



NATIONAL OPEN UNIVERSITY OF NIGERIA
Plot 91 Cadastral Zone NnamdiAzikiwe Express Way, Jabi-Abuja
FACULTY OF MANAGEMENT SCIENCES
DEPARTMENT OF FINANCIAL STUDIES
2021_1 EXAMINATION

COURSE CODE: ACC757 **CREDIT UNIT: 2**
COURSE TITLE: PRINCIPLES OF ACCOUNTING
TIME ALLOWED: 2HOURS

Instructions:

- 1. Attempt question number one (1) and any other two (2).**
 - 2. Question number 1 is compulsory and carries 30 marks while the other 2 questions carry 20 marks each. Present all your points in coherent and orderly manner.**
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QUESTION 1:

- a. Define partnership deed or agreement(**1 mark**)
- b. State and explain five contents of partnership deed or agreement(**1mark each for 11 points: 11marks**)
- c. State three reasons why people go into partnership business (**1 mark each for 3 points = 3 marks**)
- d. John, Mark and Paul are in partnership selling electronics. Their capital account on 31/12/2020 was as follows: John ₦960,000; Mark ₦1,108,000 and Paul ₦1,250,000. Their current account balance on the same date were: John N450,000; Mark N280,000; Paul ₦710,000. Jenny who has been a very active partner is to receive a monthly salary of ₦24,000. Paul granted a loan of ₦660,000 to the business. Interest on the loan is 5% interest. John and Paul are to receive commission of N4,400 and ₦8,300 each. Drawings of the partners stood at ₦16,000; ₦28,000 and ₦ 42,000 respectively. Interest on drawing is to be charged at 8.5% while interest on capital is 5%. Net profit for the year of the business was N180,000 while profit is to be shared in the ratio of 1:2:3.

You are required to:

prepare the following accounts for the partnership as at 31st December, 2020.

- (i) Capital Account (**3marks**)
- (ii) Current Account (**8marks**)
- (iii) Profit or loss Appropriation Account (show all workings and present the accounts in a columnar form)
(4marks)

QUESTION 2.

- a. Define work-in-progress in the context of a manufacturing account? 1 Mark
- b. State and explain the three major components of items which are needed for the production of goods? 2 Marks each
- c. Differentiate Prime Cost from Total Cost of Production (2Marks)
- e. Viola Limited is a company involved in the manufacture and children wears. Below is the company's trial balance as at 31st December, 20.

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Opening Stock of Raw Materials	611,875
Closing Stock of Raw Materials	815,525
Purchases of Raw Materials	3,234,125
Carriage Inwards on Raw Materials	36,125

Manufacturing Wages (Direct)	376,250
Rent	365,000
Depreciation of Plants & Equipment	41,600
General Expenses(Indirect)	14,000
Factory Lighting	66,000

Required:

Prepare a manufacturing account for Viola Company Limited as at 31st December, 2019.

20 Marks

QUESTION 3

- a. State five sources of revenue/income to a non-for –profit making organisation?
- b. State the expenditure incurred by non-trading organisation?
- c. State three examples of a non-for-profit making organization?

20 Marks

QUESTION 4

Discuss Five (5) major features of joint venture account? 4 Marks each = **20 Marks**