



BOWEN UNIVERSITY, IWO
(OF THE NIGERIAN BAPTIST CONVENTION)
COLLEGE OF MANAGEMENT AND SOCIAL SCIENCES (COMSS)
ACCOUNTING AND FINANCE PROGRAMME
B.Sc. ACCOUNTING DEGREE
2023/2024 SECOND SEMESTER EXAMINATION

COURSE CODE: ACC 102

COURSE TITLE: BASIC FINANCIAL ACCOUNTING II

TIME: 2½ HOURS

INSTRUCTIONS: ATTEMPT QUESTION 1 AND ANY OTHER THREE (3) QUESTIONS

QUESTION 1

Agba Baller's, a sole trader, extracted the following trial balance from his books at 31 December 2023.

TRIAL BALANCE AS AT 31 DECEMBER 2023

	Debit L\$	Credit L\$
Capital at 1 January 2023		354,040
Receivables & Payables	422,000	260,940
Cash in hand	14,110	
Furniture and fittings at cost	427,370	
Discounts allowed and received	13,040	11,750
Inventories at 1 January 2023	184,130	
Purchases and sales	3,879,410	4,916,610
Motor vehicles at cost	457,300	
Electricity	61,620	
Vehicle running expenses	28,840	
Rent	88,360	
General expenses	74,600	
Bank overdraft		198,920
Provision for depreciation:		
Furniture and fittings		22,000
Motor Vehicles		152,200
Drawings	265,680
	5,916,460	5,916,460

Additional information:

- L\$2,180 was unpaid for motor expenses.
- L\$6,800 was prepaid for rent.
- Depreciation is to be provided for the year as follows:
Motor vehicles – 10% on cost
Furniture and fittings – 5% reducing balance method
- Inventory at the close of business was valued at L\$199,260

You are required to:

Prepare Agba Baller's Income Statement for the year ended 31 December 2023 and his Statement of Financial Position as at that date.

TOTAL = 25 MARKS

QUESTION 2

On examining the books of Joyous company, you ascertained that on May 1, 2022, the receivables ledger balances were N16,048 debit and N114 credit and the payable ledger balances on the same date were N12,470 credit and N210 debit.

For the year ended April 30, 2023, the following particulars are available:

	N
Sales	127,456
Purchases	79,948
Cash from trade accounts receivable	110,424
Cash to trade accounts payable	74,614
Discount received	2,950
Discount allowed	4,656
Returns inwards	2,004
Returns outwards	1,070
Irrecoverable debts written off	652
Cash received in respect of debit balance in payable ledger	210
Contra settlement	868
Allowances to customers on goods damaged in transit	424

You are required to:

Write up the following accounts recording the above transactions and the balances as at April 30, 2023 as there was no credit balance in the receivable ledger and the payable ledger.

- Payables control account - (7½ marks)
- Receivables control account - (7½ marks)

TOTAL = 15 MARKS

QUESTION 3

The following is the summary of cashbook of Go Forward Enterprises for the year ended 31st December, 2020.

Cash Book

DR	N		N	CR
Balance b/f	23,430	Cash paid to creditors	110,560	
Cash from debtors	182,350	Salaries	10,800	
Additional capital	60,000	Postages	2,400	
		General expenses	12,340	
		Drawings	25,000	
		Rent	5,700	
		Bal c/d	98,980	
	<u>265,780</u>		<u>265,780</u>	

Additional Information

	1/1/20	31/12/20
	N	N
Inventory	5,600	3,400
Receivables	12,020	9,880
Payables	9,800	10,510
Accrued Salaries	4,200	750
Prepaid Rent	440	670

You are required to prepare:

(a) Statement of Affairs as at 1st January, 2020.

3 marks

(b) Statement of Profit or Loss for the year ended 31st December, 2020

12 marks

TOTAL = 15 MARKS

QUESTION 4

- a) List three advantages of Double Entry over Single Entry **3 marks**
 b) State and explain three disadvantages of Single Entry **3 marks**
 c) What is a Statement of Affairs prepared from incomplete record **4 marks**

	N
d) Balance brought forward	500Cr.
Amount paid to suppliers	12,000
Return outwards	150
Balance carried forward	650
What is the value of purchase?	

5 marks

TOTAL = 15 MARKS

QUESTION 5

Oreoluwa extracted a trial balance from their ledgers on December 31, 2023. The trial balance totals were N4,776,800 (debit) and N4,971,200 (credit). They placed the difference in a Suspense account so that they could prepare a draft comprehensive income statement account for the year ended December 31, 2023, and a Statement of financial position as that date.

George found the following errors:

- i. The debit side of the Telephone account had been overstated by N40,000.
- ii. An invoice sent to John for N48,000, had been completely omitted from the books.
- iii. A cheque for N24,800 received from Mariam and co. had been posted to the debit of their account.
- iv. The purchase of some office equipment for N236,000 had been debited to office expenses account.
- v. Discounts received N18,000 had been posted to the purchase ledger but not to the discounts received account.
- vi. Rent paid for N160,000 had been credited to rent receivable account.
- vii. A refund of an insurance premium N12,000 had been recorded in the cashbook but no other entry had been made.
- viii. A purchase of office stationery N44,000 had been debited to purchases account in error.
- ix. A credit balance of N6,000 in the purchase ledger had been omitted from the list of balances extracted from the ledger. The total of the list had been included in the trial balance.
- x. Goods returned to Samuel had been credited to Samuel's account and debited to purchases returns account. The goods had cost N80,000.

You are required to prepare:

- a. Journal entries to correct errors (i) to (x), with appropriate narrations - (10 marks)
- b. Suspense account showing the opening balance and the correcting entries - (5 marks)

TOTAL = 15 MARKS

QUESTION 6

Banks, customers, suppliers, potential and current investors, tax authorities, the government and the general public are some of the consumers of financial information. For these end users to be able to find the financial information helpful, it must be reliable qualitatively and quantitatively.

Explain five (5) qualitative characteristics of reliable financial information.

TOTAL = 15 MARKS