

WAEC Past Questions & Answers, Principles of Accounts 2016

» » » FROM: EduNgr.com

1. External users of accounting information include

- A. employees
- B. management
- C. bankers
- D. directors

2. Every asset should have

- A. a non-monetary value
- B. tangible and intangible qualities
- C. monetary cost and future benefit
- D. an inadequate monetary value

3. Which of the following are impersonal accounts ?

I. Investment II. Creditors III. Premises IV. Debtors V. Salaries

- A. I, III and IV
- B. I, III and V
- C. II and IV
- D. III and V

4. Nwoye buys stock and pays by cheque. The entries in the books of Nwoye is Debit

- A. Purchases; Credit cheque
- B. Purchases; Credit bank
- C. Bank; Credit Purchases
- D. Cheque; Credit Purchases

5. Which of the following errors are errors of commission?

I. A cheque paid to Adam debited to Adam's account. II. Credit sales to Eva credited to sales account but debited to Eve's account. III. Furniture repairs debited to furniture account. IV. Credit purchases from Manu credited to Manu's account.

- A. I and II
- B. I and IV
- C. II and IV
- D. III and IV

» » » FROM: EduNgr.com

6. A bank statement shows an overdraft of GH¢ 190,000. Kofi a debtor paid GH¢ 400,000 into the account. The new balance is

- A. GH¢ 590,000
- B. GH¢ 590,000 Overdrawn
- C. GH¢ 210,000
- D. GH¢ 210,000 Overdrawn

7. A petty cash account has an imprest of GH¢ 6,000. If GH¢ 2,000 were left, how much will be reimbursed at the end of the period?

- A. GH¢ 8,000
- B. GH¢ 6,000
- C. GH¢ 4,000
- D. GH¢ 2,000

8. Cash paid to Jake, N2,500 was entered on the credit side of his account and debited to cash account. This is an error of

- A. Principle
- B. Commission
- C. Complete reversal of entries
- D. Original entry

9. One of the purchase invoices of Mr. Dauda showed D96,240 less 12% trade discount and cash discount of 20%. Since Mr. Dauda paid the amount due within the credit period, the amount paid is

- A. D 77,368
- B. D 73,157
- C. D 67,368
- D. D 63,157

10. Bank reconciliation statement is prepared to reconcile the differences between

- A. Bank statement and credit transfers
- B. Cash book and bank transfers
- C. Bank statement and cash transfers
- D. Cash book and bank statement

» » » FROM: EduNgr.com

11. Which of the following items of expense involves actual cash payment?

- A. Discounts allowed
- B. Provision for depreciation
- C. Carriage outwards
- D. Allowance for doubtful debts

12. In the preparation of the trading account of omuya Ltd., the company included credit sales of N18,000 made during the year. The concept guiding this treatment is the

- A. Materiality concept
- B. Dual aspect concept
- C. Matching concept
- D. Money measurement concept

13. In accounting context, purchases refer to

- A. Goods bought and paid only
- B. Goods bought for resale only
- C. Goods bought on credit only
- D. Goods bought to be used in the firm

14. Which of the following items is a current liability?

- A. Stock of raw material
- B. Cash in hand
- C. Bills payable
- D. Cash at bank

15. The balance sheet is prepared to reveal

- A. The result of the operations for the period under review
- B. The financial position of the business
- C. The arithmetical accuracy of the ledger accounts
- D. The accruals and payment

» » » FROM: EduNgr.com

16. The excess of cost of goods sold over net sales is

- A. Gross profit
- B. Gross loss
- C. Net profit
- D. Net loss

17. Use the following information to answer this questions.

Rent prepaid - 1/01/2014 - N600 Rent paid - 31/12/2014 - N3,000 Rent prepaid - 31/12/2014 - N400. Rent for 2014 chargeable to the profit and loss account is

