

Principles of Accounts 1994

- The term 'accounting period' is used to refer to the
 - time span during which taxes are paid to the Inland Revenue Board
 - Budget period, usually one year, relied on by the accountant
 - time span, usually one year covered by financial statement
 - period within which debtors are expected to settle accounts.
- Assigning revenues to the accounting period in which goods were sold or services rendered and expenses incurred is known as
 - passing of entries
 - consistency convention
 - matching concept
 - adjusting for revenue.
- The accounting convention which states that 'profit must not be recognized until realized while all losses should be adequately provided for' is termed
 - materiality
 - objectivity
 - consistency
 - conservatism.
- Accounting information is used by investors and creditors of a company to predict
 - future cash flows of the company
 - future tax payments of the company
 - potential merger candidates for the company
 - appropriate remuneration for the company's staff.
- Antics Electronics Company recently bought six generators. Which of the following is the correct method of recording this transaction.
 - Debit generator account and credit cash account.
 - Debit purchases account and credit cash account.
 - Debit cash account and credit purchases account.
 - Debit cash account and credit generator account.
- When a business incurs labours cost in installing a fixed asset, the cost is treated as
 - additional cost to the asset
 - business wages and salaries
 - installation cost of the asset
 - business cost of the asset.
- What is the cardinal rule of the double entry system?
 - Debit the increasing account and credit the decreasing account.
 - Debit the receiving account and credit the giving account.
 - Debit the asset account and credit the liability account.
 - Debit the revenue account and credit the expenditure account.
- Malam Gambo bought a freezer for his shop costing N 10,500. In recording, he debited office expenses account and credited the bank account. What book keeping error has he committed?

- Error of commission
- Error of reversal of entries.
- Error of principle.
- Compensation error.

- The use of the folio in the ledger is for
 - Referencing purposes
 - Particulars of the transaction
 - the account titles
 - Only credit items.

10. Account of Tanko Nig Ltd.

Dr.		Cr.	
	N		N
1/10 Bal. b/f	5,000	2/10 Cash	3,000
Sales	10,000	15/10 Bank	6,500

What is the closing balance of the account shown above?

- N 5,000
- N 6,500
- N 5,500
- N 15,000.

- The suspense account is used to correct book keeping errors where the
 - amount involved is quite significant
 - item involved is not material
 - item involved is unknown
 - error does not affect the agreement of the trial balance.
- The discount column of a three column cashbook is not balanced off but periodically transferred to the discount accounts because discounts.
 - are not important in cash book
 - are cash items only
 - do not form part of double entry
 - are used for bank reconciliation.
- When is a petty cash account debited?
 - When the fund is established and every time money is spent
 - when the fund is established and every time it is replenished
 - when the fund is established and when the size of the float is decreased
 - Everytime money is drawn from the petty cash.
- When preparing a bank reconciliation statement, which of the following is deducted from the balance per bank statement?
 - Bank charges.
 - Uncleared cheques
 - returned cheques
 - Unpresented cheques.
- The financial position of an organization at a particular time can be ascertained from the
 - statement of sources and application of funds
 - statement of retained earnings
 - balance sheet
 - profit and loss account.

16. **Given:**

	N
Purchase	20,000
Sales	40,000
Carriage inwards	5,000
Carriage outwards	5,000
Opening stock	10,000
Closing stock	5,000

What is the cost of good sold?

- A. N30,000 B. N25,000
C. N20,000 D. N15,000

17. The net profit or loss for the year is determined in the profit and loss account after

- A. deducting purchases from sales
B. deducting cost of goods sold from sales and adding administrative expenses
C. adding commissions received to gross profit
D. eliminating all expenses from gross profit and adding any other income.

Use the table below to answer question 18 and 19

Stock	Cost price	Qty (units)
	N	
Opening balance 1/1/90	3.00	3,000
Purchases January	3.50	15,000
Purchases February	4.00	25,000
Sales January	4.50	13,000
Sales February	5.00	28,000

18. Using LIFO, determine the value of closing stock.

- A. N9,600 B. N7,600
C. N6,000 D. N2,000.

