

**Principles of
Accounts
1994-2004
JAMB
Questions**

Uploaded on www.mummylizzysblog.com.ng

Principles of Accounts 1994

1. The term 'accounting period' is used to refer to the

A. time span during which taxes are paid to the

Inland Revenue Board

B. Budget period, usually one year, relied on by

the accountant

C. time span, usually one year covered by

financial statement

D. period within which debtors are expected to

settle accounts.

2. Assigning revenues to the accounting period in which

goods were sold or services rendered and expenses incurred is known as

A. passing of entries B. consistency convention

C. matching concept D. adjusting for revenue.

3. The accounting convention which states that 'profit must

not be recognized until realized while all losses should

be adequately provided for' is termed

A. materiality B. objectivity

C. consistency D. conservatism.

4. Accounting information is used by investors and creditors of a company to predict

- A. future cash flows of the company
- B. future tax payments of the company
- C. potential merger candidates for the company
- D. appropriate remuneration for the company's staff.

5. Antics Electronics Company recently bought six generators. Which of the following is the correct method of recording this transaction.

- A. Debit generator account and credit cash account.
- B. Debit purchases account and credit cash account.
- C. Debit cash account and credit purchases account.
- D. Debit cash account and credit generator account.

6. When a business incurs labour cost in installing a fixed asset, the cost is treated as

- A. additional cost to the asset
- B. business wages and salaries
- C. installation cost of the asset
- D. business cost of the asset.

7. What is the cardinal rule of the double entry system?

- A. Debit the increasing account and credit the decreasing account.
- B. Debit the receiving account and credit the giving account.
- C. Debit the asset account and credit the liability

account.

D. Debit the revenue account and credit the expenditure account.

8. Malam Gambo bought a freezer for his shop costing N 10,500. In recording, he debited office expenses account and credited the bank account. What book keeping error has he committed?

A. Error of commission B. Error of reversal of entries.C. Error of principle. D. Compensation error.

9. The use of the folio in the ledger is for

- A. Referencing purposes
- B. Particulars of the transaction
- C. the account titles
- D. Onlycredit items.

10. Account of Tanko Nig Ltd.

Dr. Cr.

N N

1/10 Bal. b/f 5,000 2/10Cash 3,000

Sales 10,000 15/10Bank 6,500

What isthe closing balance ofthe accountshown above?

- A. N5,000 B. N6,500
- C. N5,500 D. N15,000.

11. The suspense account is used to correct book keeping errors where the

- A. amount involved is quite significant
- B. item involved is not material
- C. item involved is unknown
- D. error does not affect the agreement of the trial balance.

12. The discount column of a three column cashbook is not balanced off but periodically transferred to the discount accounts because discounts.

- A. are not important in cash book
- B. are cash items only
- C. do not form part of double entry
- D. are used for bank reconciliation.

13. When is a petty cash account debited?

- A. When the fund is established and every time money is spent
- B. when the fund is established and every time it is replenished
- C. when the fund is established and when the size of the float is decreased
- D. Everytime money is drawn from the petty cash.

14. When preparing a bank reconciliation statement, which of the following is deducted from the balance per bank statement?

- A. Bank charges. B. Uncleared cheques

C. returned cheques D. Unpresented cheques.

15. The financial position of an organization at a particular time can be ascertained from the

A. statement of sources and application of funds

B. statement of retained earnings

C. balance sheet D. profit and loss account.

Uploaded on www.myschoolgist.com.ng

16. Given:

N

Purchase 20,000

Sales 40,000

Carriage inwards 5,000

Carriage outwards 5,000

Opening stock 10,000

Closing stock 5,000

What is the cost of good sold?

