



NATIONAL OPEN UNIVERSITY OF NIGERIA
Plot 91 Cadastral Zone Nnamdi Azikiwe Express Way, Jabi-Abuja
FACULTY OF MANAGEMENT SCIENCES
DEPARTMENT OF FINANCIAL STUDIES
2021_2 EXAMINATIONS

Course Code: ACC812

Credit Units: 3

Course Title: INTRODUCTION TO ACCOUNTING

Time Allowed: 2 ½ Hrs

Instructions:

- 1. Attempt question number one (1) and any other three (3).**
- 2. Question number 1 is compulsory and carries 25 marks while the others carry 15 marks each.**
- 3. Present all your points in coherent and orderly manner.**

QUESTION 1

- a) Differentiate between a statement of financial position and a trial balance. **(5 marks)**
- b) The following trial balance was extracted from the books of OK limited on 31st December, 2020.

	N	N
Premises	150,000	
Motor Vans	27,810	
Capital 1 st January, 2020		483,720
Advertising	3,810	
Postage	4,410	
Purchases	2,054,550	
Electricity	2,730	
Salaries	85,110	
Tenement rate	3,030	
Telephone	1,020	
Furniture	33,120	
Revenue		2,204,940
Returns	1,680	11,760
Bad debts	780	
Insurance	5,760	
Commission received		52,500
Receivables	146,460	
Payables		252,150
Cash in hand	10,560	
Bank	113,760	
Inventory 1/1/2020	<u>360,750</u>	
	<u>3,005,070</u>	<u>3,005,070</u>

Additional information is as follows:

- I. The inventory at 31st December 2020 was N323, 610
- II. Depreciation to be written off as follows:
Premises at 5%
N6, 000 off the value of motor vans
10% off furniture
- iii. Prepaid rate N450, outstanding telephone N660, provide N9, 000 or bad and doubtful debts.

Prepare Statement of Financial Performance for the year ended 31st December, 2020 and Statement of Financial Position as at that date. **(20 marks)**

QUESTION 2

- a) Business transactions could either be cash or credit. Describe the SALES DAY BOOK as a medium for recording transactions and state the double entry for the total sales figure. **(3 marks)**
- b) Explain the concept RETURN INWARDS DAYBOOK. **(2 marks)**
- c) Mrs Peace made the following credit sales in the month of September 2020.

		N
September 1	Mr Praise	18,200
September 4	Miss Victoria	2,450
September 6	Mr Comfort	44,440
September 8	Madam Uche	9,365
September 18	Ayomikun Enterprises	80,000
September 24	Obinna Sunday	1,080
September 29	Adewale Jude	2,110
September 30	Esther Favour	3,330

You are required to prepare her sales day book for the month showing the date, particulars and amount. **(10 marks)**

QUESTION 3

- a)
Ngozi Adaeze started a retail business with a capital of N25,000, which she paid directly into business bank account on 1st June, 2020. Her transactions for the month of June are as listed below:
June 1 Purchased office furniture and equipment by cheque N9,000
June 1 Purchased goods for sale by cheque N6,375
June 3 Received cheque of N3,115 from John Dele allowing cash discount of N34
June 3 Purchased stationary with cash N388
June 4 Withdrew cash from bank for office use N2,500
June 5 Cash sales N1,167
June 6 Paid 12 months rent by cheque N3,000
June 6 Sold goods for cash N2,365
June 7 Cash taken to bank N4,337
June 8 Cash sales N2,787
June 9 Issued cheque of N1,575 to Bunmi Eyenkori in full settlement of her account N1,625
June 12 Paid carriage from cash N75
June 13 Issued cheque to Nitel for telephone N625
June 14 Purchased goods for cash N1,112

June 14	Received cheque of N2,150 from Sule Dawudu allowing cash discount of N45
June 15	Paid cash to bank N1,037
June 15	Received cash from Mr Success N1,341
June 16	Drew cheque for personal use N875
June 20	Paid cash for transport N135
June 23	Paid cash for cleaning N300
June 23	Cash sales lodge/ paid directly into bank N3,125
June 24	Cash sales N495
June 25	Drew cheque for salaries N2,780
June 26	Paid S.Subuola N3,562 by cheque claiming cash discount of N750
June 26	Received cheque from Wale Rotimi N2,437, cash discount thereof N63
June 27	Purchased postage stamps for cash N214
June 28	Purchased scientific calculator for cash N850
June 28	Cash sales N1,217

(10 marks)

b) The cash book is a book of Prime entry that records all cash transactions. It forms part of the double entry principle. It could be two column, three column or a petty cash book. What is the difference between a two column cash book and a three column cash book? **(5 marks)**

QUESTION 4

Prepare a 2 column cash book, the necessary journals and ledgers accounts for the month of August 2019 from the following information and extract a trial balance.

Aug 1.	Started business with cash of N200,000
Aug 3.	Bought goods on credit from D. King N54, 000; Mr. Kamara N87, 000 and R. A. Akintoye N25,000
Aug 4.	Paid rent by cash N12,000
Aug 6.	Sold goods on credit to Flamingo N43,000; Bose N62, 000 and Tony N170, 000
Aug 10.	Flamingo paid by cheque N42,000
Aug 12.	Tony paid cash of N166,500
Aug 21.	Sold goods on credit to Bose N60, 200
Aug 24.	Bought goods by cash N18, 715
Aug 26.	Cash sales N46, 148
Aug 28.	Bought goods on credit from Mr. Kamara worth N28,950
Aug 30.	Paid salary by cheque N7, 250
Aug 31.	Withdrew cash of N5, 000 for personal use
Aug 31.	Withdrew N30, 000 from bank for office use
Aug 31.	Paid Mr. Kamara N82,750 by cash

(15 marks)

QUESTION 5

a) Joy & Co. decided to write off N2, 000 and N1, 500 as bad debts for two customers namely Ololade and Dupe respectively for year 2020. The balances on these accounts for year 2019 are Ololade N24,200 and Dupe N5,750. Show the journal and ledgers to record the above.

(8 marks)

b) Describe bad debts stating (i) 4 causes

(4 marks)

(ii) Accounting treatment

(3 marks)