



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.