19. What is the gross profit at the end of February, if the closing stock were valued at N20,000?

- A. N65,000 B. N57,000
C. N48,000 D. N37,000.

20. A trial balance shows provision for doubtful debts, N190 and debtors, N6,000. It is required to write off further N320 as bad debts and maintain the provision at 2½% of debtors. To do this, the profit and loss should show a

- A. credit of N20 and a debit of N100
B. credit of N28 and a debit of N300
C. credit of N48 D. debit entry of N414

21. If a bad debt previously written off is subsequently repaid, the amount collected is recorded as an

- A. income in the profit and loss account
B. income in the balance sheet
C. addition cash in the profit and loss account
D. expense in the balance sheet.

22. Beginning and ending accounts receivable balances were N8,000 and N15,000 respectively. If collections from customers during the period were N36,000, then total sales on account would be

- A. N23,000 B. N29,000
C. N36,000 D. N43,000.

23. From which of the following sources are creditors control account most likely to be posted?

- A. Supplier's invoices
B. Cash disbursements journal
C. Subsidiary debtor's ledger
D. Purchases journal.

Use the information below to answer questions 24 and 25

Chukwuma Okeke did not keep his books based on the double entry principle. On 1st January 1993, Cash in hand was N60, Bank overdraft N1,100, Debtor N7,240, Stock N27,450, Furnishings N2,000 and creditors N6,990. As at 31st December 1993, Cash in hand was N40, Cash at bank was N1,050, Debtors N6,750, Stock N29,180, Furnishings N2,000 and Creditors N6,090.

24. Compute the capital as at 1st January 1993.

- A. N29,800 B. N28,900 C. N26,700 D. N20,800.

25. Determine his net profit as at 31st December 1993.

- A. N2,000 B. N2,200
C. N3,500 D. N4,200.

26. Which of the following categories of labours cost will be classified as direct?

- A. Accountant's salary B. Factory workers' salary
C. Managing director's salary D. Cashier's salary.

Use the information below to answer questions 27 and 28

	Unit	Unit	Total	Unit
		Cost	Cost	Sold
		N	N	
Beginning inventory	20	6	120	
Sale No. 1				18
Purchase No. 1	30	8	240	
Sales No. 2				20
Purchase No 2	10	9	90	
Total	60			38

27. Using the FIFO method of stock valuation, the ending inventory cost is

- A. N146 B. N165
C. N186 D. N314

28. Using the LIFO inventory procedures, the ending inventory cost is

- A. N136 B. N176
C. N196 D. N264

29. The major difference between the receipt and payment account and the income and expenditure account is that while the former

- A. is kept by the treasurer, the latter is not
B. deals with all receipt and payments in the year regardless of the time it relates to the latter is for just that year
C. is a T-account the latter is not
D. is not in the ledger, the latter is.

30. The following information relates to a hockey club:

	N
Subscription owing at the beginning	40
Subscription owing at the end	35
Subscription received in the advance at the beginning	15
Subscription received During the period	2,560

The amount to be shown in the income and expenditure account would be

- | | |
|-----------|------------|
| A. N2,500 | B. N 2,540 |
| C. N2,570 | D. N2,590. |

31. The net profit from the trading account of a non-profit making organization would be treated as income in the
- income and expenditure account
 - receipt and payment account
 - balance sheet
 - statement of affairs

Use the information below to answer questions 32 and 33.

Ada and Udo are lawyers who went into partnership as Ado & Co. Ada brought cash of N12,000, furnishing worth N18,000 and a motor vehicle worth N70,000 Udo on the other hand brought in cash N10,000, his building valued at N05,000 and a personal computer worth N135,000.

