



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

HCM 334 FINANCIAL ACCOUNTING

Time Allowed: 3Hrs

Instruction: Attempt any three questions of your choice. Each question carries 23.3

Marks. Present your answer legibly and logically using relevant examples.

1. (a) Differentiate between Financial Accounting and Management Accounting using five bases of comparisons. (10.3 marks)

(b) State five users of Accounting information and their information needs. (5 marks)

(c) Enumerate and discuss any five accounting concepts you know. (5 marks)
2. (a) i What is accounting conventions? (2 marks)
ii Critically review any three conventions of accounting. (3 marks)

(b) i Discuss the four main features of Accounting as a discipline. (4 marks)
ii List and explain six uses of a general ledger. (6 marks)

(c) The following transactions were obtained from the books of MENMA & SONS for the month of August, 2008.

Aug. 5	Bought from D. Usman & Sons: 5 dining tables @ N3,200 each 20 armless chairs @ N4,000 each Invoice subject to 25% trade discount.
Aug. 7	Returned by D. Usman & Sons: One dining table which was damaged in transit
Aug. 13	Sold to F. Johnson & Sons: 10 bags of Dangote Cement @ N1,800 per bag 80 bags of Dangote Flour @ N2,200 per bag Invoice subject to 15% trade discount.
Aug. 25	F. Johnson returned 4 bags of Cement which coagulated.

Required:

You are required to prepare the purchases, sales and returns day books for the month of August, 2008. (8 marks)

3. (a) i Define ledger and explain its classifications. (5.3 marks)
 ii J. Ahmed had the following balances for the first week of February 2011:

N	Feb. 1. Balance of cash in hand	
8,400		
	Feb. 1. Purchased goods for cash	
5,600		
	Feb. 1. Received from L. Na'Allah and Sons in full settlement of account after allowing for a discount of N300.	6,500
	Feb. 1. Paid Musa Bebeto after receiving a discount of N200	
9,400		
	Feb. 2. Cash Sales	
13,500		
	Feb. 3. Paid electricity bill for January	
900		
	Feb. 3. Paid Buba Stores (Received discount of N400)	
7,700		
	Feb. 4. Received cash from T.Tata stationeries in full settlement of account less N100 cash discount	5,200
	Feb. 5. Received from Abdussalam printers	
3,200		
	Feb. 6. Paid Kyauta on account	
2,400		
	Feb. 7. Purchased goods for cash (Trade discount of N500 was allowed)	7,800
	Feb. 7. Sold for cash goods, N8, 200 (allowed customer a trade Discount of N400)	
8,200		

Enter the above transactions in a two-column cashbook. (8 marks)

- (b) Explain five errors that do not affect the agreement of trial balance. (5 marks)

4. (a) The following items are to be entered in a petty cash book. (15 marks)
 Columns are to be headed up for Traveling expenses, Postages, Motor expenses, Stationery and Sundry expenses. The book is to be maintained on the imprest system, reimbursement takes place on the last day of each month. The opening petty cash float is N5,000 received on 1st January, 2004.

	N
Jan.1. Motor spare parts	2,200
Jan.3. Post office stamps	150
Jan.6. Bus fare	190
Jan.8. A.A Rano - Petrol	1,000
Jan.9. E.P& Co.-Stationery	80
Jan.10. Bus fares	50
Jan.11. Post office: Stamps	210

Jan.13. Sundry expenses	40
Jan.15. Scrubbing brushes	20
Jan.16. E.Mahmud-Stationery	180
Jan.20. Bus fare	130
Jan.28. Sundry expense	50
Jan.30. Dankano Oil-Petrol	600
Jan.31. Received reimbursement to bring cash float to desired level	

level

(b) Discuss three errors that do affect the agreement of trial balance. (5 marks)

(c) Differentiate between open and closed cheques. (3.3 marks)

5. (a) Write short notes on the following

- (i) Current Account
- (ii) Savings Account
- (iii) Deposit Account (5.3 marks)

(b) The following trial balance has been extracted from the ledgers of Kennedy Enterprise.

Trial Balance as at 31 December, 2006

	DR N	CR N
Sales		10,500
Purchases	4,500	
Carriage inwards	700	
Rent, rates and insurance	1,400	
Stationery	500	
Salaries and wages	1,250	
Bad debts	350	
Provision for doubtful debt		145
Debtors	12,000	
Creditors		18,000
Cash in hand	10,000	
Cash at bank	24,000	
Stocks	720	
Equipment	8,000	
Motor vehicles	9,500	
Buildings	10,000	
Capital		60,525
Drawing	6,250	
	89,170	89,170

The following additional information is relevant:

- (i) Rent prepaid at the end of the year is N150
- (ii) The provision for bad debt is to be increased by N355
- (iii) Stock at the end of the year was N250
- (iv) Depreciate all fixed assets at the rate of 15%

You are required to:

Prepare a trading, profit and loss account for the year ended 31st December 2006 and a balance sheet as at that date. (18 marks)