

GENERAL CERTIFICATE OF EDUCATION BOARD

General Certificate of Education Examination

ACCOUNTING 2
0505

JUNE 2022

ORDINARY LEVEL

| | |
|------------------|------------|
| Subject Title | Accounting |
| Paper No. | 2 |
| Subject Code No. | 0505 |

Three hours

This paper comprises two Sections: Sections A and B.

Each question in Sections A and B carries 20 marks.

Candidates are required to answer any THREE (3) questions from Section A and any TWO (2) questions from Section B.

In Section A, if a candidate answers more than THREE (3) questions, only the first THREE (3) answers presented will be marked meanwhile, the other answers will be cancelled.

In a like manner, in Section B, only the first TWO (2) answers presented will be marked meanwhile, the other answer will be cancelled.

Candidates are authorised to use OHADA ACCOUNTING CHARTS and NON PROGRAMMABLE CALCULATORS.

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

All appendices filled or completed shall be handed in with answer booklets.

All necessary calculations must be shown.

Candidates are reminded of the necessity for good English and orderly presentation in their work.

Turn Over

SECTION A
(OHADA ACCOUNTING APPROACH)

Answer any **THREE** questions in this Section. Each question carries **20** marks.

1. Precious entity has the following assets and liabilities as at January 1, 2007:

| Assets | | Capital and Liabilities | |
|------------------------|-----------|-------------------------|-----------|
| Items | F CFA | Items | F CFA |
| Furniture and fittings | 240,000 | Capital | 5,000,000 |
| Equipment | 2,100,000 | Trade Suppliers | 900,000 |
| Cash in hand | 400,000 | Bank loan | 100,000 |
| Inventory | 2,360,000 | | |
| Trade receivables | 700,000 | | |
| Bank balance | 200,000 | | |

In the month of January 2017, Precious entity carried out the following transactions:

| | F CFA |
|--|---------|
| 10 th : Bought goods on credit | 950,000 |
| Transport cost of goods bought (paid by supplier) | 850,000 |
| 12 th : sold goods for cash | 147,000 |
| 13 th : credit sales of goods to Njua | 250,000 |
| Paid transport expense on behalf of customer Njua by cash | 3,000 |
| 16 th : paid an advance to suppliers of goods by cash | 300,000 |
| Received cash from customer Njua | 200,000 |
| 24 th : Paid electricity bills by cash | 17,000 |
| 28 th : sold goods and received cash for immediate settlement | 250,000 |

Required:

- (i) Record the above transactions in the classical journal of Precious entity for the month (12 marks)
 (ii) Post the journal into the ledger for the month (8 marks)
(Total 20 marks)

2. GOSHEN is a Public Limited Company that imports supplies study Bibles. An extract from the company's books for the year 2018 were as follows:

| A/C | EXPENSES | F CFA | A/C | REVENUES | F CFA |
|-----|------------------------------|-----------|-----|-------------------------|-----------|
| 601 | Purchase of goods | 1,062,580 | 701 | Sales of goods | 3,754,570 |
| 603 | Variations of stock of goods | 279,000 | 71 | Operating subsidies | 100,000 |
| 65 | Other expenses | 4,730 | 75 | Other operating Revenue | 1,240 |
| 66 | Personnel expenses | 151,000 | 77 | Financial income | 6,580 |
| 67 | Financial expenses | 5,020 | 791 | Provision written back | 9,000 |
| 681 | Depreciation expenses | 45,000 | 84 | Income OOA | 500 |
| 691 | Provision expenses | 10,000 | | | |
| 83 | Expenses OOA | 600 | | | |
| 89 | Income tax | 110,960 | | | |

Required:

Use the "T" accounts to determine the various management balances and the net results (Gross Margin; Value Added; Gross Operating Surplus; Operating Profit or Loss; Financial Profit or Loss; Profit or Loss on Ordinary Activities; Profit or Loss EOA; Net Results). (20 marks)

