Appendix 1: Statement of Doubtful Customers (for question 1-i)

Doubtful Customers	Debt		Settlement 2020 (Incl. VAT)	Balance		Impairment		Losses	VAT to be adjusted
	Incl. VAT	Excl. VAT		Incl. VAT	Excl. VAT	2019	2020		
TOTALS									

Appendix 2: Stock card of containers (for question 2-i)

MOV'TS OF TOTAL STOCK			DATES	DETAILS	MONEMENTS IN THE WAREHOUSE			WITH CUSTOMERS	TOTAL STOCK
Purchases	Sales	Losses			Receipts	Issues	Stock		

Appendix 3: Bank Reconciliation Statement (for question 3-i)

Elements	Account 521 BICEC Bank at AMAH Entity		Bank statement at BICEC Bank	
	Dr	Cr	Dr	Cr
Balances to be reconciled				
TOTALS				