



OLABISI ONABANJO UNIVERSITY, AGO-IWOYE
FACULTY OF EDUCATION
DEPARTMENT OF EDUCATIONAL MANAGEMENT AND BUSINESS STUDIES
2017/2018 RAIN SEMESTER EXAMINATIONS

EXAMINATION: Bachelor of Business Education
COURSE CODE: BBE 202
COURSE TITLE: Principles of Accounting
COURSE STATUS: 2 Units Compulsory
TIME ALLOWED: 2 Hours
INSTRUCTIONS: Answer question 1 and any other 2.

1(a) What is accounting concepts? (5 Marks)

- (b) Explain and state the benefit of the following fundamental accounting concepts
- Going Concern
 - Historical Cost
 - Entity Concept
 - Periodicity Concept
 - Accrual Concept
- (15 Marks)

- (c) A firm paid a rent ₦9 million to cover the eighteen months period ending 30 June 2013. How much rent should be charged to the Statement of Profit or Loss as rent expense for the year ended 31 December 2012? (5 Marks)

- (d) You are to complete the gaps in the following table:

S/N	Assets (₦)	Liabilities (₦)	Capitals (₦)
1	2,500,000	360,000	
2	5,600,000	980,000	
3	3,360,000		2,500,000
4	3,920,000		3,290,000
5		1,260,000	3,840,000

(5 Marks)

2. Prepare manufacturing, trading, profit and loss accounts from the following balances of Cumslank Ltd for the year ended 31 December 2005

Stocks at 1 January 2005	N
Raw Materials ✓	9,225,000
Work in Progress ✓	11,800,000
Finished goods ✓	8,735,000
Purchases: Raw Materials ✓	32,650,000
Carriage on raw materials ✓	802,500
Direct labour ✓	32,905,000
Office Salaries	8,460,000
Rent	1,350,000

Office lighting and heating	2,880,000
Depreciation: Works Machinery ✓	4,150,000
Office Equipment	975,000
Sales	100,300,000
Factory fuel and power ✓	2,960,000

Additional Information:

a. Rent is to be apportioned: Factory 2/3; office 1/3

b. Stocks at 31 December, 2005 were:

- i. Raw materials ₦10,105,000;
- ii. Work in progress ₦8,695,000;
- iii. Finished goods ₦10,742,500

(20 Marks)

3. On 30 June 2014, MAXWELL's cash book showed that he had an overdraft of ₦300,000 on his current account at the bank. The bank statement as at the end of June 2014 showed that Maxwell was in credit by ₦65,000.

On checking the cashbook with the bank statement, you find the following discrepancies:

- i. Cheque drawn amounting to ₦500,000, had been entered in the cash book, but had not been presented.
- ii. Cheque received amounting to ₦400,000, had been entered in the cash book, but had not been credited by the bank.
- iii. On instructions from Maxwell, the bank had transferred interest of ₦60,000 from his savings account to his current account, recording the transfer on 5 July 2014. This amount had however been posted into the cash book as at 30 June 2014.
- iv. Bank charges of ₦35,000, shown in the bank statement had not been entered in the cash book.
- v. The payment side of the cash book had been under-cast by ₦10,000.
- vi. Dividend received amounting to ₦200,000 had been paid directly to the bank and not entered in the cash book.
- vii. A withdrawal of ₦50,000 from the savings account had been shown in the cash book as a drawing from current account.
- viii. A cheque for ₦25,000 issued to Jones over six months ago had been stale and was later replaced. It was entered again in the cash book and no other entry being made. Both cheques were included in the total of unpresented cheques shown above.

Required:

a). Indicate the appropriate adjustments in the cash book.

b). Prepare a statement reconciling the amended balance with that shown in the bank statement.

(20 Marks)

4/ On examining the BKS of Export Limited, you ascertain that on 1st October 2004, the debtors' ledger balances were ₦8,024,000 debit and ₦57,000 credit and the creditor's ledger balance on the same date ₦6235000 credit and ₦105000 debit. For the year ended 30th September 2005, the following particulars are available:

	₦'000
Sales	63,728
Purchases	59,974
Cash received from debtors	55,212
Cash paid to creditors	37,307
Discount received	1,475
Discount allowed	2,328
Bills received	4,057
Bills dishonoured	263
Bad debts written off	326
Cash received in respect of debt balances	105
Return inward	1,002
Returns outwards	535

Amount due from customer as shown by debtors' ledger, offset against amount due to the same firm as shown by creditors' ledger ₦434,000 cash received in respect of debit previously written off as bad, ₦94,000.

Allowances to customers on goods damaged in transit ₦212,000 on 30th September 2005. There were no credit balances in the debtors' ledger except those outstanding on 1st October, 2005 and debit balances in the creditors' ledger.

You are required to write up the following accounts recording the above transactions, bringing down the balances as 30th September 2005.

- Debtors control account
- Creditors control account

(20 Marks)

23,767,500
Gross Profit

Net
12,960

96,974,000

12,015,000
54,673,000