32. What is the capital of Ado & Co.?
- N22,000
 - N100,000
 - N 150,000
 - N 250,000.
33. What is the profit sharing ratio if it is based on capital contributed by Ada and Udo?
- 2:1
 - 3:2
 - 2:3
 - 1:2
34. The major distinguishing element between the final accounts of a partnership and a sole trader is the
- drawings account
 - appropriation account
 - capital account
 - creditors account.
35. Good will appears in the books of a business only if it has been
- purchased at a certain price
 - raised in connection with the admission of a new partner
 - raised to account for the true value of a business on the death of a partner
 - raised in order to prevent the balance sheet showing that the business is insolvent.

36. Kayode, Akpan and Kachalla are in partnership. Their respective capital accounts had the following balances: N40,000 N50,000 and N70,000. The partners agree to admit Wamo as a new partner with a one-fifth interest in the partnership capital in exchange for N50,000 cash. Wamo's equity in the resulting partnership is
- N32,000
 - N50,000
 - N42,000
 - N50,000.

37. Under which of the following conditions is a partnership dissolved?
- Change of the partnership's head office.
 - Admission of a new partner.
 - Purchase of a large quantity of fixed assets.
 - Retirement of a manager who is not a partner.

38. When shares issued are paid for the accounting entry required is
- debit bank or cash account and credit share capital and/or premium account
 - credit bank or cash account and debit shares capital and/or premium account
 - debit shares account and credit capital account
 - credit shares account and debit capital account.

Use the information below to answer questions 39 and 40

A limited liability company has an authorized share capital of N 50 million split into 100 million shares. 80 million shares were offered for subscription at 60k per share payable in full on application. These have been fully subscribed and issued.

39. What is the nominal value of each share?
- N2
 - N0.80
 - N0.60
 - N0.50
40. What is the issued capital?
- N40 million
 - N48 million
 - N50 million
 - N80 million.
41. The document setting out theregulations regarding shares, meetings and internal organization of a company is known as
- memorandum of association
 - articles of association
 - prospectus
 - company law.
42. An advantage of using accounting ratio is that they
- can be easily calculated
 - facilitate decision-making
 - are stipulated by law
 - show errors and frauds.

43. The accounts of Buba (Nig.) Plc showed the following for the year ended December 31, 1993:

	N
Gross sales	219,900
Sales returns and allowances	<u>4,900</u>
Net sales	<u>215,000</u>

Accounts receivable (net):	
1/1/93	20,000
31/12/93	30,000

The turnover of accounts receivable is A. 6.14 times per year B.8.14 times per year C. 8.60 times per year D. 8.64 times per year.

44. Given:

Sales	N20,000
Costs of sales	N15,000

The gross profit margin would be

- A. 33.33% B. 25.00%
C. 20.00% D. 14.28%

Use the information below to answer questions 45 and 46

Perebeni Enterprises has two departments A and B, with following information

	A	B
	N	N
Open. Stock	5,000	1,500
Purchases	26,000	3,000
Close. Stock	7,000	2,500
Sales	45,000	4,000

The following expenses are to be shared in the ratio 4:1

Rent	N8,300
General Expenses	N3,200

45. What are the company's gross profit for the year?

- A. N11,500 B. N12,500
C. N20,000 D. N23,000.

46. What is the net profit (or loss) contributed by department B?

- A. N2,000 B. (N2,000)
C. (N300) D. N300.

47. The expenditure on a good or service which is consumed either immediately or within a current accounting period is called

- A. fixed expenditure B. capital expenditure
C. annual expenditure D. recurrent expenditure

48. The receipts from a special tax levy to pay maturing interest obligation are recorded in

- A. Capital Project Fund B. Debt Service Fund
C. Tax Assessment Fund D. Special Revenue Fund.

49. The cash basis of accounting requires the recognition of revenue only when they are

- A. due B. earned
C. paid D. received.

50. The amount for individual items on a government budget is called a

- A. vote B. deposit
C. loan D. grant.

