

1. The accounting principle that requires business to anticipate profits before losses is \_\_\_\_\_
  - A. accrual
  - B. matching
  - C. materiality
  - D. prudence
  - E. realisation
2. An Article of Association contains
  - A. address of the company.
  - B. amount of authorised capital.
  - C. duties and powers of directors.
  - D. name of the company.
  - E. objects of the company.
3. Control account is used for the following reasons except
  - A. for fraud prevention.
  - B. for profit maximisation.
  - C. to aid management control.
  - D. to ease detection of missing figures.
  - E. to locate errors.
4. Who is the founder of principle of double entry?
  - A. Edwin James
  - B. Frank Wood
  - C. Luca Pacioli
  - D. Robert Iglean
  - E. Williams Akintola
5. When was Association of National Accountants of Nigeria (ANAN) established?
  - A. 1993
  - B. 1982
  - C. 1979
  - D. 1975
  - E. 1965
6. Income and expenditure account is prepared to ascertain \_\_\_\_\_ of the non-profit making organisation.
  - A. creditors or debtors
  - B. inflow or outflow
  - C. profit or loss
  - D. purchases or sales
  - E. surplus or deficit

**\*\*Use the following information to answer questions 7 - 9.\*\***

Okon and Yusuf are partners sharing profits and losses equally. Extracts from their books showed:

Okon Yusuf

Capital account 1/1/18: N800,000 N1,000,000

Current account 1/1/18: N400,000 (cr) N300,000 (dr)

Drawings during the year: N80,000 N100,000

Salaries: N100,000 N100,000

Interest on capital is 10%. The net profit for the year is N800,000.

7. The interest on Okon's capital is
- A. N180,000
  - B. N109,000
  - C. N95,000
  - D. N91,250
  - E. N80,000
8. The interest on Yusuf's capital is
- A. N155,000
  - B. N145,000
  - C. N102,000
  - D. N100,000
  - E. N80,000
9. The profit shared to each partner is
- A. N210,000
  - B. N160,000
  - C. N120,000
  - D. N105,000
  - E. N100,000
10. The main purpose of manufacturing account is to determine
- A. assets and liabilities
  - B. cost of goods produced
  - C. cost of plant and machinery
  - D. gross profit or loss
  - E. net profit and net loss
11. The following are causes of difference between the bank statement and cashbook balance except
- A. bank charges.
  - B. credit transfer.
  - C. presented cheque.
  - D. uncredited cheque.
  - E. unrepresented cheque.

**\*\*Use the following information to answer questions 12 - 14.\*\***

The Government of Nigeria approved N30,000,000 to five local government areas. The allocation was distributed as follows:

Equity basis: 75%

Population basis: 25%

Local Governments: V, W, X, Y, Z

Population: V: 10,000,000; W: 7,000,000; X: 4,000,000; Y: 2,000,000; Z: 500,000; Total: 23,500,000

12. What is the amount to be shared on equity basis?
- A. N32,500,000
  - B. N22,500,000
  - C. N21,500,000
  - D. N20,500,000
  - E. N19,500,000
13. The amount received by Z local government based on population basis is

- A. N500,000
- B. N35,000,000
- C. N167,489,000
- D. N159,574,000
- E. N100,000

14. The amount received by V local government based on equity and population is

- A. N12,765,957,000
- B. N8,000,000,000
- C. N7,691,489,000
- D. N7,555,000,000
- E. N6,000,000

15. Which of the following items is debited to the partners' current account?

- A. Interest on capital
- B. Interest on drawings
- C. Interest on partner's loan
- D. Salary of partners
- E. Share of profit

**\*\*Use the following information to answer questions 16 and 17.\*\***

BH (consignor) of Jalings sent 50 cartons of biscuits at cost price of N1,200 per carton to Nda (consignee) in Minna. They agreed at 5% commission on sales. Nda sold 30 cartons at N2,500 each and 20 cartons at N2,000 each.