A. N30,000 B. N25,000

C. N20,000 D. N15,000

17. The net profit or loss for the year is determined in the profit and loss account after

A. deducting purchases from sales

B. deducting cost of goods sold from sales and adding administrative expenses

C. adding commissions received to gross profit

D. eliminating all expenses from gross profit
and adding any other income.

Use the table below to answer question 18 and 19

Stock Cost price Qty (units)

N

Opening balance 1/1/90 3.00 3,000

Purchases January 3.50 15,000

Purchases February 4.00 25,000

Sales January 4.50 13,000

Sales February 5.00 28,000

18. Using LIFO, determine the value of closing stock.

A. N9,600 B. N7,600

C. N 6,000 D. N2,000.

19. What is the gross profit at the end of February, if the
closing stock were valued at N 20,000?

A. N65,000 B. N57,000

C. N48,000 D. N37,000.

20. A trial balance shows provision for doubtful debts, N
190 and debtors, N 6,000. It is required to write off further
N320 as bad debts and maintain the provision at 2½% of
debtors. To do this, the profit and loss should show a

A. credit of N 20 and a debit of N 100

B. credit of N 28 and a debit of N 300

C. credit of N 48 D. debit entry of N 414

21. If a bad debt previously written off

is subsequently repaid, the amount collected is recorded

as an

- A. income in the profit and loss account
- B. income in the balance sheet
- C. addition cash in the profit and loss account
- D. expense in the balance sheet.

22. Beginning and ending accounts receivable balances were

N 8,000 and N 15,000 respectively. If collections from customers during the period were N 36,000, then total sales on account would be

- A. N23,000 B. N29,000
- C. N36,000 D. N43,000.

23. From which of the following sources are creditors control account most likely to be posted?

- A. Supplier's invoices
- B. Cash disbursements journal
- C. Subsidiary debtor's ledger
- D. Purchases journal.

Use the information below to answer questions 24 and

25

Chukwuma Okeke did not keep his books based on the double entry principle. On 1st January 1993, Cash in hand was N60, Bank overdraft N1,100, Debtor N7,240, Stock N27,450, Furnishings N2,000 and creditors N6,990. As at

31st December 1993, Cash in hand was N40, Cash at bank was N 1,050, Debtors N6,750, Stock N29, 180, Furnishings N2,000 and Creditors N6,090.

24. Compute the capital as at 1st January 1993.

A. N29,800 B. N28,900 C. N26, 700 D. N20,800.

25. Determine his net profit as at 31st December 1993.

A. N2,000 B. N2,200
C. N3,500 D. N4,200.

26. Which of the following categories of labours cost will be classified as direct?

A. Accountant's salary B. Factoryworkers'salary
C. Managing director'ssalary D. Cashier'ssalary.

Use the information below to answer questions 27 and

28

Unit Unit Total Unit

Cost Cost Sold

N N

Beginning inventory 20 6 120

Sale No. 1 18

Purchase No. 1 30 8 240

Sales No. 2 20

Purchase No 2 10 9 90

Total 60 38

27. Using the FIFO method of stock valuation, the

ending inventory cost is

A. N146 B. N165

C. N186 D. N314

28. Using the LIFO inventory procedures, the ending inventory cost is

A. N136 B. N176

C. N196 D. N264

29. The major difference between the receipt and payment account and the income and expenditure account is that while the former

A. is kept by the treasurer, the latter is not

B. deals with all receipt and payments in the year regardless of the time it relates to the latter

is for just that year

C. is a T-account the latter is not

D. is not in the ledger, the latter is.

Uploaded on www.myschoolgist.com.ng

30. The following information relates to a hockey club:

N

Subscription owing at the beginning 40

Subscription owing at the end 35

Subscription received in the advance at the beginning 15

Subscription received During the period 2,560

The amount to be shown in the income and expenditure

account would be

A. N2,500 B. N2,540

C. N2,570 D. N2,590.

31. The net profit from the trading account of a non-profit making organization would be treated as income in the

A. income and expenditure account

B. receipt and payment account

C. balance sheet

D. statement of affairs

Use the information below to answer questions 32 and 33.

Ada and Udo are lawyers who went into partnership as

Ado & Co. Ada brought cash of N12,000, furnishing

worth N18,000 and a motor vehicle worth N70,000 Udo

on the other hand brought in cash N10,000, his building

valued at N05,000 and a personal computer worth

N135,000.

