



**NATIONAL OPEN UNIVERSITY OF NIGERIA**  
**14/16 AHMADU BELLO WAY, VICTORIA ISLAND, LAGOS**  
**SCHOOL OF MANAGEMENT SCIENCES**  
**MARCH 2015 EXAMINATION QUESTIONS**

**COURSE CODE: MBA812 CREDIT UNIT: 3**  
**COURSE TITLE: INTRODUCTION TO ACCOUNTING**  
**INSTRUCTIONS:**

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

**QUESTION 1**

In a paragraph each, explain the materiality, historical cost, prudence, substance over form, and consistency. (25 marks)

**QUESTION 2**

Define and distinguish between the following:

- a. assets and liabilities;
- b. capital and revenue expenditure.

**QUESTION 3**

Preety Treety started business on 1 January 20X3 as a grocer with capital (in cash) of N10,000. She also borrowed N5000 in cash from Lagos Bank Ltd. Her transactions during January, which are all in cash, were as follows:

<b>1 Jan</b>	Paid one month's rent for the shop: N1,000
<b>2 Jan</b>	Bought fixtures and fittings for the shop: N3,000
<b>8 Jan</b>	Purchased goods for resale: N4,000
<b>9 Jan</b>	Paid N250 carriage inwards
<b>10 Jan</b>	Bought stationery for N500
<b>15 Jan</b>	Paid N2,000 in wages for shop assistant
<b>20 Jan</b>	Cash taken by Preety Treety for her private use: N1,500
<b>31 Jan</b>	Cash takings for month: N6,000

You are required to write up the accounts in the general ledger.

#### QUESTION 4

- Explain the main purposes of a trial balance.
- The following is a list of the balances appearing in the general ledger of T. Wall at 30 September 20X2:

	N		N
Capital	32,890	Trade payables	4,620
Drawings	5,200	Land and buildings	26,000
Loan from M. Head	10,000	Plant and machinery	13,500
Cash	510	Listed investments	4,800
Bank overdraft	1,720	Interest paid	1,200
Sales	45,600	Interest received	450
Purchase	29,300	Rent received	630
Returns inwards	3,800	Salaries	3,720
Returns outwards	2,700	Repairs to buildings	810
Carriage inwards	960	Plant hire charges	360
Carriage outwards	820	Bank charges	240
Trade receivables	7,390		
You are required to prepare a trial balance.			

#### QUESTION 5

The following Trial Balance was extracted from the books of Elizabeth a sole proprietor, whose business is known as Lizzy Enterprise as at 31st December, 2011.

	DR	CR
	N'000	N'000
Capital		112,000
Motor Van	40,000	

Inventories	32,800	
Balance at bank	24,800	
Purchases	320,000	
Sales		446,000
Trade receivables	58,000	
Trade payables		33,120
Rent and rates	11,216	
Salaries	70,080	
General expenses	8,944	
Motor expenses	5,120	
Discount allowed	8,080	
Discount received	7,920	
Insurance	3,920	
Bad debts	6,080	
Drawings	10,000	
	<u>599,040</u>	<u>599,040</u>

The following matters are to be taken into account:

a) Inventories in trade as

at 31st December 2011 was ~~₦~~40,320,000

b) Salaries and wages outstanding as at 31/12/11 amounted to ₦24,000,000.

c) Insurance paid in advance was ₦1,400,000

One fourth of the general expenses was for private purposes.

**Required:**

Prepare an Income statement of Comprehensive Incomes for the year ended 31st December, 2011 and a Statement of financial position as at that date. (15 marks)

#### QUESTION 6

- a) Define cost accounting with reference to its scope and uses (10 marks)
- b) Explain the relationship between cost accounting, management accounting and financial accounting. (5 marks)