- A. N4,000
- B. N3,000
- C. N3,200
- D. N2,800

18. Use the following information to answer this questions.

Rent prepaid - 1/01/2014 - N600 Rent paid - 31/12/2014 - N3,000 Rent prepaid - 31/12/2014 - N400. The balance sheet as at 31st December 2014 will show

- A.** Current asset of N600
- B.** Current asset of N400
- C.** Current liability of N400
- D.** Current asset of N600

19. Which of the following would result from an increase in the provision for doubtful debts?

- A.** A Decrease in gross profit
- B.** A decrease in net profit
- C.** An increase in gross profit
- D.** An increase in net profit

20. Use the following information to answer this question.

Acquisition cost of computers - Le 80,000 Installation cost - Le 20,000 Estimated residual value - Le 4,000 Estimated useful life - 5 years. The depreciable value of computers is

- A.** Le 80,000
- B.** Le 96,000
- C.** Le 100,000
- D.** Le 104,000

21. Use the following information to answer this question.

Acquisition cost of computers - Le 80,000 Installation cost - Le 20,000 Estimated residual value - Le 4,000 Estimated useful life - 5 years. The total costs of the computers is

- A.** Le 80,000
- B.** Le 96,000
- C.** Le 100,000
- D.** Le 104,000

22. Which of the following expenses constitutes prime cost?

I. Direct labour cost II. Factory overheads III. Hiring of machine for production IV. Warehouse rent

- A.** I and II only
- B.** I and III only
- C.** I, II and III only
- D.** I, II and IV only

23. Partly manufactured goods are treated in the balance sheet of a manufacturing company as

- A.** Current assets
- B.** Fixed assets
- C.** Current liabilities
- D.** Long term liabilities

24. Use the following information to answer this question.

Cash purchase - D 29,641 Creditors 1/1/14 - D 2,473 Creditors 31/12/14 - D 3,117 Cash paid to creditors - D 127,345 Discount received - D 4,211 The credit purchases is

- A. D 161,841
- B. D 156,986
- C. D 134,673
- D. D 132,200

25. Use the following information to answer this question.

Cash purchase - D 29,641 Creditors 1/1/14 - D 2,473 Creditors 31/12/14 - D 3,117 Cash paid to creditors - D 127,345 Discount received - D 4,211 The total purchases is

- A. D 161,841
- B. D 156,986
- C. D 134,673
- D. D 132,200

26. Offei, a petty trader sold goods for GH¢36,240. The gross profit being $33\left(\frac{1}{3}\right)\%$ on cost. What was the cost price?

- A. GH¢45,300
- B. GH¢28,992
- C. GH¢27,180
- D. GH¢24,160

27. Which of the following is a credit item in an income and expenditure account?

- A. Electricity
- B. Donations
- C. Stationery
- D. Bar suppliers

28. Purchases of fixtures and fittings by a club is recorded in the

- A. Receipts and payments account only
- B. Income and expenditure only
- C. Receipts and payments account and balance sheet
- D. Income and expenditure account and balance sheet

29. The concept which states that the affairs of a business is to be treated as being separate from the private activities of the owner is

- A. Realization concept
- B. Business entity concept
- C. Cost concept
- D. Dual aspect concept

30. Where fixed capitals are maintained in a partnership, share profits are

- A. Credited to partners capital accounts
- B. Credited to partners current accounts
- C. Debited to partners capital accounts
- D. Debited to partners current accounts

31. In the absence of a partnership agreement, additional capital contributions by partners attract interest of

- A. 5%
- B. 10%
- C. 12%
- D. 15%

32. In preparing partnership accounts, interest on drawings is debited to current accounts and credited to

- A. Capital account
- B. Appropriation account
- C. Drawings account
- D. Profit and loss account

33. When allotments have been fully paid, subscribers are referred to as

- A. Allottees
- B. Applicants
- C. Non-members
- D. Shareholders

34. Use the following information and answer the question below.

Oruma Ltd issued 300,000 ordinary shares at N100 each. Applications were received for 200,000 shares and all those who applied, paid in full. The subscribed share capital is