3. On December 31, 2017, PICAM entity came out with a table of customers whom he considered doubtful for exploitation:

The statement of customers as at December 2017

| Customers | DEBT /FCFA (VAT Inclusive) | Provision 2016 | Settlement (VAT Inclusive) | Observation |
|-----------|-------------------------------|-------------------|-------------------------------|--------------------------|
| | F CFA | | F CFA | |
| Koko | 95,400 | 40% | | Probable loss 45% |
| Oni | 107,325 | -- | | Bankrupt |
| Arah | 536,625 | -- | | Dead |
| Oruh | 143,100 | 20% | | Expected to recover 45% |
| Eku | 178,875 | | 166,950 | Balance the account |
| Njock | 119,250 | 50% | 33,775 | Proves of 20% on balance |

Though Oni was insolvent, his assets were to be sold (dissolution). Oni's balance sheet reveals the following:

| | F CFA |
|--------------------|------------|
| Total real assets | 17,500,000 |
| Privilege debts | 7,500,000 |
| Ordinary debts | 25,000,000 |
| VAT rate is 19.25% | |

Required:

- (i) Prepare the statement of doubtful customers in using **appendix 1**
 (ii) Show the adjustment entries in the journal

(10 marks)

(10 marks)

(Total: 20 marks)

4. During the month of May 2019, IBAYN and Sons in the stores section revealed that there were 700 initial stocks of containers (Drums), of which 600 were consigned.

| May 2019 | Description | Containers(drums) |
|----------|---|-------------------|
| 2 | Purchases of containers | 400 |
| 5 | Consigned containers | 250 |
| 7 | Sales containers in stock | 150 |
| 15 | Voluntary Retained of containers by customer. | 75 |
| 25 | Containers returned. | 375 |
| 27 | Destruction of containers in stock | 50 |
| 30 | Destruction of containers consigned | 100 |

Additional information:

The containers are purchased at FCFA 350 per drum and are consigned at FCFA 500 which is equals to the selling price per drum if a customer fails to return any of the drums.

Required:

Present the movement of stock of containers in quantity using (Appendix 2).

(20 marks)

5. (A) Mr. Femouh Paul is a worker in Moufout Co Ltd and on category 6, echelon F. during the month of October 2019, the following data was extracted from his time card:

| | |
|----------------------|-------------------------------|
| 1 st week | 4 hours and 2 hours on Sunday |
| 2 nd week | 50 hours |
| 3 rd week | 40 hours and 3 hours at night |
| 4 th week | 60 hours |

Mr. Femouh Paul earns a monthly basic salary of FCFA 123,885.

Required:

- (i) Calculate his hourly rate given that the statutory monthly duration of work is 173.33 hours.

(01 mark)

Turn Over

(ii) Calculate his overtime hours using the following format:

| Weeks | Hours due | Hours done | Overtime hours | | | |
|-------|-----------|------------|----------------|-----|-----|-----|
| | | | 20% | 30% | 40% | 50% |
| | | | | | | |
| | | | | | | |

(06 marks)

(B) The time card of workers in Kwaleghe entity during the 1st week of October 2019 (2nd to 7th October) indicated the following:

| Workers' name | Hourly rate (FCFA) | Post | Time worked in hours daily | | | | | |
|---------------|--------------------|-------------|----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | | 2 nd | 3 rd | 4 th | 5 th | 6 th | 7 th |
| Ful | 2,400 | Electrician | 8 | 8 | 8 | 8 | 8 | 8 |
| Ndeng | 3,600 | Electrician | 9 | 8 | - | 10 | 12 | 10 |
| Ngung | 3,000 | Electrician | 7 | 8 | 11 | 8 | 7 | 9 |
| Toleu | 3,200 | Builder | 9 | 9 | 8 | 9 | 10 | 10 |
| Ndung | 4,100 | Foreman | 10 | 6 | 8 | 7 | 7 | 10 |

You are further informed that:

- A normal working week is 40 hours
- Over time is paid an hourly rate increased by 20% from 41st to 48th hour each and an hourly rate increased by 30% from the 49th hour.

