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**NATIONAL OPEN UNIVERSITY OF NIGERIA**

**PLOT 91, CADASTRAL ZONE, NNAMDI AZIKIWE EXPRESSWAY, JABI, ABUJA**

**FACULTY OF MANAGEMENT SCIENCES**

**NOVEMBER2018 EXAMINATIONS**

**COURSE CODE: ACC757 CREDIT UNIT: 2**

**COURSE TITLE: PRINCIPLES OF ACCOUNTING**

**TIME ALLOWED: 2 Hours**

**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 questions carry 20 marks each**

**3. Present all your points in coherent and orderly manner**

1a. Mention ten contents of Partnership Deed or Agreement **(10marks)**

b**.** John and Janet are in a partnership business sharing profits and losses equally. The following trial balance shows their transactions for the period ended 31st December 2015:

|  |  |  |
| --- | --- | --- |
| Motor Vehicle  Furniture (cost)  Trade Receivables & Trade Payables  Sales  Purchases  Salaries  Office Expenses  Discount Allowed  *Capital Account as at 1/1/15:*  John  Janet  *Current Account as at 1/1/15:*  John  Janet  *Drawings:*  John  Janet  *Accumulate Depreciation as at 1/1/15:*  Furniture & Fittings  Motor Van  Inventories as at 1/1/15  Cash Balance  Bank Balance | **DR**  **N**  263,250  3,726,000  848,880  2,901,015  340,889  55.485  22,802  55,850  222,750  162,000  149,040  78,975  1,011,285  24,908  5,670  **6,231,534** | **CR**  **N**  659,138  3,659,985  1,093,500  486,000  49,046  **6,231,534** |

**Additional Information**

1. Closing inventories was valued at N1,107,270
2. Office expenses was outstanding N4,455
3. Interest of 10% is to be charged on capital account; while John and Janet are to pay interest on drawings of N7,290 and N8,505 respectively
4. Provision for depreciation of 10% on cost of Furniture and fittings and 20% on Motor Vehicle

You are required to prepare the following accounts for the period:

1. Trading, Profit or Loss Account
2. Profit or Loss Appropriation Account
3. Capital Account
4. Current Account
5. Statement of Financial Position. **20marks**

**2.** The following are the transactions of Sam-Loco Limited for the year ended 30/11/2017.

|  |  |  |
| --- | --- | --- |
| *Inventories as at 01/12/17:*  Raw Materials  Finished Goods  *Purchase:* Raw Materials  Salaries  *Rent:*  Factory  Office  Van Expenses  *Lightning:*  Factory  Office  Factory Wages  *General Expenses:*  Factory  Office  Sales Commission  Property, Plant & Equipment (at cost N1,200,000)  Furniture (at cost N360,000)  Sales  Trade Receivables/Trade Payables  Bank Balance  Buildings (at cost N1,200,000)  Capital  Drawings | N  205,560  707,520  937,296  150,840  115,200  52,800  60,000  68,616  26,640  1,091,280  135,360  91,584  188,640  780,000  264,000  680,880  320,088  960,000  205,440  **7,041,744** | N  3,276,000  466,800  3,298,944  \_\_\_\_\_\_\_\_\_\_  **7,041,744** |

**Additional Information:**

1. Closing inventories as at 30/11/2017:

* Raw Materials N217,200
* Finished Goods; N748,800

1. Property, Plant and Machinery was to be depreciated at N48,000, Furniture at N36,000 and Building at N24,000.
2. Manufacturing Wages was accrued at N7,320
3. Office rent of N2,592 was paid in advance.

You are required to prepare manufacturing account, income statement and statement of financial position for the firm for the financial year ended 30/11/17  **20marks**

3. Lagos Island Club has the following records as at 31st December. 2015

|  |  |  |  |
| --- | --- | --- | --- |
|  | **N** |  | **N** |
| Balance b/d | 425,000 | Equipments | 5,000 |
| Cash and bank | 900,000 | Wages paid | 1,150,000 |
| Donation received | 200,000 | Fittings | 25,000 |
| Interest received | 450,000 | Entertainment | 100,000 |
| Subscription received | 1,250,000 | Insurance | 50,000 |
| Sundry receipts | 15,000 | Rates | 25,000 |
|  |  | Repairs | 10,000 |
|  |  | Telephone exp. | 35,000 |
|  |  | Sundry expenses | 5,000 |

Additional information available as follow;

1. The bank and cash balances was N935,000 while investment as at 31/12/15 was N1,000,000
2. Interest received in advance was N100,000 with an outstanding interest to be received was N115,000;
3. Wages of N50,000 was paid in arrears while N75,000 was due in the next year;
4. Subscription received from members include N500,000 due in 2014 , subscriptions due in 2015 not yet received was N350,000
5. At the beginning of the year, asset balance were; Equipment=N100,000; Land and building=N10,000,000; Inventory=N175,000
6. Depreciation rates; Land and building-2.5%; Equipment-6.0%; Fittings-20%

You are required to prepare;

1. The statement of affairs as at the beginning of 1st January, 2015 **(4marks)**
2. Income and Expenditure account for the year ended 31st December, and the Statement of financial position. **(16marks)**

4,.Peter and Paul decided to form a Joint Venture on the 1st January, 2018. The following are the details of the transactions for the month.

2nd January, 2018 Peter bought goods worth N540,000

5th January, 2018 Peter paid wages of N60,000

12th January, 2018 Paul settled transport fee which amounted to N36,000

18th January, 2018 Paul paid electricity bill of N96,000

25th January, 2018 Peter paid handling charges of N54,000

30th January, 2018 Peter received cash proceeds of N960,000

You are required to prepare the Joint Venture Accounts and Memorandum of Joint Venture Account for the Joint Venture business of Peter and Paul **20marks**

5a Briefly, explain the following;

1. Drawer **2marks**
2. Drawee **2marks**
3. Acceptor **2marks**
4. Maturity **2marks**
5. Payee **2marks**

5b. Compare and contrasta bill of exchange and promissory note **10marks**