Principles of Account 1995

1. Which of the following factors' has aided the development of Accounting?

- A. The emergency of nation states
B. The discovery of mineral resources in commercial quantity.
C. The growth in size of businesses and the separation of ownership and management.
D. The development and management of a sophisticated monetary system.

2. Which of the following concepts stipulates that accounting profit is the difference between revenue and expenses?

- A. Accrual concept B. Conservation Concept
C. Prudence Concept D. Materiality concept.

3. An effective accounting system should provide information

- A. on new products and methods
B. for customer feedback and requirements
C. on internal and external reporting for managers and third parties
D. for promoters, directors, labour unions and distributors.

4. Which of the following accounting records are source documents?

- A. Journals and ledgers
B. Sales invoice and cashbook
C. Cash book and debit note
D. Sales invoice and debit note.

5. Given: Motor van, N3,600, Premises, N5,000: Loan from R. Nwaeke, N1,000: Cash at bank, N1,650: Stock of goods, N4,800: Creditors, N2,560: Cash in hand, N250 and Debtors, N6,910. Calculate the capital figure.

- A. N19,650 B. N18,650
C. N17,850 D. N19,850.

6. Which of the following transactions is BEST recorded in the general journal?

- A. Payment of rent with a cheque.
B. Payment of stock with cash
C. Purchase of an asset on credit terms
D. Transfer of cash from head office to branch.

7. Diamon Ringo business was started when Mr. Diamon brought in a Cheque of N 500,000 which was paid into the bank account. Which of the following entries properly records the transaction?

- A. Cash account was credited with N 500,000 and the capital account was debited with N 500,000
B. Bank account was debited with N 500,000 and capital account was credited with N 500,000

- C. Bank account was credited with N 500,000 and capital account was debited with N500,000.
- D. Mr. Diamon's account was debited with N500,000 and the cheque account was credited with N 500,000.
8. One major advantage of a ledger is that it
- is a book of original entry
 - is only accessible to shareholders during liquidation
 - removes the need for preparing a balance sheet after each transaction
 - can be used by any type of business.
9. A trial balance is usually prepared by an accounting from account balances in the ledger for the purpose of
- classifying account in the ledger
 - testing arithmetical accuracies of the ledger account balances
 - identifying the balance sheet items
 - providing a basis for establishing the accountant's competence.

10. What are the advantages of an imprest petty cash book? (i.) Cheque can be drawn easily (ii.) A check on the use of cash (iii.) Liability of the petty cashier is limited to the value of petty cash. (iv.) Losses through the petty cashier can be minimized.
- I, II, and III and III only
 - I, II and IV only
 - I, III and IV only
 - II, III and IV only.

11. Bola, UTC's regular customer, owed N 1,000 on account of radio brought. If he sent in a cheque for N 1,500, UTC would send him a
- credit note
 - debit note
 - journal voucher
 - way bill.

12. A payment of cash of N20 to John was entered on the receipt side of the cashbook in error and credited to John's account. Which of the following journal entries can be used to correct the error?
- John: N 40 Dr, Cash N 40Cr
 - Cash N 40 Dr, John: N 40 Cr.
 - John: N 20 Dr, Cash N 20 Cr.
 - Cash: N 20 Dr, John: N 20 Cr.

13. The following represents extracts from the trading account of a retail outlet for a given month:

	N
Opening Stock	2,400
Closing Stock	6, 400
Other expenses	2,000
Sales	11,000
Profit	900

What is the purchase figure for the month?

- N 13,000
- N 12,100
- N 12,000
- N 11,200.

14. Adama's bank account showed on overdraft of N600 on 31st March. On going through the account. It was discovered that the N 1,080 paid into the account on 29th March had not been a credited. What should be

the balance in Adama's cash accounts?

- N 1.680 Dr.
- N 1,080 Cr.
- N 600 Dr.
- N 480 Cr.