32. What is the capital of Ado & Co.?

A. N22,000 B. N100,000

C. N150,000 D. N250,000.

33. What is the profit sharing ratio if it is based on capital contributed by Ada and Udo?

A. 2:1 B. 3:2

C. 2:3 D. 1:2

34. The major distinguishing element between the final accounts of a partnership and a sole trader is the

A. drawings account B. appropriation account

C. capital account D. creditors account.

35. Good will appears in the books of a business only if it has been

A. purchased at a certain price

B. raised in connection with the admission of a new partner

C. raised to account for the true value of a business on the death of a partner

D. raised in order to prevent the balance sheet showing that the business is insolvent.

36. Kayode, Akpan and Kachalla are in partnership. Their respective capital accounts had the following balances:

N40,000 N50,000 and N70,000. The partners agree to admit Wamo as a new partner with a one-fifth interest in the

partnership capital in exchange for N50,000 cash. Wamo's equity in the resulting partnership is

A. N32,000 B. N50,000

C. N42,000 D. N50,000.

37. Under which of the following conditions is a partnership dissolved?

A. Change of the partnership's head office.

B. Admission of a new partner.

- C. Purchase of a large quantity of fixed assets.
- D. Retirement of a manager who is not a partner.

38. When shares issued are paid for the accounting entry required is

- A. debit bank or cash account and credit share capital and/or premium account
- B. credit bank or cash account and debit shares capital and/or premium account
- C. debit shares account and credit capital account
- D. credit shares account and debit capital account.

Use the information below to answer questions 39 and 40

A limited liability company has an authorized share capital of N50 million split into 100 million shares. 80 million

shares were offered for subscription at 60k per share payable in full on application. These have been fully subscribed and issued.

39. What is the nominal value of each share?

- A. N2 B. N0.80 C. N0.60 D. N0.50

40. What is the issued capital?

- A. N40 million B. N48 million
- C. N50 million D. N80 million.

41. The document setting out the regulations regarding shares, meetings and internal organization of a company

is known as

- A. memorandum of association
- B. articles of association
- C. prospectus
- D. company law.

42. An advantage of using accounting ratio is that they

- A. can be easily calculated
- B. facilitate decision-making
- C. are stipulated by law
- D. show errors and frauds.

43. The accounts of Buba (Nig.) Plc

showed the following for the year ended December 31,

1993:

N

Gross sales 219,900

Sales returns and

allowances 4,900

Net sales 215,000

Accounts receivable (net):

1/1/93 20,000

31/12/93 30,000

The turnover of accounts receivable is A. 6.14 times per year B. 8.14 times per year C. 8.60 times per year D. 8.64 times per year.

Uploaded on www.myschoolgist.com.ng

44. Given:

Sales N20,000

Costs of sales N15,000

The gross profit margin would be

A. 33.33% B. 25.00%

C. 20.00% D. 14.28%

Use the information below to answer questions 45 and

46

Perebeni Enterprises has two departments A and B, with

following information

A B

N N

Open. Stock 5,000 1,500

Purchases 26,000 3,000

Close. Stock 7,000 2,500

Sales 45,000 4,000

The following expenses are to be shared in the ratio 4:1

Rent N8,300

General Expenses N3,200

45. What are the company's gross profit for the year?

A. N11,500 B. N12,500

C. N20,000 D. N23,000.

46. What is the net profit (or loss) contributed by department B?

A. N2,000 B. (N2,000)

C. (N300) D. N300.

47. The expenditure on a good or service which is consumed either immediately or within a current accounting period is called

A. fixed expenditure B. capital expenditure

C. annual expenditure D. recurrent expenditure

48. The receipts from a special tax levy to pay maturing interest obligation are recorded in

A. Capital Project Fund B. Debt Service Fund

C. Tax Assessment Fund D. Special Revenue Fund.

49. The cash basis of accounting requires the recognition of revenue only when they are

A. due B. earned

C. paid D. received.

50. The amount for individual items on a government budget is called a

A. vote B. deposit

C. loan D. grant.

1. Which of the following factors' has aided the development of Accounting?

A. The emergency of nation states

B. The discovery of mineral resources in commercial quantity.

C. The growth in size of businesses and the separation of ownership and management.

D. The development and management of a

sophisticated monetary system.

2. Which of the following concepts stipulates that accounting profit is the difference between revenue and expenses?

- A. Accrual concept
- B. Conservation Concept
- C. Prudence Concept
- D. Materiality concept.

3. An effective accounting system should provide information

- A. on new products and methods
- B. for customer feedback and requirements
- C. on internal and external reporting for managers and third parties
- D. for promoters, directors, labour unions and distributors.

