



NATIONAL OPEN UNIVERSITY OF NIGERIA
91, CADASTRAL ZONE NNAMDI AZIKWE EXPRESS WAY JABI-ABUJA
FACULTY OF MANAGEMENT SCIENCES
JULY 2017 EXAMINATION QUESTIONS

COURSE CODE: ACC 312

CREDIT UNIT: 3

COURSE TITLE: INTERMEDIATE FINANCIAL ACCOUNTING II

TIME ALLOWED: 2 ½ hours

INSTRUCTIONS:

- 1. Attempt question number one (1) and any other (3) questions.**
- 2. Question number 1 is compulsory and carries 25 marks, while the other (3) questions carry 15 marks each.**
- 3. Present all your points in coherent and orderly manner.**

1(a) The Board of Directors of Retire well Ltd decided on 30 April, 2007, to introduce a contributory pension scheme for its staff. The staff pension fund was constructed by a Trust Deed which provided for the payment of pensions from 1 July, 2007.

The following contributions are to be paid to the fund:

(a) 10% of staff monthly salaries are to be deducted and paid to the trustees every month.

(b) The company's contribution to the Trust Fund are.

(i). Five annual installments of N400,000 per annum to cover the pension liability in respect of past services, the first installments to be paid on July 1, 2007.

(ii) A sum equal to thrice the members' contributions are to be made at the same time members' contributions are paid over

The Trustees received the first contribution from the company in respect of past services on 1 July, 2007. Members' contribution amounting to N60,000 for six months ended December 31, 2007, were received together with the monthly contributions due from the company as at when due. Trustees purchased the following investments.

Interest days

(a) 2 July 2007 4% N60,000 Ebonyi State Stock @ 88 Cum div 1 June & 1Dec

(b) 2 July 2007 3% N60,000 Lagos State Stock @ 69 Ex div 1 July & 1 Dec

(c) 3 Sept 2007 3% N60,000 Nasarawa State Stock @ 77 Cum div 1 April & Oct 1

The following payments were made:

Stamp duty and brokerage on investments (a) N1,560; (b) N1,260; (c) N540. The trustees resolved to make the appropriate interest apportionment on all investments held and to accrue for interest due. The trustees paid pension of N50,000 and incurred sundry expenses of N4,000 during the six months period ended December 31, 2007.

Required:

- i. Write up investment accounts as they will appear in the Trustee's books
- ii. Prepare pension fund account for the six months ended 31 December 2007 and a balance sheet as at that date.

(15 marks)

(b) State the entries that should be made in the solicitor's book when the following transactions take place:

- (i) When money is received from the client by the solicitor.
- (ii) Solicitor advances money or makes remittances to his client.
- (iii) Client pays back money advanced.
- (iv) Transfer is made in the client's ledgers for money advanced
- (v) Solicitor incurs costs on behalf of client.
- (vi) Transfer is made on cost incurred on behalf of the client in the client's ledger
- (vii) Money is paid on behalf of client

(5 marks)

(c) State the various classes in which Costs in oil and gas operations may be classified.

(5 marks)

2. (a) What are the treatment of costs incurred under Successful efforts method and Full cost method of Oil and Gas accounting?

(7 marks)

(b) Explain the following terms under group accounts:

- (i) Equity share capital
- (ii) Equity method of accounting
- (iii) Related company
- (iv) Associated companies
- (v) Fellow subsidiaries

(8 marks)

3. (a) Explain five conditions that will apply when a parent company need not present consolidated financial statements.
(10 marks)

(b) What are the features of the purchase method in preparing consolidated accounts?
(5 marks)

4. (a) What are the functions of Securities and Exchange Commission (SEC)?

(6 marks)

(b) State the factors that determine the acceptability of an accounting practice.
(9 marks)

5. (a) Explain the statutory books and record that a re-insurance business is mandated to keep and maintain at its principal office according to section 17(1) of Insurance Act 2003.
(9 marks)

(b) List eight contents of Financial Statements

(6 marks)

6 (a) Give six examples of specified liquid assets?

(6 marks)

(b) Explain five important purposes of Generally Accepted Accounting Principles (GAAP)
(9 marks)

