



**NATIONAL OPEN UNIVERSITY OF NIGERIA**  
**PLOT 91, CADASTRAL ZONE, NNAMDI AZIKIWE EXPRESSWAY, JABI, ABUJA**  
**FACULTY OF MANAGEMENT SCIENCES**  
**2025\_2 EXAMINATIONS**

**COURSE CODE: ACC 311** **CREDIT UNIT: 3**

**COURSE TITLE: FINANCIAL ACCOUNTING**

**TIME ALLOWED: 3 HOURS**

**Instructions:**

1. Attempt question number one (1) and any other three (3).
2. Question number 1 is compulsory and carries 25 marks while the other 3 questions carry 15 marks each. Present all your points in coherent and orderly manner.

**Question 1.**

- a. List five advantages of cash flow statement (5 Marks)
- b. Explain the two methods of preparing cash flow statement bringing out its key difference. (5 marks)
- c. Below is the cash book for MAK Plc for the year ended 31<sup>st</sup> December, 2023

	Amount (N)		Amount (N)
Bal b/d	200,000		
Receipt:		Payment:	
Customers (goods)	1,961,000	Suppliers (goods)	960,000
Interests	280,000	Salaries	480,000
Commission	50,000	Taxation	124,000
Equity share	240,000	11% debenture	90,000
Investments	476,000	Interest	40,000
Equipment	690,000	Plant	980,000
12% loan	200,000	Dividend	240,000
9% debenture	100,000	7% redeemable Pref. share	160,000
Debtor	84,000	Properties	420,000
		Other operating expenses	156,000
		Bal b/d	695,000
	<u><b>₦4,445,000</b></u>		<u><b>₦4,445,000</b></u>

**Required:**

Prepare a statement of cash flow for the year ended 31<sup>st</sup> December 2023 using **Direct method. (15 marks)**

**QUESTION 2**

The following balances were extracted from the books of **Mosor Nig. Ltd**

for the year ended 31 <sup>st</sup> December 2023.	N	N
Sales: Department A		16,000,000
Department B		12,000,000
Opening inventory: Department A	700,000	
Department B	240,000	
Purchases: Department A	11,000,000	
Department B	8,000,000	
Commission	200,000	
General office salaries	500,000	
Insurance	160,000	
Rates	100,000	
Repairs	110,000	
Lighting	260,000	
Cleaning	10,000	
Internal telephone	40,000	
Discount received	30,000	
Discount allowed	28,000	
Sundry expenses	24,000	
Stationery	60,000	
Advertising	92,000	
Electricity	240,000	
Closing inventory: Department A	240,000	
Department B	160,000	

The total floor area occupied by each department was:

    Department A: 2/5                      Department B: 3/5

The following basis of apportionment should be used for the departments:

- i. Commission, Advertising, Discounts Allowed – Proportionate to sales
- ii. Discount received – Proportionate of purchases
- iii. Cleaning, electricity, internal telephone, insurance – Total floor rate

All other expenses should be apportioned equally between the departments

**Required:**

Prepare the Departmental Statement of Profit or Loss account and other Comprehensive income for the year ended 31<sup>st</sup> December, 2023                      **(15 Marks)**

**Question 3**

**a.** In the absence of any partnership agreement, the preparer of the financial statement of a partnership business must be guided by the Partnership Act of 1890. Outline the key provision of the act on the following:

- i. Sharing of profits and losses
- ii. Interest on capital
- iii. Interest on drawings
- iv. Partners salaries
- v. Interest on loans

**(5 marks)**

**b.** SWL Consulting is a newly formed business consultancy firm. The founders, Daniel, Chasis, and Emeka, are considering bringing in additional partners to expand the firm's operations and expertise. They are aware that different types of partners exist with varying levels of involvement and liability.

**Required:**

Explain to them the various types of partners, providing detailed descriptions of their roles,

responsibilities, and liabilities. (10 Marks)

**Question 4**

- a. List 5 advantages of departmental accounts (5 Marks)
- b. List and explain the two methods of keeping departmental accounts (10Marks)

**Question 5**

Explain the term “goodwill” in accounting. State the reasons for goodwill. (15 marks)

**Question 6**

Muskes Nig Ltd presented the following information for the year ended 31st December 2023:

- **Revenue:** ₦5,000,000
- **Cost of Sale:** ₦2,000,000
- **Administrative Expenses:** ₦500,000
- **Selling and Distribution Expenses:** ₦300,000
- **Current Assets:** ₦2,500,000
- **Non-Current Assets:** ₦4,000,000
- **Non-Current Liabilities:** ₦1,500,000
- **Ordinary Share Capital:** ₦2,000,000
- **Reserves:** ₦1,800,000
- **Share Premium:** ₦700,000

**Required:**

You are required to prepare the following company’s statements in a manner suitable for publication:

- a. **Statement of Profit or Loss** (7 Marks)
- b. **Statement of Financial Position** (8 Marks)

**Total: 15 Marks**