4. Which of the following accounting records are source documents?

Principles of Account 1995

- A. Journals and ledgers
- B. Sales invoice and cashbook
- C. Cash book and debit note
- D. Sales invoice and debit note.

5. Given: Motor van, N3,600, Premises, N5,000: Loan from

R. Nwaeke, N1,000: Cash at bank, N1,650: Stock of goods,

N4,800: Creditors, N2,560: Cash in hand, N250 and Debtors, N6,910. Calculate the capital figure.

- A. N19,650
- B. N18,650
- C. N17,850
- D. N19,850.

6. Which of the following transactions is BEST recorded in the general journal?

- A. Payment of rent with a cheque.
- B. Payment of stock with cash
- C. Purchase of an asset on credit terms
- D. Transfer of cash from head office to branch.

7. Diamon Ringo business was started when Mr. Diamon brought in a Cheque of N 500,000 which was paid into the bank account. Which of the following entries properly records the transaction?

- A. Cash account was credited with N 500,000 and the capital account was debited with N 500,000
- B. Bank account was debited with N 500,000 and capital account was credited with N 500,000

Uploaded on www.myschoolgist.com.ng

- C. Bank account was credited with N 500,000 and capital account was debited with N500,000.

D. Mr. Diamon's account was debited with N500,000 and the cheque account was credited with N500,000.

8. One major advantage of a ledger is that it

- A. is a book of original entry
- B. is only accessible to shareholders during liquidation

C. remove the need for preparing a balance sheet after each transaction

D. can be used by any type of business.

9. A trial balance is usually prepared by an accountant from account balances in the ledger for the purpose of

A. classifying accounts in the ledger

B. testing arithmetical accuracies of the ledger account balances

C. identifying the balance sheet items

D. providing a basis for establishing the accountant's competence.

10. What are the advantages of an imprest petty cash book?

(i.) Cheque can be drawn easily (ii.) A check on the use of cash (iii.) Liability of the petty cashier is limited to the value of petty cash. (iv.) Losses through the petty cashier can be minimized.

A. I, II, and III and III only B. I, II and IV only

C. I, III and IV only D. II, III and IV only.

11. Bola, UTC's regular customer, owed N 1,000 on account of radio brought. If he sent in a cheque for N 1,500, UTC would send him a

A. credit note B. debit note C. journal voucher D. waybill.

12. A payment of cash of N20 to John was entered on the receipt side of the cashbook in error and credited to John's

account. Which of the following journal entries can be used to correct the error?

- A. John: N 40 Dr, Cash N 40Cr
- B. Cash N 40 Dr, John: N 40Cr.
- C. John: N 20Dr, Cash N 20Cr.
- D. Cash: N 20Dr, John: N 20Cr.

13. The following represents extracts from the trading account of a retail outlet for a given month:

N

Opening Stock 2,400

Closing Stock 6,400

Other expenses 2,000

Sales 11,000

Profit 900

What is the purchase figure for the month?

- A. N13,000 B. N12,100
- C. N12,000 D. N11,200.

14. Adama's bank account showed an overdraft of N600

on 31st March. On going through the account. It was

discovered that the N 1,080 paid into the account on

29th March had not been credited. What should be

the balance in Adama's cash accounts?

- A. N1,680Dr. B. N1,080Cr.
- C. N600Dr. D. N480Cr.

15. Why are adjustments in the profit and loss account necessary?

A. to cover some expenses of the following year.

B to ascertain the actual expenses incurred and income earned during the year.

C. To show the provisions made during the year

D. To show the total expenses paid and income received during the year.

Use the information below to answer questions 16 and

17.

MACHINERY

Historical cost 5,000,000.00

Estimated useful life 20 years

Residual value N25,000:00

Date of acquisition 1/1/71

Depreciation method Straight line

16. Accumulated depreciation on the asset as at 31/12/81

was

A. N2,487,500.00 B. N2,736,250.00

C. N4,511,192.00 D. N4,975,000.00.

17. The book value of the asset as at 31/12/86 was

A. N3,731,250.00 B. N2,487,500.00

C. N1,268,750.00 D. N1,020,000.00

Use the information below to answer question

18 and 19

The following is a draft balance sheet as at 31/12/92

Accumulated

Cost Depreciation Net

N N N

Fixed Assets 200,000 100,000 100,000

(Tan)

Current Assets:

Stock in trade 10,000

Trade debtors 4,500

Cash at bank 22,800

Cash in hand 9,700

Trade creditors ?

