

# UMMUL QURA HIGH SCHOOL

Arowona Bus-stop, Amuloko Area, Akanran Road, Ibadan.

## 2ND TERM 2020/2021 EXAMINATION

Subject: Financial Accounting 1

Class: SSS2

Duration : 1hr

### Objective Test

1. Customers use the financial statements of a company to
  - A. assess the financial statements of the business
  - B. regulate their activities
  - C. ascertain the taxable profit of the business
  - D. be sure of the extent of job security
2. The following are the users of financial information except
  - A. customers
  - B. shareholders
  - C. employees
  - A. legislature
3. The claim on the assets of a business by outsiders is
  - A. capital
  - A. liabilities
  - C. reserves
  - D. provision
4. Accounting equation shows that
  - A.  $\text{assets} - \text{liabilities} = \text{profit}$
  - B.  $\text{liabilities} + \text{profit} = \text{assets}$
  - C.  $\text{assets} - \text{liabilities} = \text{capital}$
  - D.  $\text{fixed assets} + \text{current assets} = \text{liabilities}$
5. A document sent by a bank to its current account customers detailing their transactions over a given period is
  - A. Bank reconciliation statement
  - B. bank statement
  - C. credit transfer
  - D. banker's advice
6. The following items are added to balance as per cash book except
  - A. credit transfer
  - B. dividend
  - C. bank charges
  - D. undercasting of receipt
7. The following are the condition for dishonoring a cheque except
  - A. irregular signature
  - B. absent of date
  - C. insufficient amount
  - D. crossing on cheques
8. Which of the following items will not be entered in the adjusted cash book?
  - A. Dishonored cheques
  - B. Direct payment to bank
  - C. Uncredited cheques
  - D. standing order payment

9. If a petty cashier has a cash float of ₦39,000 and ₦37,500 is spent, he will be reimbursed with
  - A. ₦40,500
  - B. ₦39,000
  - C. ₦37,500
  - D. ₦1,500
10. The sum amount given to a petty cashier at the beginning of a month is
  - A. petty cash voucher
  - B. petty cash receipts
  - C. float
  - D. reimbursement
11. A suspense account is used in the
  - A. prevention of errors
  - B. correction of errors
  - C. detection of errors
  - D. creation of errors
12. A credit purchase of ₦200 from P. Osae was posted to the account of P. Osai. This is an error of
  - A. principle
  - B. commission
  - C. omission
  - D. original entry
13. Errors that do not affect the total of balance sheet are \_\_\_\_ in number.
  - A. 6
  - B. 8
  - C. 7
  - D. 9
14. Discount allowed on goods invoiced at ₦100,000 was calculated at the rate of 20% instead of 10%. The error is corrected by debiting
  - A. customer account with ₦20,000: crediting discount allowed with ₦20,000
  - B. discount allowed with ₦10,000: crediting customer's account with ₦10,000
  - C. customer's account with ₦10,000: crediting discount allowed with ₦10,000
  - D. discount allowed with ₦20,000: crediting cash with ₦20,000
15. The effects on profit when the closing stock is understated is
  - A. increase in profit
  - B. decrease in profit
  - C. no change in profit
  - D. appropriation of profit
16. Carriage inward on goods purchased is debited to
  - A. Balance Sheet
  - B. Profit and Loss Account
  - C. Trading Account
  - D. Current Account
17. The following are referred to as final account except
  - A. Balance Sheet
  - B. Manufacturing Account
  - C. Trading Account
  - D. Profit and Loss Account
18. Which of the following describes trial balance?
  - A. It shows all the entries in the books
  - B. it reveals the financial position of a business
  - C. it is a list of accounting balances on the books
  - D. it is a special account

19. The account of Jute Enterprises in the books of a supplier, will be a
- A. nominal account in the general ledger
  - B. personal account in the sales ledger
  - C. personal account in the purchases ledger
  - D. real account in the general ledger
20. Which of the following accounts are found in the nominal ledger? I Advertising  
II Motor repair  
III Additions to motor vehicle
- A. I & II only
  - B. I & III only
  - C. II & III only
  - D. I, II & III
21. Account payable is classified as a
- A. prepayment
  - B. provision
  - C. current liability
  - D. long-term liability
22. Expenses accrued is treated as a
- A. fixed assets
  - B. current assets
  - C. Intangible assets
  - D. current liability
23. Carriage outward expenses of a business are treated in the
- A. Balance Sheet
  - B. Income Surplus Account
  - C. Profit and Loss Account
  - D. Trading Account
24. The cost of transporting purchased goods to the warehouse is charged to the
- A. Profit and Loss Account

- B. Appropriation Account
- C. Trading Account
- D. Income Surplus Account

Use the following information to answer questions 29 - 30.

