

Credit Unit: 2

Course Code: ACC757
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.

QUESTION 1(a)

OJONOKA and OJODUWA started a partnership business on 1st January, 2020. The following are extracts from their accounts for the year ended 31st December, 2020:

- (i) OJONOKA and OJODUWA were to contribute N2,000,000 each.
- (ii) OJONOKA was to provide additional funds in form of loan for N800,000 which attracts 8% interest per annum.
- (iii) Personal drawing for each of the partners was N200,000.
- (iv) Drawings were to attract 10% interest charge per annum and capital 5% only.
- (v) N20,000 salary was payable to each partner per month.

Other information was that the profit for the year was N800,000 and profits are shared equally.

Required, prepare:

- (i) The Appropriation Account 6Marks
- (ii) The Individual Partner's Current Account 6Marks
- (iii) The individual partner's Capital Account 2Marks
- (iv) The Loan Account. 2Marks

20Marks

QUESTION 1(b)

In any partnership business, the Partnership agreement should contain all the points of agreement that would regulate the activities of the partnership. What are the important points that a Partnership agreement should contain? **(10Marks)**

QUESTION 2

What are the sources of revenue to non-profit making organizations and which areas do they used to spend money on? **20Marks**