Capital ?

Trade creditors' account was maintain at 25% of the capital

18. What was the balance in the trade creditors account as at 31/12/92?

A. N29,800 B.N29,500

C. N29,400 D.N29,000.

19. What was the balance in the capital account as at 31/12/92?

A. N76,000 B.N83,000

C. N117,600 D.N117,650.

Uploaded on www.myschoolgist.com.ng

20. The trial balance showed wages N 2,500 and a note stated that N500 wages were due but unpaid. When preparing final accounts and balance sheet, it is required to debit profit and loss account with

A. N3,000 and show wages accrued N500 in the balance sheet

B. N2,000 and show wages accrued N 500 in the balance sheet

C. N3,000 and show wages prepaid N500 in the balance sheet.

D. N2,000 and show wages paid in advance N500 in the balance sheet.

21. Sales ledger control account contains the total amount in respect of

A. creditors B. debtors

C. investors D. shareholders.

22. The purchases ledger account control of a company had an opening balance of N45,600 credit and closing balance of N72,600 credit. The company made payments of

N437,000 to credit suppliers during the period; and had discount received of N18,600 on this account. What were the credit purchases for the period?

A. N509,600 B. N482,600

C. N428,600 D. N18, 400.

23. The starting point for the production of accounts from incomplete records is to

- A. ascertain the total sales
- B. compute the opening stock of goods sold
- C. verify the total purchases
- D. prepare an opening statement of affairs.

Use the information below to answer questions 24 and 25.

I. A retailer when fixing his selling price adds one-quarter to the cost of the article. II. The expense of the retailer is 10% of his sales.

III. The total sales is N23,000 IV. He turned over his stock five times in the year

24. Compute the average amount of stock in hand at cost price.

- A. N3,860 B. N3,806 C. N3,680 D. N3,086.

25. The net profit for the year is

- A. N5,750 B. N5,650 C. N3,200 D. N2,300.

26. Given: N

Prime cost 320,000

Factory cost 32,000

Working in progress at beginning 25,000

Working in progress at close 19,000

Administrative expenses 21,000

Determine the production cost.

- A. N296,000 B. N277,000

C. N258,000 D.N246,000.

27. The factory cost of goods produced is made up of

A. prime Cost and factory overhead

B. prime cost and office overhead

C. rawmaterials consumed and fixed
cost

D. Rawmaterials andAdministrative
overhead.

28. The below information is provided for Amusa CompanyLtd. a manufacturer.

N

Prime cost 999,000

Manufacturing Overhead 132,000

Closing work in progress

transferred to the trading Account 1,116,000

If included in the manufacturing overhead were rents of N

5,000 paid in advance, what isthe openingwork in progress

for the period?

A N85,000 B.N80,000

C. N70,000 D.N65,000.

29. Subscription in arrears are A. credited to the income
and expenditure account and shown as

A. liability in the balance sheet

B. debited to the income and expenditure account
and shown as an asset in the balance sheet

C. credited to the income and expenditure account
and shown as a asset in the balance sheet

D. debited to the income and expenditure account
and shown as a liability in the balance sheet.

30. Where a non-profit making organization prepare the
account using accruals basis of reporting the statement
showing how well the organization is doing is the

A. appropriation account B. balance sheet

C. income and expenditure account

D. receipts and payment account.

31. A charitable club has the following Figures:-

N

Subscriptions received in 1991 2,800

Subscriptions unpaid in 1990 300

Subscriptions paid for 1992 150

Subscriptions due 1991 180

How much should be charged to the income and expenditure of this club as subscription for 1991?

A. N2,530 B. N2,680

C. N2,830 D. N2,980

32. A member of a club paid N1,000 as his subscription for
1993 and N1,200 as subscription for 1994. If the
financial year of the society ended on 31st December
1993 the N1,200 subscription will be treated in the

balance sheet as

A. current asset B. current liability

C. capital D.

profit.

