



**BOWEN UNIVERSITY, IWO**  
**(OF THE NIGERIAN BAPTIST CONVENTION)**  
**COLLEGE OF MANAGEMENT AND SOCIAL SCIENCES (COMSS)**  
**ACCOUNTING AND FINANCE PROGRAMME**  
**B.Sc. ACCOUNTING DEGREE**  
**2022/2023 FIRST SEMESTER EXAMINATION**

**COURSE CODE: ACC 202**

**COURSE TITLE: PRINCIPLES OF ACCOUNTING**

**TIME: 2½ HOURS**

**INSTRUCTIONS: ATTEMPT QUESTION 1 AND ANY OTHER 3 QUESTIONS**

**Question 1**

Quadri Top Nigeria Plc. prepares annual financial statements to September 30. At September 30, 2017 the company list of account balances were as follows:

	DR	CR
	N"000	N"000
Revenue		185,000
Production costs	103,500	
Inventory at October 1, 2016	17,375	
Distribution costs	13,500	
Administration expenses	18,250	
Loan Interest expenses	3,000	
Land at valuation	131,250	
Building – cost	100,000	
Plant and equipment at cost	160,000	
Accumulated depreciation - building at 1/10/16		26,625
Accumulated depreciation PPE at 1/10/16		31,000
Trade receivables	51,500	-
Trade payables		28,000
Bank overdraft		1,000
Issued ord. shares at 50k each (Sept.30, 2017)		175,000
Share premium at (Sept.30, 2017)		50,000
Revaluation surplus		37,500
Retained earnings		39,250
12% Loan notes (payable 2021)		<u>25,000</u>
	<u>598,375</u>	<u>598,375</u>

The following are relevant to the preparation of the financial statements for the year ended September 30, 2017.

- (1) Inventory at September 30, 2017 amounted to N19.5m.
- (2) Depreciation is to be provided on cost of the non-current assets as follows:
  - (3) Building 2% per annum.
  - Plant & equipment 20% per annum
 80% of the depreciation is to be charged to cost of sales and 10% each to distribution cost and administrative expenses.
- (4) Land is to be revalued to N125m.
- (5) Accrued expenses and prepayments were

	Accrued Expenses	Prepayments
	N'000	N'000
Distribution cost	2,375	1,500
Administrative expenses	875	750

- (6) During the year ended September 30, 2017, 100 million ordinary shares were issued at 75k per share. The directors of Quadri Top declared an interim dividend of 2k per share in September 2017. No dividends were paid during the year.
- (7) Loan interest is paid annually, on September 30 each year.

Required:

Prepare in:

- i. Statement of profit or loss and other comprehensive income for the year ended September 30, 2017. (10 Marks)
  - ii. Statement of financial position as at September 30, 2017 (12 Marks)
  - iii. Show all workings (3 marks)
- (Total 25 Marks)

## Question 2

a. Abby Plc. is offering 450,000,000 ordinary shares of ₦0.50 each at ₦2.50 per share. Shares were fully applied for, and payments made accordingly. Payments for the shares are as follows:

Details	₦
Application and allotment	0.15
First call (including Share Premium)	2.20
Second and final call	0.15

You are required to prepare:

- i. the necessary ledger accounts in the books of Abby Plc. (7 marks)
- ii. Statement of financial position as at the year end (2 marks)

b. List THREE (3) items that potentially changes the opening figures of the elements of the statement of changes in equity? (3 marks)

c. Define the following concepts under IAS 10 (Event after reporting period):

- i. Event after reporting period
- ii. Adjusting events
- iii. Non-adjusting events (3 marks)

(Total 15 marks)

### Question 3

TEP Ltd with headquarters in Sango, Ilorin have two branches at Sango-Kartaf, Kaduna State and Argungu, Kebbi State. The policy of TEP Ltd is to consign goods to branches at cost price, while each branch determines her selling price after computing all administrative and selling and distribution expenses. The following information were provided by the headquarters for the year end 31st December 2020:

	₦
Trade receivables	934,532,190.00
Trade payables	731,499,010.00
Purchases	2,908,706,235.00
Revenue	5,667,809,115.00
Insurance premium	100,000,000.00
Salaries and commission	256,790,800.00

Branch reports are as follows:

	Sango-Kartaf, Kaduna State ₦	Argungu, Kebbi State ₦
Opening Inventory	25,556,000.00	15,450,000.00
Goods from headquarters	600,000,000.00	500,000,000.00
Returns to headquarters	15,495,000.00	5,785,650.00
Sales (Cash)	995,746,00.00	740,100,000.00
(Credit)	18,500,000.00	1,500,850.00
Discount allowed	1,500,000.00	250,000.00
Bad debts written off	50,000.00	14,000.00
Rent	250,000.00	120,000.00
Salaries	26,350,889.03	13,667,055.31
PAYE (Employee taxes)	4,999,756.12	1,887,111.09
Closing Inventory	5,112,358.00	35,932,450.00
Adverts	2,000,000.00	500,000.00
Carriage inwards	450,000.00	320,000.00
Insurance (paid up to June 2021)	6,000,000.00	4,000,000.00

#### Additional information:

All monies from the branch are expected to be sent to the headquarters after deducting branch expenses.

*You are required to prepare:*

- (a) Inventory account (Sango-Kartaf, Kaduna State branch) (5marks)
- (b) Inventory account (Argungu, Kebbi State) (5marks)
- (c) Statement of profit or loss (Argungu, Kebbi State) (5marks)

(Total 15marks)

### Question 4

a. Itemise the components of financial statement of a company.

(5marks)

b. Define the following elements of financial statement (According to IFRS):

- i. Asset    ii. Liability    iii. Equity    iv. Expenses    v. Income

(10marks)

(Total 15marks)

### Question 5

- a. State four (4) differences between merger and acquisition. (4marks)  
 b. Explain five (5) reasons for merger and acquisition. (5marks)  
 c. Explain six (6) ways by which merger can be structured. (6marks)

(Total 15marks)

### Question 6

Sumby Enterprises has two departments and presents the following information:

Details	Food & Drinks	Drugs
	₦	₦
Revenue	1,042,630.00	2,641,720.00
Cost of sales	601,575.00	993,485.00
Returns on sales	27,444.00	36,351.00
Utility (electricity)	58,335.00	49,134.00
Salaries	146,009.00	134,817.00
Salesmen commission	99,377.00	409,451.00
Motor vehicle repairs (admin)	52,392.00	26,143.00
Delivery van repairs	49,283.00	40,549.00
Payables	310,819.00	886,408.00
Receivables	497,367.00	162,909.00
Provision for doubtful debts	35,926.00	14,251.00
Discount allowed	59,741.00	44,897.00

### Additional information:

1. Despite the allocated figures above, reallocate administrative expenses using average method (6marks).  
 2. Use receivables as a basis for allocating selling and distribution expenses. (6marks)

Show all workings.

3. You are required to present a report detailing your assessment of both departments (3marks).

(Total 15 marks)