- A. N300,000
- B. N250,000
- C. N200,000
- D. N150,000

35. Use the following information and answer the question below.

Oruma Ltd issued 300,000 ordinary shares at N100 each. Applications were received for 200,000 shares and all those who applied, paid in full. The unsubscribed share capital is

- A. N300,000
- B. N250,000
- C. N200,000
- D. N150,000

» » » FROM: EduNgr.com

36. Use the following information and answer the question below.

Oruma Ltd issued 300,000 ordinary shares at N100 each. Applications were received for 200,000 shares and all those who applied, paid in full. The authorized share capital is

- A. N300,000
- B. N250,000
- C. N200,000
- D. N150,000

37. The entries for credit sales at branch where the head office keeps all records are:Debit

- A. Branch stock account; credit branch debtors account
- B. Branch debtors account; credit branch stock account
- C. Branch debtors account; credit branch adjustment account
- D. Branch adjustment account; credit branch debtors account

38. The branch current account records

- A. Head office transactions with the branch
- B. Branch transactions with the head office
- C. Goods sent to branch at selling price
- D. Cash received from branch as sales

39. The cost of goods returned by branch to head office is debited

- A. Branch stock adjustment account
- B. Goods sent to branch account
- C. Branch stock account
- D. Branch profit and loss account

40. Which of the following is a source of local government revenue?

- A. Excise duties
- B. Market dues
- C. Import duties
- D. Loans and grants

41. The transfer of money from one sub-head to another in the public sector is

- A. Budgeting
- B. Allocation
- C. Virement
- D. Vote

42. The total of the discounts received column in the three column cash book is?

- A. Debited to discounts received account
- B. Credited to discounts received account
- C. Debited to discounts allowed account
- D. Credited to discount allowed account

43. Which of the following expenses is apportioned between departments based on sales?

- A. Discount received
- B. Electricity
- C. Carriage inwards
- D. Carriage outwards

44. In the purchase of a business, a buyer has paid more than the value of the net assets of the business. The excess payment is referred to as

- A. Bonus
- B. Goodwill
- C. Net profit
- D. Premium

45. Assets which are readily convertible into cash are termed as

- A. Liquid assets
- B. Fixed assets
- C. Intangible assets
- D. Tangible assets

» » » FROM: EduNgr.com

46. A loan to a company under the company's seal is

- A. Fixed deposit
- B. Mortgage
- C. Bond
- D. Debenture

47. Debts that a firm is unable to recover are debited to bad debts account and credited to

- A. Suppliers account
- B. Sales account
- C. Customers account
- D. Cash account

48. When a fixed asset is disposed off, the accounting entries to write off the asset are Debit

- A. Profit and loss account; credit asset disposal account
- B. Asset disposal account; credit profit and loss account
- C. Asset disposal account, credit asset account

D. Profit and loss account; credit provision for depreciation account

49. The financial statement which is an expression of the accounting equation is the

- A. Trading account
- B. Profit and loss account
- C. Balance sheet
- D. Statement of cash flow

50. Which of the following errors will affect the agreement of the trial balance?

- A. Error of original entry
- B. Error of commission
- C. Error of transposition
- D. Error of omission

» » » FROM: EduNgr.com

Answers to WAEC Past Questions & Answers on Accounts 2016

1. D, 2. B, 3. D, 4. C, 5. A, 6. C, 7. C, 8. C, 9. C, 10. D
11. C, 12. B, 13. B, 14. C, 15. B, 16. A, 17. B, 18. C, 19. B, 20. C
21. C, 22. B, 23. A, 24. A, 25. D, 26. B, 27. B, 28. A, 29. B, 30. B
31. A, 32. B, 33. B, 34. C, 35. D, 36. A, 37. B, 38. B, 39. B, 40. B
41. C, 42. B, 43. D, 44. B, 45. A, 46. D, 47. A, 48. A, 49. C, 50. C