15. Why are adjustments in the profit and loss account necessary?

- to cover some expenses of the following year.
- to ascertain the actual expenses incurred and income earned during the year.
- To show the provisions made during the year
- To show the total expenses paid and income received during the year.

Use the information below to answer questions 16 and 17.

MACHINERY

Historical cost	5,000,000.00
Estimated useful life	20 years
Residual value	N25,000:00
Date of acquisition	1/1/71
Depreciation method	Straight line

16. Accumulated depreciation on the asset as at 31/12/81 was

- N2,487,500.00
- N2,736,250.00
- N 4,511,192.00
- N 4,975,000.00.

17. The book value of the asset as at 31/12/86 was

- N3,731,250.00
- N2,487,500.00
- N 1,268,750.00
- N1,020,000.00

Use the information below to answer question 18 and 19

The following is a draft balance sheet as at 31/12/92

	Cost N	Accumulated Depreciation N	Net N
Fixed Assets	200,000	100,000	100,000
(Tan)			
Current Assets:			
Stock in trade		10,000	
Trade debtors		4,500	
Cash at bank		22,800	
Cash in hand		9,700	
Trade creditors		?	
Capital		?	

Trade creditors' account was maintain at 25% of the capital

18. What was the balance in the trade creditors account as at 31/12/92?

- N 29,800
- N 29,500
- N 29,400
- N 29,000.

19. What was the balance in the capital account as at 31/12/92?

- N76,000
- N83,000
- N117,600
- N117,650.

20. The trial balance showed wages N 2,500 and a note stated that N500 wages were due but unpaid. When preparing final accounts and balance sheet, it is required to debit profit and loss account with
- N3,000 and show wages accrued N500 in the balance sheet
 - N2,000 and show wages accrued N 500 in the balance sheet
 - N3,000 and show wages prepaid N500 in the balance sheet.
 - N2,000 and show wages paid in advance N500 in the balance sheet.
21. Sales ledger control account contains the total amount in respect of
- creditors
 - debtors
 - investors
 - shareholders.
22. The purchases ledger account control of a company had an opening balance of N45,600 credit and closing balance of N72,600 credit. The made company payments of N437,000 to credit suppliers during the period; and had discount received of N18,600 on this account. What were the credit purchases for the period?
- N509,600
 - N482,600
 - N428,600
 - N18,400.
23. The starting point for the production of accounts from incomplete records is to
- ascertain the total sales
 - compute the opening stock of goods sold
 - verify the total purchases
 - prepare an opening statement of affairs.

Use the information below to answer questions 24 and 25.

I. A retailer when fixing his selling price adds one-quarter: to the cost of the article. II. The expense of the retailer is 10% of his sales.
III. The total sales is N23,000 IV. He turned over his stock five times in the year

24. Compute the average amount of stock in hand at cost price.
- N3,860
 - N3,806
 - N3,680
 - N3,086.
25. The net profit for the year is
- N5,750
 - N5,650
 - N3,200
 - N2,300.
26. **Given:**
- | | |
|----------------------------------|---------|
| | N |
| Prime cost | 320,000 |
| Factory cost | 32,000 |
| Working in progress at beginning | 25,000 |
| Working in progress at close | 19,000 |
| Administrative expenses | 21,000 |
- Determine the production cost.**
- N296,000
 - N277,000
 - N258,000
 - N246,000.
27. The factory cost of goods produced is made up of

- prime Cost and factory overhead
- prime cost and office overhead
- raw materials consumed and fixed cost
- Raw materials and Administrative overhead.

28. The below information is provided for Amusa Company Ltd. a manufacturer.

	N
Prime cost	999,000
Manufacturing Overhead	132,000
Closing work in progress transferred to the trading Account	1,116,000

If included in the manufacturing overhead were rents of N 5,000 paid in advance, what is the opening work in progress for the period?

