

# UMMUL QURA HIGH SHOOOL

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## THIRD-TERM EXAMINATION

**CLASS:** SSS 2

**SUBJECT:** Financial Account.

**DURATION:** 2 hours.

1. Which of the following will a supplier sent to a customer whose invoice was undercast?  
(A) Invoice  
(B) Debit note  
(C) Credit note  
(D) Cheque
2. In which of the following books will trade discounts be recorded?  
(A) Cash book  
(B) General ledger  
(C) Purchases day book  
(D) Invoices

Use the following information to answer questions 3-5.

The following balances were expected from the book of XYZ Co. Ltd.

	₦
Goodwill	20,000
Other Fixed Assets	400,000
Stock	10,000
Debtors	30,000
Provision for bad debts	5,000
Bank balance	10,000
Sundry Creditors	25,000
Accrued expenses	5,000
Bill payable	2,000
Provision for depreciation	90,000

3. The working capital is  
(A) ₦45,000  
(B) ₦32,000  
(C) ₦25,000  
(D) ₦13,000
4. The total Net profit is  
(A) ₦465,000  
(B) ₦433,000  
(C) ₦375,000  
(D) ₦459,000
5. The current ratio is  
(A) 2:1  
(B) 1.8:1
6. In a manufacturing company, wages paid to operatives increase the value of  
(A) turnover  
(B) prime cost  
(C) overhead cost  
(D) gross profit
7. The accounting equation is  
(A) assets and liabilities amount to capital

- (B) capital less assets amount to liabilities  
(C) assets less liabilities amount capital  
(D) capital and assets amount liabilities
8. The purchase of a typewriter for the office was posted to Purchase Account. This is an error of  
(A) commission  
(B) principle  
(C) omission  
(D) original entry
9. Which of the following is not a book of prime entry?  
(A) Purchases Ledger  
(B) Journal Proper  
(C) Sales Day Book  
(D) Cash Book
10. Abdul paid off his indebtedness to John by cash. The accounting entries in Abdul's books are : debit  
(A) cash account, credit John's account  
(B) cash account, credit debtors account  
(C) John's account, credit cash account  
(D) John's account, credit bank account
- Use the following information to answer questions 11-13.  
A trader paid insurance premiums of ₦1,350 for 15 months ended 31st March 1991. He prepares account to 31st December.
11. How much is charged to the profit and loss account for 1990?  
(A) ~~₦~~1,350  
(B) ~~₦~~1,080  
(C) ~~₦~~338  
(D) ~~₦~~270
12. How much is carried in the Balance Sheet at 31st December 1990?  
(A) ~~₦~~1,350  
(B) ~~₦~~1,080  
(C) ~~₦~~338  
(D) ~~₦~~270
13. The amount carried in the Balance Sheet is classified as  
(A) current assets  
(B) current liabilities  
(C) investment  
(D) reserve
14. The excess of current assets over current liabilities is  
(A) working capital  
(B) accumulated fund  
(C) capital employed  
(D) circulating capital
15. Subscription in advance is treated in the Balance sheet of a club as  
(A) current liabilities  
(B) current assets  
(C) fixed assets  
(D) intangible assets
16. The accounting concept which implies the a business is to continue in its existence in perpetuity is  
(A) realization  
(B) appropriation  
(C) continuation  
(D) provision
17. In a non-profit oriented organisation, the excess of income over expenditure is

- (A) added to the capital  
 (B) added to the accumulated fund  
 (C) deducted from accumulated fund  
 (D) deducted from capital
18. \_\_\_\_ concept states that all transactions should have two aspects.  
 (A) dual aspect  
 (B) income aspect  
 (C) realization concept  
 (D) expenses aspect
19. Which of the following will not affect the agreement of the cash book balance and bank statement balance?  
 (A) Bank charges  
 (B) standing order  
 (C) cash payment  
 (D) dishonoured cheque
20. When there is bank overdraft, which of the following will be added to balance as per adjusted cash book?  
 (A) standing order  
 (B) unpresented cheque  
 (C) uncredited cheque  
 (D) cash payment
21. Ajijola Enterprise bought 40 pairs of shoes at ₦45 each from Kabi shoe factory on credit. This transaction will first be recorded by Ajijola in the  
 (A) ledger  
 (B) principal journal  
 (C) cash book  
 (D) purchases day book
- Use the following information to answer questions 22-23.  
 Use the following information to answer questions 26 - 28.
- Nagogo Manufacturing Ltd paid ₦1,500 for electricity bill in the year 2001. In the previous year, the arrears of electricity was ₦350. The electricity bill is to be apportioned to the factory and office in the ratio of 2:3.
22. What is the amount to be shared to the factory and office for the year 2001?  
 (A) 1,150  
 (B) 1,850  
 (C) 1,500  
 (D) 1,950
23. What is the portion of the factory for the year 2001?  
 (A) ₦460  
 (B) ₦1,150  
 (C) ₦1,850  
 (D) ₦690
24. Impersonal real accounts include (I) expenditure on telephone (II) motor vehicle (III) expenses on telegram (IV) land and building  
 (A) I and II only  
 (B) III and IV only  
 (C) II and IV only  
 (D) I, II and III only
25. In a professional partnership, membership must be between  
 (A) 2 and 8  
 (B) 2 and 10  
 (C) 2 and 50  
 (D) 2 and 20

