



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

COURSE CODE: ACC757 **CREDIT UNIT: 2 Units**
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 questions carry 20 marks each
3. Present all in coherent and orderly manner

1. The following are extracted from the trial balance of Tamara Nigeria Ltd, a manufacturing company, in respect of the year ended 30th September, 2023:

	N
Opening stock:	
Raw materials	12,500
Work-in-progress	8,600
Finished goods	14,800
Purchase of raw materials	68,200
Carriage inwards	3,410
Factory wages	18,390
Rent of factory	4,800
Factory general expenses	8,360
Salaries of factory supervisors	8,740
Salaries of salesmen and office staff	22,570
Rent of office	4,400
Insurance of factory equipment	2,800
Bad debts	1,960
Office general expenses	10,930
Depreciation:	
Factory equipment	16,280
Office and distribution equipment	12,880
Sales less returns	215,000
Power and lighting (factory)	5,610
Power and lighting (general)	3,200

Closing stocks were valued at the following amounts at year end:

Raw materials	14,480
Work-in-progress	10,250
Finished goods	18,390

Work-in-progress is normally valued in this firm at prime cost plus a portion of factory overheads.

Required:

Prepare the manufacturing, trading, and profit and loss accounts as at end of year.

(20 marks)

(b) Explain the term 'Incomplete Records of Accounting'.

(5 marks)

(c) Distinguish between Discount Allowed and Discount Receivable.

(5 marks)

2. Define and distinguish between 'Errors affecting trial balance agreement' and 'Errors not affecting trial balance agreement'. **20 Marks**

3. Outline the process of preparing a Sales Ledger Control Account.

20 Marks

4. . NOUN Boat Club has the following records as at 31st December. 2023

	₦		₦
Balance b/d	425,000	Equipment	5,000
Cash and bank	900,000	Wages paid	1,150,000
Donation received	200,000	Fittings	25,000
Interest received	450,000	Entertainment	100,000
Subscription received	1,250,000	Insurance	50,000
Sundry receipts	15,000	Rates	25,000
		Repairs	10,000
		Telephone exp.	35,000
		Sundry expenses	5,000

Additional information available as follow;

1. The bank and cash balances were ₦935,000 while investment as at 31/12/23 was ₦ 1,000,000

2. Interest received in advance was ₦ 100,000 with an outstanding interest to be received was ₦ 115,000;

3. Wages of ₦ 50,000 was paid in arrears while ₦ 75,000 was due in the next year;

4. Subscription received from members include ₦ 500,000 due in 2022 , subscriptions due in 2023 not yet received was ₦ 350,000

5. At the beginning of the year, asset balance were; Equipment ₦ 100,000; Land and building ₦ 10,000,000; Inventory ₦ 175,000

6. Depreciation rates; Land and building-2.5%; Equipment-6.0%; Fittings-20%

You are required to prepare;

- i. The statement of affairs as at the beginning of 1st January, 2023 **(4marks)**
- ii. Income and Expenditure account for the year ended 31st December, and the Statement of financial position. **(16marks)**

5(a) The following trial balance was extracted from the books of Miebi Enterprises on 31st December, 2023:

	Dr. ₦	Cr. ₦
Purchases	368,400	
Sales		517,900
Drawings	14,100	
Returns inwards	7,300	
Returns outwards	6,200	
Discount allowed	10,200	
Discount received		8,400
Debtors	45,000	
Creditors		57,100
Stock	34,300	
Freehold Premises at cost	46,000	
Motor Vehicles at cost	12,000	
Provision for depreciation on motor vehicles		4,500
Provision for depreciation on furniture		1,000
Cash at bank	5,000	
Cash in hand	1,900	
Salaries	40,600	
Carriage inwards	22,200	
Carriage outwards	10,300	
Printing Stationery	3,600	
Electricity and water	14,900	
Insurance	6,800	
General Expenses	34,800	
Provision for bad debt		200
Bad debt written off	400	
Capital		70,000
Rent received		3,800
Commission received		<u>11,200</u>
	<u>68,300</u>	<u>68,300</u>

The following information should be taken into account:

- (i) Stock 31st December, 2023 was valued at N31,800
- (ii) Accrued expenses at 31/12/23 were salaries N1,800, and electricity N80
- (iii) Prepaid expenses at 31/12/23 were insurance N400 and general expenses N500
- (iv) Adjust provision for bad debt to 2% of debtors and create provision for discount allowable at 1% of debtors.

- (v) Commission due but yet to be received on 31/12/23 amounted to N800
- (vi) Charge depreciation on fixed assets as follows:
 - Furniture 20% on cost
 - Motor vehicles 10% on cost
- (vii) Rent received in advance at 31/12/23 amounted to N200
- (viii) Goods costing N1,200 were taken by owner for private use. This was yet to be recorded in the cash book.

Using the vertical formats, you are required to prepare the Income Statement of Miebi Enterprises for the year ended 31st December, 2023 and Statement of Financial Statement as at that date.

(16 marks)

- (b) Distinguish between Discount Allowed and Discount Receivable. (4 marks)