16. What is the amount of commission due to Nda (consignee)?

- A. N5,750
- B. N4,500
- C. N3,700
- D. N2,500
- E. N1,750

17. What is the total amount of sales made by Nda (consignee)?

- A. N125,000
- B. N120,000
- C. N115,000
- D. N110,000
- E. N100,000

18. The difference between two and three columns cashbook is \_\_\_\_\_ column.

- A. bank
- B. cash
- C. discount
- D. folio
- E. particulars

19. The loans obtained by a company from Investors through the capital market is

- A. debenture
- B. dividend
- C. overdraft
- D. premium
- E. shares

20. Which of the following is an appropriation account item in a partnership business?

- A. Accrued insurance
- B. Carriage outwards
- C. Cost of sales
- D. Interest on capital
- E. Return outwards

**\*\*Use the following information to answer questions 21 - 23.\*\***

Raw materials purchased: N20,000

Stock 1/1/2015:

Finished goods: N5,000

Raw materials: N3,000

Work in progress at start: N2,000

Wages:

Direct: N15,000

Indirect: N7,000

Indirect expenses:

Electricity: N5,000

Insurance: N2,200

Stock (raw materials) 31/1/2015: N1,000

Work in progress at end: N4,000

21. The amount of factory overhead is

- A. N32,500
- B. N28,200
- C. N21,200
- D. N15,200
- E. N14,500

22. The prime cost is

- A. N49,000
- B. N45,500
- C. N41,800
- D. N38,800
- E. N22,800

23. The cost of manufactured goods is

- A. N63,000
- B. N60,000
- C. N50,000
- D. N35,000,000
- E. N22,000

24. The maximum members of private company as defined by its article is

- A. 50.
- B. 40.
- C. 30.
- D. 20.
- E. 10.

25. A fund set aside out of profit and other surpluses to strengthen the financial position of a business is

- A. capital.

- B. debentures.
- C. premium.
- D. provision.
- E. reserves.

**\*\*Use the following information to answer questions 26 - 28.\*\***

Purchase price of machinery: N120,000

Freight and installation cost: N20,000

Annual maintenance cost: N4,000

Estimated scrap value: N10,000

Number of years used: 5

26. What is the total acquisition cost of machinery?

- A. N12,000
- B. N14,000
- C. N10,000
- D. N12,000
- E. N10,000

27. What is the annual depreciation if straight-line method is used?

- A. N22,200
- B. N22,400
- C. N21,760
- D. N19,200
- E. N18,400

28. Using reducing balance method at the rate of 20%, what is the depreciation for the second year?

- A. N27,200
- B. N22,400
- C. N21,760
- D. N19,200
- E. N18,400

29. The following are features of Private Limited Liability Company except it:

- A. limits the number of its members to fifty.
- B. must end with "Limited".
- C. must end with PLC.
- D. prohibits any invitation to the public to subscribe to its shares.
- E. restricts the right to transfer its shares.

30. A fund budgeted for the payment of minor expenses is

- A. cash float.
- B. credit discount.
- C. dividend.
- D. provision.
- E. reserve.

31. The difference in trial balance is posted to \_\_\_\_\_ account.

- A. capital
- B. control
- C. sales
- D. expense
- E. trading

**\*\*Use the following information to answer questions 32 - 34.\*\***

An extract from the books of ALUKO a sole trader for the year ended 30th September, 2015.

Net purchases: N96,000

Stock 1/10/2014: N80,000

Salaries: N20,000

General expenses: N20,000

Net sales: N240,000

Stock 30/9/2015: N40,000

32. What is the cost of goods sold?

- A. N176,000
- B. N136,000
- C. N104,000
- D. N96,000
- E. N72,000

33. Calculate the gross profit.

- A. N176,000
- B. N136,000
- C. N104,000
- D. N96,000
- E. N72,000

34. The net profit is

- A. N120,000.
- B. N85,000.
- C. N72,000.
- D. N95,000.
- E. N55,000.

35. The following are charged to manufacturing account except

- A. direct wages.
- B. distribution expenses.
- C. excise duties.
- D. factory wages.
- E. indirect wages.

36. The statement prepared by a consignee and sent to a consignor is

- A. account payable.
- B. account sales.
- C. cash account.
- D. current account.
- E. sales account.

37. What is the percentage of a contract value a client is expected to hold for a specified period after completion of the contract?