Required:

(i) Calculate the overtime remuneration earned by each worker for the week using the following format:

| Worker's name | Hours due | Hours done | Hourly rate | Overtime | | | | | | Total amount (FCFA) |
|---------------|-----------|------------|-------------|----------|------|---------------|-------|------|---------------|---------------------|
| | | | | 20% | | | 30% | | | |
| | | | | Hours | Rate | Amount (FCFA) | Hours | Rate | Amount (FCFA) | |
| | | | | | | | | | | |
| | | | | | | | | | | |

(08 marks)

(ii) Determine the basic wages earned by each worker for work using the following format:

| Worker's names | Hours due | Hourly rate | Basic wage |
|----------------|-----------|-------------|------------|
| | | | |
| | | | |

(05 marks)

(Total: 20 marks)

SECTION B

(INTERNATIONAL ACCOUNTING STANDARDS APPROACH)

Answer any TWO questions from this section. Each question carries 20 marks.

6. Alixia started business on January 1, 2017 by putting into the business bank account F CFA 500,000. The following transactions took place within the month of January 2017:

| Jan. 2017 | Transactions |
|-----------|---|
| 2 | Paid F CFA 160,000 cheque for rent for the months of January and February. |
| 2 | Bought warehouse fixtures paying by cheque immediately F CFA 2,400,000. |
| 3 | Withdrew F CFA 300,000 cash from the bank for business use |
| 5 | Paid wages in cash for three weeks of January F CFA 240,000 |
| 6 | Bought F CFA 1,400,000 worth of goods paying for the immediately by cheque |
| 8 | Bought good on credit from: - T. Pride F CFA 1,600,000 - F. Ratcliffe Ltd F CFA 1,400,000 - Norton & Co F CFA 1,100,000 |
| 8 | Bought motor van paying by cheque F CFA 4,800,000 |
| 11 | Paid motor expenses by cash F CFA 30,000 |
| 12 | Sold goods on credit to: - K. Kitchen Ltd F CFA 640,000 - E. Griffiths F CFA 1,400,000 |
| 13 | Cash sales F CFA 280,000 |
| 15 | Paid for lighting and heating by cheque for the first two weeks of January F CFA 160,000 |
| 16 | Paid insurance by cheque F CFA 240,000 for the 12 months to December 31, 2017 |
| 19 | Bought goods on credit from P. Goodard & Sons F CFA 3,200,000 |
| 20 | Sold goods on credit to: - K. Kitchen F CFA 6,800,000 - M. Fryer F CFA 240,000 |
| 24 | Alexia withdrew F CFA 400,000 by cheque for his own use |
| 26 | Received cheque from: - E. Griffiths F CFA 1,365,000 (after deducting F CFA 35,000 cash discount) - K. Kitchen Ltd on account F CFA 1,000,000 |
| 27 | Returned goods to: - C. Norton and Co F CFA 240,000 - F. Ratacliffe Ltd F CFA 200,000 |
| 28 | Paid by cheque, after deducting 5% cash discount, the account of T. Pride and P. Goddard & Sons |
| 29 | Goods returned to us by: - K. Kitchen Ltd F CFA 80,000 - N. Fryer F CFA 40,000 |
| 30 | Alexia withdrew F CFA 40,000 cash for his personal use |

Required:

Prepare

- (i) The appropriate Cash Book
(ii) Purchases Day Book
(iii) Sales Day book

(15 marks)

(02.5 marks)

(02.5 marks)

(Total: 20 marks)

