

**NATIONAL OPEN UNIVERSITY OF NIGERIA
14-16 AHMADU BELLO WAY, VICTORIA ISLAND LAGOS
SCHOOL OF MANAGEMENT SCIENCES
MAY/JUNE 2012 EXAMINATION**

2. (a) The following are extracted from the trial balance of HORE LTD, a manufacturing outfit, in respect of the year ended 30th September, 2003:

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Opening stock:	
Raw materials	12,500
Work-in-progress	8,600
Finished goods	14,800
Purchase of raw materials	68,200
Carriage inwards	3,410
Factory wages	18,390
Rent of factory	4,800
Factory general expenses	8,360
Salaries of factory supervisors	8,740
Salaries of salesmen and office staff	22,570
Rent of office	5,400
Insurance of factory equipment	2,800
Bad debts	960
Office general expenses	12,930
Depreciation:	
Factory equipment	16,280
Office and distribution equipment	14,880
Sales less returns	215,000
Power and lighting (factory)	5,610
Power and lighting (general)	3,200

Closing stocks were valued at the following amounts at year end:

Raw materials	14,480
Work-in-progress	10,250
Finished goods	18,390

Work-in-progress is normally valued in this firm at prime cost plus a portion of factory overheads.

You are required to prepare the manufacturing, trading, and profit and loss accounts as at end of year. [15.3 marks]

(b) Write short notes on the following:

- (i) Manufacturing costs [4 marks]
- (ii) Basic principles in valuing closing stock of manufacture [4 marks]

3. (a) What is financial analysis? [3.3 marks]

(b) How useful is the analysis of financial statements? [6 marks]

(c) Enumerate and explain five accounting concepts. [10 marks]

(d) Tomi and Temi, being partners in business, share profits and losses in the ratio of 60:40. The partners agreed to admit Remi to a 25% interest. What is the new profit sharing ratio of the partners? [4 marks]

4. (a) Define book-keeping. [3.3 marks]

(b) Highlight ten objectives of book-keeping. [10 marks]

(c) Explain the double entry system of recording transactions. [4 marks]

(d) Explain 'contra entry'. [3 marks]

(e) What do you understand by the Imprest system? [3 marks]

5. (a) Why would a sole proprietor be interested in having an idea of profits earned?
[5 marks]

(b) What are the tax implications for a sole proprietor? [4 marks]

(c) Highlight the essential ingredients of a partnership agreement. [7 marks]

(d) Define goodwill. [2.3 marks]

(e) The estimated future accrued profits of the partnership (less partners' remuneration of N25,000) is N75,000. If the yield at 10% per annum is expected and the value of the tangible assets is N500,000, what is the value of the goodwill?
[5 marks]