



NATIONAL OPEN UNIVERSITY OF NIGERIA
Plot 91 Cadastral Zone Nnamdi Azikiwe Express Way, Jabi-Abuja
FACULTY OF MANAGEMENT SCIENCES
DEPARTMENT OF FINANCIAL STUDIES
JANUARY 2018 EXAMINATION

Course Code: ACC757

Credit Unit: 2

Course Title: Principles of Accounting

Time Allowed: 2 Hours

Instructions:

- 1. Attempt question number one (1) and any other two (2).**
 - 2. Question number 1 is compulsory and carries 30 marks while the other 2 carry 20 marks each.**
 - 3. Present all your points in coherent and orderly manner.**
-

1. (a) BOTA Nigeria Ltd, a manufacturing company, has the following trial balance as at 31st December, 2016:

| | Dr | Cr |
|---|---------|-----------|
| Opening stock: | | |
| - Finished goods | 87,800 | |
| - Work-in-progress | 37,000 | |
| - Raw material | 52,000 | |
| Purchase of raw material | 750,000 | |
| Carriage inward (raw material) | 7,000 | |
| Capital | | 593,600 |
| Office equipment (cost N40,000) | 24,000 | |
| Drawings | 40,000 | |
| Factory direct labour cost | 374,000 | |
| Property, plant and equipment (cost N560,000) | 460,000 | |
| Factory indirect wages | 300,000 | |
| Lighting | 25,000 | |
| Factory heating | 37,400 | |
| Office salaries | 98,000 | |
| Sales commission | 93,000 | |
| Discount allowed | 9,600 | |
| Sales | | 2,130,000 |

| | | |
|--------------------------|------------------|------------------|
| Insurance premium | 8,400 | |
| Office general expenses | 26,800 | |
| Bank charges | 4,600 | |
| Carriage outward | 11,800 | |
| Trade receivables | 284,600 | |
| Trade payable | | 250,000 |
| Factory general expenses | 72,000 | |
| Rent and rates | 34,000 | |
| Bank | 123,600 | |
| Cash | 13,000 | |
| | 2,973,600 | 2,973,600 |

Additional information

1. Closing inventories of raw materials – N50,000, Work-in-process N34,000, and finished goods- N90,000.
2. Depreciation on office equipment, property, plant, and equipment is 10% on cost of acquisition.
3. The expenses on rent, insurance, and electricity are to be allocated on the ratio 2:1 for the factory and office respectively.

You are required to prepare the manufacturing account and income statement for the company for the year ended 31 December, 2016.

2. Paul ltd and Peter ltd decided to form a joint venture on the 1st January 2016. The following are the details of the transactions:

| Name | Particular | N |
|-----------|------------------------|-----------|
| Paul ltd | Purchased goods | 740,000 |
| Paul ltd | Paid wages | 80,000 |
| Peter ltd | Settled transport | 56,000 |
| Peter ltd | Electricity bill | 96,000 |
| Paul ltd | Received cash proceeds | 1,460,000 |

You are required to prepare the joint venture accounts and memorandum of joint venture account for the joint venture business of Paul ltd and Peter ltd.

3. i. Enumerate five features of partnership business.
ii. Outline five features of joint venture business.
4. i. What is a partnership deed?
ii. Define partnership business.
iii. Outline seven rights of a partner.
5. List and explain five elements contained in a partnership deed.