



**NATIONAL OPEN UNIVERSITY OF NIGERIA**  
**Plot 91 Cadastral Zone NnamdiAzikiwe Express Way, Jabi-Abuja**  
**FACULTY OF MANAGEMENT SCIENCES**  
**DEPARTMENT OF FINANCIAL STUDIES**  
**2021\_2 EXAMINATION**

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**COURSE CODE: ACC757 CREDIT UNIT: 2**  
**COURSE TITLE: PRINCIPLES OF ACCOUNTING**  
**TIME ALLOWED: 2HOURS**

**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 questions carry 20 marks each. Present all your points in coherent and orderly manner.**
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**QUESTION 1:**

- a. Define Limited Partnership?**
- b. State and explain three key features of Limited Partners in a business?**
- c. Define Partnership Deed?**
- d. Clara, Jenny and Olivia are in partnership business. They trade on stationery and sports wears. The profits or losses will be among the partners in the ratio of 2:3:5.**  
**The following is the trial balance as at 1<sup>st</sup> January, 2019.**

	<b>Dr.</b>	<b>Cr.</b>
	<b>₦</b>	<b>₦</b>
Purchases	1,920,660	
Sales		2,947,000
Sales returns	95,200	
Discount allowed	1,540	
Salaries and Wages	256,144	
Office Expenses	35,910	
Repairs and Maintenance of Motor Vehicle	55,160	
Telephone Expenses	34,300	

Office Equipment (cost) 117,600

Delivery Van (cost) 175,000

Provision for depreciation as at 1/01/19:

Delivery van 58,800

Office equipments 37,800

Debtors and Creditors 520,492 340,984

Rent 13,230

Provision for bad debts 1/01/19 11,200

Bad Debts 17,276

Carriage inwards 21,000

Cash at Bank 9,324

Stock 1/1/19 599,900

Capital Accounts:

Clara 420,000

Jenny 224,000

Olivia 168,000

Current Accounts:

Clara 19,460

Jenny 2,142

Olivia 29,036

Drawings:

Clara 176,540

Jenny 117,838

Olivia 87,024

4,256,280

4,256,280

### Additional Information:

- i) Stock as at 31<sup>st</sup> March 2019 was value at ~~N~~714,840
- ii) Telephone expenses paid in advance was ~~N~~2,660

iii) Rent prepaid ₦1,680

iv) Depreciation: Delivery Van ₦35,000

Office Equipment ₦23,520

v) Jenny and Olivia are to receive salary of ₦16,800 ;₦9,800 respectively.

vi) Partner are to pay interest on drawings as follows:

Clara ₦2,380

Jenny ₦1,540

Olivia ₦1,680

vii) Partners are to earn 10% interest on their capital.

***You are required to prepare:***

i) The Partners' Trading, Profit or Loss Accounts for the year ended 31<sup>st</sup> December, 2019

ii) The Partners' Appropriation Account

**Total 20 Marks**

## QUESTION TWO

a. Identify and define the three components of Prime Cost?

**(2 Marks each = 6 Marks)**

b. Benny Mills is a company which deals in the manufacturing and sales of exercise books. It has presented you with the following information for its year ended 31<sup>st</sup> December, 2020

Particulars	₦
Stock of Raw Materials 1/1/2020	7,825,200
Stock of Raw Materials 31/12/2020	3,598,310
Work-in-Progress 1/1/2020	890,000
Work-in-Progress 31/12/2020	515,000
Wages: Direct	320,000

Indirect	192,000
Raw Materials Purchased	5,200,000
Fuel and Lubricants	410,000
Direct expenses	280,000
Carriage inwards of Raw materials	192,000
Electricity	85,000
Factory Rent & Rates	96,200
Depreciation of factory Plants & Equipment	18,920
Factory Transport	29,450
Insurance of Factory Equipment	32,400

You are required to prepare Benny's Manufacturing Account for the period in question.

**(14 Marks) Total = 20 Marks**

### QUESTION THREE

- State the differences between Receipt and Payment Account and Income/Expenditure Account of a Not-For- Profit Making Organization **(8 Marks)**
- The members of Association of Management and Social Sciences Researchers of Nigeria(AMSSRN) has the following records in year 2020. The association commenced operations on 1<sup>st</sup> January, 2020.

	<del>N</del>
Subscriptions from Members	61,500
Sale of tickets for welcome party for new inductees	795,000
Sale of sport wears to members	21,000
Take-off grant from promoters	12,000
Proceeds from sales (Bar Takings)	6,000

Proceeds from disposal of furniture 101,500

Registration fees	
from members	10,500
Proceeds from raffle draw	7,500
Bank interets earned	6,000
Donations received	148,500

**The expenses for the year include:**

Rent	43,500
Purchases (bar and restaurant)	618,000
Printing and stationery	6,750
Electricity bills	19,500
Salaries for bar attendants	106,500
Purchases of prizes	9,750
Bank charges & interests	7,500
Purchase of gymnastics equipment	57,000
Repairs and maintenance expenses	10,500
Legal fees (premises)	14,250

You are required to prepare a recceipts and payment accounts for the Association for the year ended 31<sup>st</sup> December, 2020. **12 Marks**

**Total = 20 Marks**

**QUESTION FOUR**

a. Why do businesses engage in principal/agents relationship?

**4 points x 2 marks each= 8 Marks**

b. Define consignment? **4 Marks**

c. What do you understand by consignor? **4 Marks**

d. Differentiate between consignment inwards and consignment outwards?

**4 Marks**

**Total Marks 20 Marks**