An organization purchased an equipment for ₦112,000. It is expected to be used for 6 years then sold for ₦16,000. If straight line method is used,

25. What is the annual amount of depreciation?
- A. ₦16,000
  - B. ₦15,000
  - C. ₦12,800
  - D. ₦12,000
26. What is net book value at the end of the 5th month?
- A. ₦30,000
  - B. ₦16,000
  - C. ₦32,000
  - D. ₦15,000
27. The excess of the market value of goods produced over the cost of production is
- A. profit on manufacturing
  - B. net profit
  - C. goodwill
  - D. gross profit
28. Factory wages form part of
- A. administration cost
  - B. selling and distribution cost
  - C. overheads cost
  - D. prime cost
29. Production cost of a manufacturing firm is made up of
- A. indirect materials and prime cost
  - B. factory overheads and prime cost

- C. direct materials and wages
- D. factory overheads and direct materials

30. In manufacturing enterprises, depreciation of plant is treated in the

- A. Trading Account
- B. Profit and Loss Account
- C. Manufacturing Account
- D. Appropriation Account

Use the following information to answer questions 31 - 32.

|                                   |        |
|-----------------------------------|--------|
| .                                 | ₦      |
| Sales ledger balance, 01/06/12.   | 9,000  |
| Total for the month : cash sales. | 10,000 |
| Return inward.                    | 3,000  |
| Cheque dishonored.                | 4,000  |
| Sales ledger balance 12/06/12.    | 30,000 |

31. The credit sales for the month is

- A. ₦36,000
- B. ₦31,000
- C. ₦20,000
- D. ₦10,000

B. Credit Sales

C. Discount Recieved

D. Cash Purchases

32. The total sales for the month is

- A. ₦36,000
- B. ₦31,000
- C. ₦30,000
- D. ₦20,000

35. A statement of affairs shows

- A. receipts and payments
- B. revenue and expenditure
- C. financial position
- D. profit and loss

33. The purpose of keeping Sales and Purchases Ledger Control Account is to

- A. match credit sales and credit purchases
- B. equates debtors balance to creditors balance
- C. verify total debtors and total creditors balances
- D. determine cash sales and cash purchases

36. Where there is no agreement between the partners, the partnership Act states that

- A. 5% interest is to be on capital
- B. profit and loss are to be shared in proportion to their capital
- C. 50% interest to be charged on drawing
- D. no salary to be paid to partners

34. Which of the following items will appear in the Total Creditors Account?

- A. Discount Allowed

37. Interest partners drawings are debited in the

- A. partners current account and credited to the appropriation account
- B. drawing account and credited to the profit and loss account

- C. profit and loss account and credited to the partners current account  
 D. profit and loss account and credited to the partners drawing account
38. Goodwill may be brought into the books when  
 A. no partner retires  
 B. assets are more than liabilities  
 C. profit for the period is high  
 D. a new partner is admitted
39. Working capital is the excess of  
 A. current assets over fixed assets  
 B. current liabilities over current assets  
 C. fixed assets over current liabilities  
 D. current assets over current liabilities

Use the following information to answer questions 40 - 42.

|                     | ₦      |
|---------------------|--------|
| Opening stock.      | 2,300  |
| Purchases.          | 11,874 |
| Sales.              | 18,600 |
| Closing stock.      | 3,000  |
| Cost of goods sold. | 11,500 |

40. The carriage inward is  
 A. ₦1,500  
 B. ₦800  
 C. ₦326  
 D. ₦450
41. The gross profit is  
 A. ₦7,100  
 B. ₦6,200  
 C. ₦3,200  
 D. ₦4,200
42. The percentage of gross profit is  
 A. 61.82%  
 B. 38.17%  
 C. 28.49%  
 D. 14.25%
43. The following are methods of depreciation except  
 A. reducing balance  
 B. sum of the year digit  
 C. straight line  
 D. obsolescence

Use the following information to answer questions 44 - 47.

|                      | Dr.    | Cr |
|----------------------|--------|----|
|                      | ₦      | ₦  |
| Goodwill.            | 10,000 | .  |
| Plant and machinery. | 32,000 |    |
| Freehold premises.   | 50,000 |    |
| Stock.               | 15,000 |    |
| Debtors.             | 12,000 |    |

|                          |                                |
|--------------------------|--------------------------------|
| Cash in hand.            | 7,500                          |
| Cash at bank.            | 2,000                          |
| Profit and loss account. | 34,000                         |
| Accrued rent.            | 500                            |
| Sundry creditors.        | 9,500                          |
| Capital.                 | ?                              |
|                          | <u>129,000.</u> <u>129,000</u> |

44. The capital is

- A. ₦75,000
- B. ₦65,000
- C. ₦85,000
- D. ₦55,000

45. What is the value of fixed tangible assets?

- A. ₦92,000
- B. ₦89,500
- C. ₦82,000
- D. ₦62,000

46. What is the value of current liabilities?

- A. ₦10,000
- B. ₦12,500
- C. ₦9,500
- D. ₦500

47. What is the value of intangible assets?

- A. ₦50,000
- B. ₦42,000
- C. ₦32,000
- D. ₦10,000

Use the following information to answer questions 48 - 50.

|                                      |         |
|--------------------------------------|---------|
|                                      | ₦       |
| Manufacturing cost of finished goods | 75,000  |
| Selling and distribution expenses.   | 5,000   |
| Sales of finished goods.             | 112,000 |

48. The gross profit for the year is

- A. ₦33,000
- B. ₦37,000
- C. ₦5000
- D. ₦70,000

49. The net profit for the year is

- A. ₦35,000
- B. ₦32,000

- C. ₦50,000
- D. ₦25,000

50. The gross profit percentage is

- A. 33.03%
- B. 30.66%
- C. 49.33%
- D. 40.33%

# UMMUL QURA HIGH SCHOOL

Arowona Bus-stop, Amuloko Area, Akanran Road, Ibadan.