- A. 50%
- B. 40%
- C. 30%
- D. 20%
- E. 10%

38. The rate of stock turnover is \_\_\_\_\_ times.

- A. 7.3
- B. 7.2
- C. 7.0
- D. 5.6
- E. 5.5

39. The average stock held is

- A. M60,000.
- B. M45,000.
- C. M40,000.
- D. M35,000.
- E. M20,000.

40. Drawings recorded in the books shall appear on the debit side of the trial balance and deducted from the owner's

- A. assets.
- B. capital.
- C. profit.
- D. sales.
- E. stock.

**\*\*Use the following information to answer question 41.\*\***

The following were extracted from the statement of affairs of Mr. Tolu for 31st December, 2015 and 2016.

31/12/2015 Opening capital: N50,550

31/12/2016 Closing capital: N70,200

Drawings during the year:

Cash: N5,000

Stock: N1,700

41. What is Mr. Tolu's net profit as at 31st December, 2016?

- A. N70,200
- B. N50,500
- C. N30,500
- D. N25,450
- E. N24,650

42. Where there are no partnership agreements, Partnership Act of 1890 stipulates:

- A. 5% interest shall be allowed on partner's loan per annum.
- B. capital to be contributed by each partner.
- C. interest to be charged on drawings.
- D. there should be sharing ratio for profit and loss.
- E. there should be salary for partners.

43. Another name for consignee is agent.

- A. customer.
- B. debtor.
- C. owner.
- D. principal.

44. Rent in departmental account is best apportioned using \_\_\_\_\_ basis.

- A. direct analysis

- B. floor size
- C. horse power
- D. purchases
- E. turnover

**\*\*Use the following information to answer questions 45 and 46.\*\***

An extract from the books of AYA Social Club as at 1st January, 2010.

Insurance prepaid: N2,000

Rent owing: N3,000

Furniture and Fittings: N2,500

Premises: N15,000

Creditors: N7,000

Cash: N3,700

Premises, furniture and fittings are to be depreciated by 10%.

45. What is the amount of accumulated fund?

- A. N14,450
- B. N13,200
- C. N12,400
- D. N11,450
- E. N11,450

46. What is the total amount of depreciation of the club's assets at the end of the year?

- A. N1,750
- B. N1,500
- C. N1,450
- D. N1,300
- E. N1,250

47. The objective of accounting information is to enable users

- A. analyse stock.
- B. commit fraud.
- C. control stock.
- D. make decision.
- E. value stock.

48. Which of the following is a source of Local Government Revenue?

- A. Personal income tax
- B. Sales of Armed Forces emblems
- C. Sales of debenture bonds
- D. Sales of shares
- E. Tenement rate

49. Which of the following is not an instrument in the capital market?

- A. Bill of exchange
- B. Debenture
- C. Deposit
- D. Treasury bills
- E. Treasury certificates

50. An article whose market value is N100,000 was sold to Mr. Salihu by Mr. Okechukwu at a trade discount of 10%. What is the net amount payable by Mr. Salihu?

- A. N90,000



- B. N80,000
- C. N70,000
- D. N60,000
- E. N50,000

51. When shares are issued at the value stated in the company's Memorandum of Association, it is said to be issued at

- A. bonus.
- B. discount.
- C. loss.
- D. par.
- E. premium.

52. A debenture holder is remunerated with

- A. dividend.
- B. interest.
- C. premium.
- D. profit.
- E. reserve.

**\*\*Use the following information to answer question 53.\*\***

A businessman started trading on 1st June, 1999. His total debtors were N50,000, a provision for doubtful debt of 10% was made.

53. What is the amount of provision for doubtful debt as at 31st May, 2000?

- A. N5,000
- B. N4,000
- C. N3,000
- D. N2,000
- E. N1,000

54. Control account is classified into \_\_\_\_\_ ledgers.

- A. assets and liabilities
- B. cash and bank
- C. income and expenditure
- D. profit and loss
- E. sales and purchases

**\*\*Use the following information to answer question 55.\*\***

A company offered for sales 500,000 ordinary shares at N1.50, payable as follows:

- i. Application: N0.30
- ii. Allotment: N0.60
- iii. On 1st call: N0.25
- iv. On 2nd call: N0.20
- v. On 3rd call: N0.15

55. What is the amount paid per share?

- A. N1.50
- B. N1.50
- C. N1.50
- D. N1.50
- E. N1.50

**\*\*Use the following information to answer questions 56 and 57.\*\***

An extract from the books of Jawa, a departmental store as at 30th April, 2011.

