



NATIONAL OPEN UNIVERSITY OF NIGERIA
Plot 91 Cadastral Zone Nnamdi Azikiwe Express Way, Jabi-Abuja
FACULTY OF MANAGEMENT SCIENCES
DEPARTMENT OF FINANCIAL STUDIES
2024_2 EXAMINATION

Course Code: ACC311

Credit Unit: 3

Course Title: FINANCIAL ACCOUNTING

Time Allowed: 3 HOURS

Instructions:

- 1. Attempt Question 1 and any other three (3) Questions.**
- 2. Question 1 is compulsory and carries 25 marks while the other 3 Questions carry 15 marks each.**
- 3. Present all your points in a coherent and orderly manner.**

- 1. Ginyu Plc. is offering 10,000,000 ordinary shares of ₦50.00 at ₦55.50. The payment plan is as follows:**

	₦
Application	25.00
Allotment (including premium)	20.00
First call	5.50
Second and final call	5.00

The company received application monies for 12,500,000 ordinary shares and decided to return monies for 500,000 ordinary shares, while the excess application monies is used to offset allotment.

You are required to prepare the following accounts to show the transactions in the books of Ginyu Plc.

- | | |
|--------------------------------------|------------------|
| a. Ordinary share capital account | (5 marks) |
| b. Application and Allotment account | (5 marks) |
| c. Call accounts | (5 marks) |
| d. Premium account | (5 marks) |
| e. Bank account | (5 marks) |

Total = 25 marks

- 2. Write short notes on the following:**

- | | |
|--|------------------|
| a. Limited Liability Partnership | (3 marks) |
| b. Limited and Unlimited Partnerships | (3 marks) |
| c. General and Professional Partnerships | (3 marks) |
| d. Active and Dormant Partners | (3 marks) |
| e. Partnership Deed | (3 marks) |

Total = 15 marks

3. The following is an extract from the financial statement of Finge Ltd for the year ended 31st December 2022.

	2022 N	2021 N
Revenue	906,544.00	746,448.33
Cost of sales	532,001.00	438,049.62
Gross profit/(loss)	374,543.00	308,398.71
Administrative expenses	101,542.00	83,609.68
Selling and distribution expenses	98,000.00	80,693.20
Net profit/(loss)	175,001.00	144,095.82
Non current assets	1,809,234.00	1,489,723.28
Current assets		-
Inventory	234,123.00	192,776.88
Prepayments	56,700.00	46,686.78
Receivables	123,100.00	101,360.54
Cash and cash equivalents	230,907.00	190,128.82
Total assets	2,454,064.00	2,020,676.30
Current liabilities	348,710.00	287,127.81
Non-current liabilities	412,500.00	339,652.50
Equity	1,453,949.00	1,197,181.61
Reserves	238,905.00	196,714.38
Total liabilities and equity	2,454,064.00	2,020,676.30

You are required to compute TWO (2) ratios from among the following classifications

each for the year ended 2022:

- Liquidity ratios (5 marks)
- Profitability ratios (5 marks)
- Investment/Capital market ratios (5 marks)

Total = 15 marks

4. a. A departmental store is faced with a dilemma.

Department A is profitable but illiquid while Department B is liquid but not profitable.

Highlight **one** cause for the above situation and recommend a solution. (3 marks)

- b. When there is unsold inventory at the end of a reporting period, the need for determining **unrealised profit** arises.

- What account is created to remedy the unrealised profit? (2 marks)
- What is the formula for the account used to remedy unrealised profit? (4 marks)
- What is the accounting entry for the treatment of unrealised profit? (6 marks)

Total = 15 marks

5. Goodwill is determined to be ₦165,903,235.12 in a partnership business conducted by three partners (Bola, Ada, and Taidi) sharing profits and losses equally.

The capital balances were as follows:

Capital	₦
Bola	65,000,000.00
Ada	60,000,000.00
Taidi	71,000,000.00

Additional information:

- i. Bola resigned agreeing to retain outstanding capital balance as a loan.
- ii. Other partners agreed to continue business and admit Jaji.
- iii. Jaji contributed ₦80,000,000.00 as capital paid to the bank.
- iv. The new agreement is to share profits and losses in the ratio 3:3:2 (Ada, Taidi, and Jaji).

You are required to show:

- a. How Goodwill is recognised in the books of the former partnership. **(7 marks)**
- b. How goodwill is derecognised in the books of the new partnership. **(8 marks)**

Total = 15 marks