- N85,000
 - N80,000
 - N70,000
 - N65,000.
29. Subscription in arrears are
- credited to the income and expenditure account and shown as liability in the balance sheet
 - debited to the income and expenditure account and shown as an asset in the balance sheet
 - credited to the income and expenditure account and shown as a asset in the balance sheet
 - debited to the income and expenditure account and shown as a liability in the balance sheet.
30. Where a non-profit making organization prepares the account using accruals basis of reporting the statement showing how well the organization is doing is the
- appropriation account
 - balance sheet
 - income and expenditure account
 - receipts and payment account.
31. A charitable club has the following Figures:-
- | | |
|--------------------------------|-------|
| | N |
| Subscriptions received in 1991 | 2,800 |
| Subscriptions unpaid in 1990 | 300 |
| Subscriptions paid for 1992 | 150 |
| Subscriptions due 1991 | 180 |
- How much should be charged to the income and expenditure of this club as subcription for 1991?
- N2,530
 - N2,680
 - N2,830
 - N2,980
32. A member of a club paid N1,000 as his subscription for 1993 and N1,200 as subscription for 1994. If the financial year of the society ended on 31st December 1993 the N1,200 subscription will be treated in the balance sheet as
- current asset
 - current liability
 - capital
 -
- profit.
33. Which of the following is a strong feature of partnership?
- The life of the partnership is generally assumed to be indefinite

- B. The owners are liable personally for all debts of the business.
- C. The transfer of ownership is frequent and easy to accomplish
- D. The partnership is complex to form because of many legal and reporting requirements.

Profit and loss A/C	13,000
Trade creditors	30,000
Accruals	5,000
Stock	10,000
Debtors	40,000
Bank	25,000

34. Interest on a partner's drawing is debited to the
- A. partner's current account and credited to the profit and loss appropriation account
- B. profit and loss appropriation account
- C. profit and loss account and credited to the partner's current account.
- D. partner's current account and credited to the profit and loss account.

39. Equity shareholder fund is
- A. N130,000 B. N120,000
- C. N113,000 D. N100,000

35. A partnership on admitting a new member, revalued the business' land and building from N30,000 to N70,000. The difference of N40,000 should be
- A. credited to land and building account
- B. debited to asset revaluation account
- C. credited to asset revaluation account
- D. credited to profit and loss appropriation account

40. If a 10% dividend is approved, what is the dividend payable to ordinary shareholders?
- A. N13,000 B. N11,300
- C. N10,000 D. N8,000

41. Which of the following ratios gives an idea of the liquidity of a firm?
- A. Turnover ratio B. Quick ratio
- C. Debt ratio D. Divided yield.

42. A total of N400,000 shares of N1 each are to be issued by Sariki Company Ltd. at a price of N1.20 per share. Applications were received for 600,000 shares out of which 100,000 were dishonored. If the available shares are distributed pro rata, what refund will be due a subscriber who applied for 5,000 shares?
- A. N1,000 B. N1,200
- C. N4,800 D. N6,000

Use the information below to answer questions 36 and 37.

Halidu and Hamed are business partners with N30,000 and N20,000 capital respectively. At the end of the financial year, a profit of N12,000 which included Halidu's salary of N3,000 was made

36. Halidu's share of the profit is
- A. N7,500 B. N6,000
- C. N5,400 D. N4,500.

43. The measure of a company's ability to pay its debts quickly is called
- A. current ratio B. turnover ratio
- C. acid test ratio D. return on investment.

37. Hamed's share of the profit should be
- A. credited to partners' capital account
- B. credited to partners' current account
- C. credited to appropriation account
- D. debited to partners' drawings account.

44. Department accounts are maintained to ascertain the
- A. profits of the entire organization
- B. contribution of each department
- C. expenses of each department
- D. sales of each department.

38. The conversion of a partnership business into a limited liability company affords the
- A. general partners the chance of enjoying the limited liability protection
- B. limited liability partners the chance of enjoying the limited liability protection
- C. creditors the chance of enjoying the limited liability protection
- D. debtors the chance of enjoying the limited liability protection.

