



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

COURSE CODE: ACC 114

COURSE TITLE: BASIC FINANCIAL ACCOUNTING II

TIME: 2½ HOURS

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

Question 1

- a) State the major purpose of preparing Manufacturing account **1 mark**
- b) Discuss briefly the 5 components of a Manufacturing Account **5 marks**
- c) GOODNESS Ltd is a manufacturing company. The following is an extract from the company's books for the year ended 31st December, 2021:

	₦
Inventory of raw materials as at 1 st January	30,000
Purchases of raw materials	240,000
Return outwards (raw materials)	2,000
Manufacturing wages	40,000
Office salaries	28,000
Royalties	10,000
Opening inventory of finished goods	13,000
Opening inventory of work-in- progress	12,000
Carriage outwards	2,400
Printing and stationery	5,600
Rent and rates	16,000
General expenses	26,000
Travelling expenses	16,800
Factory expenses	10,000
Sales	480,000
Plant and Machinery	20,000
Bad Debts	1,000
Land & Building	467,200
Sundry Receivables	89,490
Lighting & Cooling	8,350
Selling expenses	2,500
Provision for bad Debts	2,510
Repairs of Delivery van	2,600

You are also supplied with the following additional information:

- (a) Depreciation of 10% is to be charged on Plant and Machinery worth 20,000
- (b) A debt of ₦150 is considered irrecoverable and should be written off
- (c) Lighting and cooling is to be allocated to factory and office in the ratio of 5:1.
- (d) Provision for Bad Debts is to be adjusted to 2.5% of the new balance of sundry receivables.
- (e) Finished goods should be transferred to Trading unit at cost +20% to give room for manufacturing profit
- (f) The following were on hand at 31st December 2021:

Inventory of raw materials	16,000
Inventory of finished goods	15,000
Inventory of Work-in- Progress	14,000

You are required to prepare:

- i) A Manufacturing account for the year ended 31st December, 2021 **8 marks** →
- ii) A Statement of profit or loss for the year ended 31st December, 2021, using notes to the account. **11 marks** →

Total- 25 marks

Question 2

- a) Explain briefly the term “bad debt” **1½ marks**
- b) Explain FIVE (5) causes of bad debt in business organizations. **7½ marks**
- c) i) What are reserves? **1½ marks**
- ii) Enumerate and explain THREE (3) types of reserve **4½ 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	₦		₦	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
	₦	₦
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) Discuss the provisions of International Accounting Standards (IAS) 38

5 marks

b) Highlight FOUR (4) Accounting Applications

4 marks

c) State and explain the elements of Payroll Accounting

6 marks

Total- 15 marks

Question 5

The Financial Treasurer of Success Fun Club has presented the following summary of receipts and payments account for the year ended 31 December 2022.

Receipts and Payments Account for the year ended 31 December 2022

	N'000		N'000
Balance b/f	4,900	Rent and rates	804
Membership subscription	5,760	Social activities expenses	3000
Membership admission	804	Bar purchases	3,580
Bar receipts	7500	Bar wages	1,104
Other receipts	3800	General wages	2,560
		Equipment	5,770
		Electricity expenses	208
		Postage and telephone	352
		Bank charges	116
		Insurance	604
		Balance c/f	4,752
	22,800		22,800

The following additional information is available:

	31/12/21	31/12/22
	N	N
Premises	60,000	60,000
Furniture and fittings	4,400	2,840
Bar Inventory	1,040	1,420
Subscription in arrears	80	120
General wages owing	180	-
Subscriptions in advance	400	-

Insurance prepaid 136 180

Depreciation of 20% is to be written off equipment.

You are required to prepare:

- a) Bar Profit or loss Account 4 marks
- b) Income and expenditure account for the year ended 31 December 2022. 11 marks

Total- 15 marks

Question 6

- a) Briefly describe the term "Partnership" 2 marks
- b) Enumerate SIX (6) Contents of a Partnership Deed 3 marks
- c) Mention and explain THREE (3) types of Partners in a Partnership business 3 marks
- d) Akpan and Ben have been in partnership for the past ten years. The accounts of the partnership are made up to 31 December. Interest on drawings is charged at the rate of 15% and interest allowed on Capital is at 10%. Ben received a salary of ₦76 million per annum. Profit is to be shared in ratio 3:2. At 31/12/2021 the following balances appeared in the firm's books:

Capital Accounts: ₦'m

Akpan 190

Ben 114

Current Accounts:

Akpan 95

Ben 57

The net profit for the year ended 31 December 2021 was ₦285 million and at that date, the balances on the Partner's Drawings Accounts were: Akpan ₦114 million and Ben ₦95 million.

Prepare the following:

- (a) The Statement of Distribution of income of the Partnership for the year to 31 December 2021.
- (b) The Partner's Current Accounts as at 31 December 2021.