## 2ND TERM 2020/2021 EXAMINATION

Subject: Financial Accounting 2 Class: SSS2 Duration : 2hrs 30mins

### Theory Of Financial Accounting

Answer two (2) questions only from this section.

- 1a. What is a Source Document? (3marks)
- b. List six (6) types of Source Documents. (6marks)
- c. State three (3) uses of subsidiary books. (6marks)
- 2a. What is Bank Reconciliation Statement? (3marks)
- b. State three (3) reasons for preparing a bank reconciliation statement. (6marks)
- c. Explain the following terms :
- (i) unpresented cheques,
  - (ii) standing order
  - (iii) credit transfer.
- 3a. What is Partnership Deed? (3marks)
- b. State six (6) contents in partnership agreement. (6marks)
- c. Outline three (3) reasons for the introduction of goodwill. (6marks)

### Financial Accounting Practice

Answer two questions only from this section

4. Govu, Tuga, and Kano are partners engaged in retail business, sharing profit and losses in the ratio 2:1:2 respectively.

The following are the details of the extracts from their books as at 31st January, 2013.

|                 | Govu.  | Tuga.   | Kano   |
|-----------------|--------|---------|--------|
|                 | ₦      | ₦       | ₦      |
| Capital.        | 50,000 | 45,000  | 60,000 |
| Current Account | 20,000 | (5,000) | 8,500  |

Additional information :

- i. The firm's sundry assets were value at ₦431,000
  - ii. Tuga advance a loan of ₦100,000 to the partnership at the rate of 5% per annum. Interest was payable six monthly and was to be credited to his account.
  - iii. Govu and kano were to receive ₦25,000 per annum each.
  - iv. The profit for the partnership before charging loan interest was ₦158,000 for the Year ended 31st December, 2013. The loan was not repayable until after 2016.
- You are required to prepare :
- a. Profit and loss and appropriation account for the year ended 31st December, 2013:
  - b. Partners' current accounts in a columnar form. (15 marks)

5. Jogunomi Ltd is a manufacturing company. The following balances were extracted from its records on 31st December, 2014.

|                             |         |
|-----------------------------|---------|
| Stock on 01/01/2014:        | ₦       |
| Raw materials.              | 56,000  |
| Work - in - progress.       | 60,000  |
| Finished goods.             | 80,000  |
| Purchases of raw materials. | 150,000 |
| Carriage on raw materials.  | 7,500   |
| Manufacturing wages paid.   | 16,500  |
| Factory wages accrued.      | 4,000   |



|                                    |         |
|------------------------------------|---------|
| Direct factory expenses.           | 11,400  |
| Fuel for factory equipment.        | 15,000  |
| Depreciation of factory equipment. | 12,000  |
| Sales of finished goods.           | 500,000 |
| Carriage outward.                  | 7,600   |
| General office expense.            | 3,800   |
| Office salaries.                   | 19,200  |
| Stock on 31/12/2014:               |         |
| Raw materials.                     | 40,000  |
| Work - in - progress.              | 64,000  |
| Finished goods.                    | 72,000  |

You are required to prepare the manufacturing, trading and profit and loss account for the year ended 31st December, 2014.

6. Kunde and kelechi are in partnership sharing profit and losses equally. On 1st January 1995, they decided to admit Adeolu as a partner on which date their balance sheet was as follows :

| .                | ₦      | ₦              | .               | ₦              |
|------------------|--------|----------------|-----------------|----------------|
| Capital : kunde. | 80,000 |                | Assets:         |                |
| Kelechi.         | 80,000 | 160,000        | Premises.       | 75,000         |
| Current Account: |        |                | Plant&machinery | 60,000         |
| Kunde.           | 12,510 |                | Stock           | 38,500         |
| Kelechi.         | 8,340  | 20,850         | Debtors         | 15,350         |
| Creditors        |        | <u>19,650</u>  | Cash at bank    | <u>11,650</u>  |
|                  |        | <u>200,500</u> |                 | <u>200,500</u> |

It was agreed as follows :

- a. Adeolu shall bring ₦40,000 as capital for one fifth share of profit.
- b. Goodwill shall be brought into the books at ₦10,000
- c. Assets are valued at :

|                     | ₦       |
|---------------------|---------|
| Premises.           | 100,000 |
| Plant and machinery | 45,000  |
| Stock.              | 32,500  |
- d. A provision of ₦1,800 is to be made for bad debts

You are required to prepare :

- i. Revaluation account,
- ii. Partners current account,
- iii. Balance sheet after the admission of Adeolu.