45. The Asa branch of Emene Company Ltd. Made a sale of N 549,000 from the goods sent from the head office during the period ended 31/12/94. These sales were based on a 22% mark up. If branch expenses were N34,400 and there were no discrepancies, what should be the net profit of the branch for the period?
- A. N6,500 B. N64,600
- C. N85,380 D. N514,600

Use the information below to answer questions 39 and 40

Yakubu (Nigeria) Limited (Extract) Balance Sheet as at 31st December 1993.

	Authorized N	Issued N	N
Ordinary shares	100,000	80,000	
10% preference shares	30,000	20,000	
Share premium		20,000	

46. Which of the following statement is current about the head office current account and the branch current account?
- A. Both always have debit balances
- B. Both always have credit balances
- C. The head office current account has a credit balance while the branch current account has a debit balance.
- D. The head office current account has a debit

balance while the branch current account has a credit balance.

47. Which of the following are sources of revenue to share governments in Nigeria? I Statutory allocation, II Fines from customary courts, III Petroleum tax IV Income tax.
A. I and II only B. II and III only
C. I and IV only D. III and IV only.

Use the information to answer questions 48 and 49

Eko Local Government Expenditure

	N
Hospital building	200,000
Drugs	180,000
Hospital beds and Mattresses	40,000

Doctors' and nurses' Salaries	120,000
Administrative expenses	50,000

48. Capital expenditure is
A. N420,000 B. N380,000
C. N240,000 D. N200,000
49. Recurrent expenditure is
A. N390,000 B. N360,000
C. N 350,000 D. N 170,000
50. A governmental accounting system must make sure that
A. revenue exceeds expenditure
B. all applicable legal provisions are complied with
C. capital expenditure is equal to revenue
D. capital project fund is tied to recurrent expenditure.

Principles of Accounts 1997

- The most important reason for studying accounting is that
A. the information provided by accounting is useful in making decisions
B. accounting plays an important role in a society
C. the study of accounting leads to a challenging career
D. accounting provides gross profit information.
- In preparing accounting records, the owners of a business and the business are treated as
A. the same person B. having business relationship C. separate legal entities D. partners
- Creditors use accounting information for the purpose of
A. planning sales to a company
B. controlling a company's affairs
C. investing in a company
D. assessing a company liquidity.
- The instruments that are generated when firms enter into business transactions with others are called
A. purchases documents B. journals
C. source documents D. invoices.
- The document that is used to acknowledge the acceptance of the return of goods by the seller from the buyer is known as
A. credit note B. debit note
C. invoice D. voucher.
- The effects of the payment of a liability is that it
A. increases both assets and liabilities
B. increases assets and decreases liabilities
C. decreases assets and increases liabilities
D. decrease both assets and liabilities.
- Books of original entry are use for
A. recording business transactions
B. the adjustment of accounts
C. reminding the bookkeeper to post transactions in the ledger
D. Informing about the state of affairs.
- The term posting in accounting refers to
A. recording entries in the journal
B. transferring the balances in the ledger to the trial balance C. tracing amounts from the journal to the ledger to find errors
D. transferring entries to the ledger from the journal.
- Erroneous rearrangement of financial figures such as writing N624 as N264 is called
A. transposition B. principle
C. commission D. omission
- Bank Account**

	N		N
Capital	50,000	Purchase	20,000
Sales	38,500	Rent	2,590
		Motor V	6,500

What is the balance of the bank account shown above?
A. N 88,500 debit B. N88,500credit
C. N59,410 credit D. N59,410debit.
- Which of the following demonstrates the imprest system?
A. Float-> expenses paid -->cash in bank--> float.
B. Float --> cash from bank -->expenses paid -->float
C. Float--> expenses paid--> cash from bank --> float
D. Float--> cash in bank--> expenses paid --> float.

12. When a sum of money appears on the credit side of the cash book. but not on the debit side of the bank statement, the sum is regarded as