Emeka Chukwudi Nig Ltd. is a manufacturing company. It's books showed the following for the year ended 31st December, 1990.

	₦
Opening Stock - Raw materials.	42,000
Purchases - Raw materials.	265,000
Returns Outwards	13,000
Depreciation - Plant and Machinery	10,000
Wages	52,000
Closing stock - Raw materials	72,000
Direct expenses	11,000
Production manager's salary	18,000
Factory rent	15,000

26. The prime cost is  
 (A) ~~₦~~298,000  
 (B) ~~₦~~285,000  
 (C) ~~₦~~274,000  
 (D) ~~₦~~235,000
27. The factory overhead is  
 (A) ~~₦~~95,000  
 (B) ~~₦~~63,000  
 (C) ~~₦~~54,000  
 (D) ~~₦~~43,000
28. The cost of production is  
 (A) ~~₦~~373,000  
 (B) ~~₦~~351,000  
 (C) ~~₦~~337,000  
 (D) ~~₦~~328,000
29. A private limited company is that which (I) restricts the the right to transfer shares (II) has a minimum of seven members (III) limits membership to fifty (IV) offers its shares for sales to the public  
 (A) II and III only  
 (B) I and IV only  
 (C) II and III only  
 (D) I and III only
30. Which of the following items can be found in a creditors control account?  
 (A) cash receipt  
 (B) discount allowed  
 (C) discount received  
 (D) cash sales
31. The assets of a business can be classified broadly into  
 (A) fixed and floating assets  
 (B) fixed and current assets  
 (C) intangible and fixed assets  
 (D) current and circulating assets
32. Which of the following is not a current assets?  
 (A) Cash  
 (B) bill payable  
 (C) bill receivable  
 (D) prepayment
33. The excess of total assets over current liabilities is  
 (A) circulating capital  
 (B) working capital  
 (C) accumulated fund  
 (D) capital employed
34. A trial balance is prepared to  
 (A) detect fraud

- (B)ascertain losses  
(C)ascertain profit  
(D)test arithmetic accuracy of entries made in the ledger
35. The following are sources documents except  
(A)debit note  
(B)standing order  
(C)receipts  
(D)journal
36. A document that serves as an evidence for payment made is  
(A)invoice  
(B)voucher  
(C)receipt  
(D)credit note
37. The fixed amount of money set aside for petty expenses is called  
(A)accumulated fund  
(B)impress fund  
(C)imprest receipt  
(D)float
38. When provision is made for doubtful debt, the accounting entries are debit  
(A)Profit and Loss, credit Debtors Account  
(B)Debtors Account, credit Trading Account  
(C)Profit and Loss account, credit provision for Doubtful debt Account  
(D)Trading Account, credit Debtors Account
39. Chukwu's capital at 1/1/89 and 31/12/89 were ₦30,000 and ₦50,000 respectively. During the year he introduced additional capital of ₦10,500 and withdrew ₦5,300 for private use. What is the profit for 1989?  
(A)₦30,500  
(B)₦25,300  
(C)₦20,000  
(D)₦15,800

Use the following information to answer questions 40-43.

Rufai, a vulcaniser bough 4 machines for ₦20,200 and incurred the following expenses for the year ended 31st December, 1990.

	₦
Glue.	2,100
Thread.	600
Kerosine.	900
Rubber.	558
Matches.	110

He received ₦5,772 from customers. Two machines were later sold for ₦6990 and ₦5670 respectively.