Turn Over

7. Young J. has recently received the following bank statement:

| Date | Details | Payments | Lodgements | Balance |
|-----------------|--------------------------|----------|------------|-----------|
| October 2018 | | F CFA | F CFA | F CFA |
| 30 | Balance | | 841,000 | 841,000 |
| 31 | Cheque No 606218 | 23,000 | | 818,000 |
| November | | | | |
| 5 | Sundry credit | | 46,000 | 864,000 |
| 7 | Cheque No 606219 | 161,000 | | 703,000 |
| 9 | Direct debit | 18,000 | | 685,000 |
| 12 | Cheque No 606222 | 93,000 | | 592,000 |
| 15 | Sundry credit | | 207,000 | 799,000 |
| 19 | Cheque No. 606223 | 246,000 | | 553,000 |
| 19 | Bank giro credit | | 146,000 | 699,000 |
| 20 | Bank giro credit | | 246,000 | 945,000 |
| 21 | Cheque No 606221 | 43,000 | | 902,000 |
| 21 | Sundry credit | | 63,000 | 965,000 |
| 22 | Bank giro credit | | 79,000 | 1,044,000 |
| 23 | Loan interest | 391,000 | | 653,000 |
| 26 | Cheque No 606220 | 87,000 | | 566,000 |
| 26 | Deposit account interest | | 84,000 | 650,000 |
| 27 | Cheque No 606226 | 74,000 | | 576,000 |
| 28 | Sundry credit | | 88,000 | 664,000 |
| 30 | Cheque No 606225 | 185,000 | | 479,000 |

His cash book (Bank column) showed the following details:

| Date | Details | Dr | Cr |
|-----------|----------------|------------------|------------------|
| Nov. 2018 | | F CFA | F CFA |
| 1 | Balance b/d | 818,000 | |
| 2 | Rent | | 161,000 |
| 5 | B. Mason | 46,000 | |
| 7 | G. Wise | | 87,000 |
| 8 | K Dean | 146,000 | |
| 8 | T Allen | | 93,000 |
| 12 | Gas | | 246,000 |
| 14 | G Hunt | 207,000 | |
| 15 | F Causer 224 | | 692,000 |
| 16 | C Charlton | 79,000 | |
| 19 | D Banks | 63,000 | |
| 19 | M Lewis 225 | | 185,000 |
| 23 | G Bridges 226 | | 74,000 |
| 26 | P Pery | 88,000 | |
| 28 | A Palmer | 29,000 | |
| 29 | L Wilson 227 | | 27,000 |
| 29 | P Brown | | 91,000 |
| 30 | J Dixon | 17,000 | |
| 30 | Credit balance | 206,000 | |
| | Total | 1,699,000 | 1,699,000 |

Required:

(i) Bring the Cash Book balance of F CFA 206,000 up-to-date as at November 30, 2018.

(07 marks)

(ii) Draw up a Bank Reconciliation Statement as at November 30, 2018.

(13 marks)

(Total: 20 marks)

8. The following information was extracted from the books of KADIO furniture manufacturing for the year ended 31 December 2016:

| | 000 FCFA |
|--|-------------|
| Stock on 1 January 2016: | |
| Raw Materials | 13,500 |
| Semi-finished goods | 11,800 |
| Finished goods | 13,400 |
| Stock on 31 December 2016: | |
| Raw Materials | 14,100 |
| Semi-finished goods | 11,450 |
| Finished goods | 14,160 |
| Purchase of raw materials | 82,700 |
| Sales of finished goods | 202,283 |
| Carriage on purchase of raw materials | 4,430 |
| Salaries and wages: Factory (including 36,900,000F for Administration) | 89,874 |
| Rent and rates (3/4 factory & 1/4 administration) | 1,600 |
| Lighting and heating (7/8 factory & 1/8 administration) | 2,960 |
| Repairs & maintenance of machinery | 1,527 |
| Depreciation of machinery | 2,700 |
| Factory direct expenses | 3,650 |
| Insurance of plant & machinery | 4,400 |

Required

Prepare **Tim Marsh** Manufacturing, trading and profit & loss account for the year ended December 2016
(20 marks)

GO BACK AND CHECK YOUR WORK

Appendix 2: Movement of containers

(for use in question 4)

| Stock movements | | | Dates | Descriptions | Warehouse Movements | | | Consigned | Total |
|-----------------|-------|--------|-------|--------------|---------------------|------|-------|-----------|-------|
| Purchases | Sales | losses | | | Entry | Exit | stock | | |
| | | | | | | | | | |
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(TO BE HANDED IN WITH YOUR ANSWER BOOKLET)