Dept A: Sales: N105,000; Purchases: N70,500; Opening stock: N10,000; Closing stock: N5,600

Dept B: Sales: N65,000; Purchases: N42,000; Opening stock: N11,000; Closing stock: N8,500

Space occupied: 60% (A), 40% (B)

Selling expenses: N120,500 is to be apportioned on the basis of sales.

Electricity bill: N45,000 is to be apportioned based on the floor area.

56. What is department A's gross profit?

- A. N30,100
- B. N25,100
- C. N10,100
- D. N9,100
- E. N8,100

57. Electricity bill paid by department B is

- A. N45,000.
- B. N40,000.
- C. N32,000.
- D. N22,000.
- E. N18,000.

58. Which of the following items is found on the credit side of the sales ledger control account?

- A. Bad debt
- B. Credit sales
- C. Discount disallowed
- D. Dishonoured bill
- E. Interest charges

59. The persons responsible for setting up of a company are

- A. directors.
- B. promoters.
- C. shareholders.
- D. sponsors.
- E. subscribers.

60. The following are items in sales ledger control account except

- A. bill payable.
- B. bill receivable.
- C. cheque received.
- D. credit sales.
- E. opening debtor.

- 1. B
- 2. B
- 3. C
- 4. B
- 5. A
- 6. B
- 7. C
- 8. A
- 9. B
- 10. A
- 11. A

- 12. B
- 13. B
- 14. C
- 15. A
- 16. A
- 17. B
- 18. C
- 19. B
- 20. C
- 21. A
- 22. C
- 23. C
- 24. D
- 25. D
- 26. C
- 27. D
- 28. B
- 29. C
- 30. C
- 31. D
- 32. B
- 33. D
- 34. C
- 35. D
- 36. B
- 37. C
- 38. B
- 39. D
- 40. C
- 41. C
- 42. C
- 43. A
- 44. A
- 45. B
- 46. C
- 47. C
- 48. C
- 49. D
- 50. C

Here are the correct answers for the Accounting objective questions in alphabet form:

- 1. D (Prudence)
- 2. C (Duties and powers of directors)
- 3. B (For profit maximisation)
- 4. C (Luca Pacioli)
- 5. C (1979)
- 6. E (Surplus or deficit)
- 7. E (N80,000)
- 8. D (N100,000)
- 9. A (N210,000)
- 10. B (Cost of goods produced)
- 11. C (Presented cheque)

12. B (N22,500,000)
13. D (N159,574)
14. A (N12,765,957)
15. B (Interest on drawings)
16. A (N5,750)
17. C (N115,000)
18. C (Discount)
19. A (Debenture)
20. D (Interest on capital)
21. E (N14,500)
22. A (N49,000)
23. B (N60,000)
24. A (50)
25. E (Reserves)
26. B (N140,000)
27. E (N26,000)
28. C (N22,400)
29. C (Must end with PLC)
30. A (Cash float)
31. B (Suspense)
32. B (N136,000)
33. C (N104,000)
34. E (N55,000)
35. B (Distribution expenses)
36. B (Account sales)
37. E (10%)
38. A (7.3)
39. C (N40,000)
40. B (Capital)
41. E (N24,650)
42. A (5% interest shall be allowed on partner's loan per annum)
43. A (Agent)
44. B (Floor size)
45. A (N14,450)
46. A (N1,750)
47. D (Make decision)
48. E (Tenement rate)
49. A (Bill of exchange)
50. A (N90,000)
51. D (Par)
52. B (Interest)
53. A (N5,000)
54. E (Sales and purchases)
55. A (N1.50)
56. A (N30,100)
57. E (N18,000)
58. B (Credit sales)
59. B (Promoters)
60. A (Bill payable)