



NATIONAL OPEN UNIVERSITY OF NIGERIA
14/16 AHMADU BELLO WAY, VICTORIA ISLAND, LAGOS
SCHOOL OF MANAGEMENT SCIENCES
JUNE/JULY 2013 EXAMINATIONS

Course Code: BHM757

Credit Unit: 2

Course Title: PRINCIPLES OF ACCOUNTING

Time Allowed: 3Hrs

Instruction: Attempt any three questions of your choice. Present your answer legibly and logically using relevant examples. All questions carry equal marks except question one. Question one is compulsory.

1. Find out the cost of goods sold from the following figures
extracted from the books of Ikwenoc Ltd for the year ended 2010.

		N
Stock (1 st January, 2010)		50,000
Purchases		1,000,000
Sales		1,500,000
Purchases returned		50,000
Stock (31 st December 2010)		70,000
Direct expenses	60,000	
Indirect expenses		100,000

NOTE: Show all working

- (b)) Distinguish between:
- i Direct expenses and indirect expenses with example
 - ii Trading account and Manufacturing account with example
- (30marks)

2. List and explain five peculiar items in accounts of Non-Trading

Organization.

(20 marks)

3. Mills and Boon enter into a Joint Venture for the construction of a building. They contributed N200, 000 and N300, 000 respectively. They agreed to share the profits or loss in the ratio of their contribution to capital. The profit for the Joint Venture is N45, 000.

State:

- (i) Each co-venturer's share of profit ratio
- (ii) Calculate each co-venturer's profit

(20marks)

4. State and Discuss in each, **five** similarities and differences between Consignment and Joint Venture.

(20marks)

5. From the receipt and payment account given below, prepare the Income and Expenditure account of SMS's Club Lagos for the year 2012.

Receipts	Amount	Payments	Amount
	N		N
Balances b/d:		Salaries paid	12,400
Cash in hand	2,000	Additions to library	2,700
Cash at bank	10,000	Typewriter purchases	2,600
Entrance fees	10, 400	Repairs	1,000
Subscriptions:		Electric fittings	18,000
1986-N6,000		Printing and Stationery	3,800
1987-N26,000		Miscellaneous expenses	600
1988-N2,000	34,000	Balances c/d:	
Sales of newspaper	240	Cash in hand	800
Rent of Library hall	4,160	Cash at bank	<u>1,300</u>
Proceed from entertainment	12,000		
Special subscriptions for Governor's party	<u>6,400</u>		
	79,000		79,000

(20 marks)