40. What is his capital expenditure?  
(A)₦24,468  
(B)₦20,200  
(C)₦22,900  
(D)₦23,800
41. What is his revenue expenditure?  
(A)₦4,268  
(B)₦24,468  
(C)₦20,200  
(D)₦3,600

42. What is his capital receipt?

- (A) ~~₦~~18,432
- (B) ~~₦~~12,600
- (C) ~~₦~~6,990
- (D) ~~₦~~5,772

43. What is his revenue receipt?

- (A) ~~₦~~5,772
- (B) ~~₦~~18,432
- (C) ~~₦~~12,600
- (D) ~~₦~~6,990

44. The periodic payment made by a member of a particular club is

- (A) accumulated fund
- (B) receipt and payment
- (C) subscription
- (D) standing order

45. Which of the following is not a balance sheet item?

- (A) provision for discount
- (B) prepaid rent
- (C) accrued salaries
- (D) dividend received

Use the following information to answer questions 46 - 49.

	(Ade) ₦	(Okon) ₦
Fixed capital.	15,000	25,000
Salaries per annum.	600.	8,000
Interest on capital per annum	8%	8%
Profit or loss sharing ratio	40%	60%

The net profit for the year ended 31st December 1990 is ₦28,000 while drawings are ₦3,000 and ₦4,000 for Ade and Okon respectively.

46. What is the interest on capita?

- (A) ~~₦~~6,400
- (B) ~~₦~~4,000
- (C) ~~₦~~3,200
- (D) ~~₦~~2,000

47. What is the profit available for distribution?

- (A) ~~₦~~17,800
- (B) ~~₦~~14,000
- (C) ~~₦~~10,800
- (D) ~~₦~~7,000

48. What is Ade's share of the profit?

- (A) ~~₦~~11,200
- (B) ~~₦~~4,320

- (C) ~~₦~~5,600
- (D) ~~₦~~6,480

49. What is Okon's share of the profit?

- (A) ~~₦~~10,680
- (B) ~~₦~~8,400
- (C) ~~₦~~6,840
- (D) ~~₦~~4,320

50. Which of the following is not on Debtor's Ledger control account?

- (A) credit sales
- (B) cash sales
- (C) bill receivable
- (D) dishonoured cheque

**Theory of financial accounting**

**Answer questions (3) and other (1) from this section**

- 1a. What is Partnership Deed? (3mks)
- b. State six (6) contents in partnership agreement. (6mks)
- c. Outline three (3) reasons for the introduction of goodwill. (3mks)
- 2a. What is Journal ? (3mks)
- b. State six (6) forms of source documents. (6mks)
- c. State three (3) internal users of financial information. (3mks)
- 3a. State four (4) sources of income to a club. (4mks)
- b. List four (4) items on Income and Expenditure Account. (4mks)
- c. Explain the treatment of the following the Balance Sheet.
- i. Subscription in advance
- ii. Subscription in arrears
- iii. Accrued salaries
- iv. Prepaid electricity. (4mks)

**Practice of financial accounting**

**Answer two (2) questions from this section**

4. The following is the summary of cash book of Joe for the year ended 31st March, 1995.

	₦		₦
Bal. b/f.	23,430	Cash paid to creditors	110,560
Cash from debtors	142,350	Salary	12,300
Additional capital	60,000	Postage.	2,500

Cash sales	30,600	General expenses	10,300
.		Drawing	17,000
		Rent.	12,300
		Balance c/d.	<u>91,420</u>
.	<u>256380</u>	.	<u>256,380</u>

Additional information :	₦	₦
Stock.	5,600.	3,400
Debtors	12,020.	9,880
Credit	9,800.	10,510
Accrued salaries	4,200.	3,100
Prepaid rent.	1,100.	980
Furniture.	33,240.	30,120
Plant and machinery	25,000.	22,400

You are required to prepare :

- Statement of affairs as at 31st April, 1994.,
- Debtors control account and creditor control account ,
- Sales account ,
- Trading, profit and loss account , and
- Balance sheet as at 31st March, 1995.

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. The following is the receipts and payments account of Progressive Social Club for the year ended 31st December 1991.

.                      Receipts and Payment Account

.	₦	.	₦
Balance b/f.	1,390	Rent	900
Subscriptions.	2,310	Printing	180
Dance	340	Wages	790
Annual socials	3,500	Refreshments	240

Donations.	<u>100</u>	Games equipment	1,300
		Postage	104
		Electricity	336
		Rates	150
		Balance c/d	<u>3,640</u>
.	<u>7,640</u>	.	<u>7,640</u>

Additional information :	1/1/91	31/12/91
.	₦	₦
Games equipment	4,480.	5,180
Wages accrued.	300.	260
Subscription in arrears	500.	200
Subscription in advance	280.	320
Rent in arrears	180.	240
Rate in advance.	-	48

You are required to prepare :

- Statement of affairs as at 1/1/91
- Income and expenditure account for the year
- Balance sheets as at 31st December 1991.