33. Which of the following is a strong feature of partnership?

A. The life of the partnership is generally assumed to be indefinite

Uploaded on www.myschoolgist.com.ng

B. The owners are liable personally for all debts of the business.

C. The transfer of ownership is frequent and easy to accomplish

D. The partnership is complex to form because of many legal and reporting requirements.

34. Interest on a partner's drawing is debited to the

A. partner's current account and credited to the profit and loss appropriation account

B. profit and loss appropriation account

C. profit and loss account and credited to the partner's current account.

D. partner's current account and credited to the profit and loss account.

35. A partnership on admitting a new member, revalued the business' land and building from N30,000 to

N70,000. The difference of N40,000 should be

- A. credited to land and building account
- B. debited to asset revaluation account
- C. credited to asset revaluation account
- D. credited to profit and loss appropriation account

Use the information below to answer questions 36 and 37.

Halidu and Hamed are business partners with N30,000

and N20,000 capital respectively. At the end of the financial year, a profit of N12,000 which included Halidu's salary of N3,000 was made

36. Halidu's share of the profit is

- A. N7,500 B. N6,000
- C. N5,400 D. N4,500.

37. Hamed's share of the profit should be

- A. credited to partners' capital account
- B. credited to partners' current account
- C. credited to appropriation account
- D. debited to partners' drawings account.

38. The conversion of a partnership business into a limited liability company affords the

- A. general partner the chance of enjoying the limited liability protection
- B. limited liability partner the chance of enjoying the limited liability protection

C. creditors the chance of enjoying the limited liability protection

D. debtors the chance of enjoying the limited liability protection.

Use the information below to answer questions 39 and 40

Yakubu(Nigeria)Limited (Extract)Balance Sheet as at 31st December 1993.

Authorized Issued

N N N

Ordinary shares 100,000 80,000

10% preference shares 30,000 20,000

Share premium 20,000

Profit and loss A/C 13,000

Trade creditors 30,000

Accruals 5,000

Stock 10,000

Debtors 40,000

Bank 25,000

39. Equity shareholder fund is

A. N130,000 B. N120,000

C. N113,000 D. N100,000

40. If a 10% dividend is approved, what is the dividend payable to ordinary shareholders?

A. N13,000 B. N11,300

C. N10,000 D. N8,000

41. Which of the following ratios gives an idea of the liquidity of a firm?

- A. Turnover ratio B. Quick ratio
- C. Debt ratio D. Dividend yield.

42. A total of N400,000 shares of N1 each are to be issued by Sariki Company Ltd. at a price of N1.20 per share. Applications were received for 600,000 shares out of which 100,000 were dishonored. If the available shares are distributed pro rata, what refund will be due a subscriber who applied for 5,000 shares?

- A. N1,000 B. N1,200
- C. N4,800 D. N6,000

43. The measure of a company's ability to pay its debts quickly is called

- A. current ratio B. turnover ratio
- C. acid test ratio D. return on investment.

44. Department accounts are maintained to ascertain the

- A. profits of the entire organization
- B. contribution of each department
- C. expenses of each department
- D. sales of each department.

45. The Asa branch of Emene Company Ltd. Made a sale of N 549,000 from the goods sent from the head

office during the period ended 31/12/94. These sales were based on a 22% mark up. If branch expenses were N34,400 and there were no discrepancies, what should be the net profit of the branch for the period?

- A. N6,500 B. N64,600
- C. N85,380 D. N514,600

46. Which of the following statement is current about the head office current account and the branch current account?

- A. Both always have debit balances
- B. Both always have credit balances
- C. The head office current account has a credit balance while the branch current account has a debit balance.
- D. The head office current account has a debit

Uploaded on www.myschoolgist.com.ng

7. Books of original entry are use for

- A. recording business transactions
- B. the adjustment of accounts
- C. reminding the bookkeeper to post transactions in the ledger
- D. Informing about the state of affairs.

8. The term posting in accounting refers to

- A. recording entries in the journal

B. transferring the balances in the ledger to the trial balance
C. tracing amounts from the journal to the ledger to find errors

D. transferring entries to the ledger from the journal.

9. Erroneous rearrangement of financial figures such as writing N624 as N264 is called

A. transposition B. principle

C. commission D. omission

10. Bank Account

N N

Capital 50,000 Purchase 20,000

Sales 38,500 Rent 2,590

Motor V 6,500

What is the balance of the bank account shown above?

A. N88,500 debit B. N88,500 credit

C. N59,410 credit D. N59,410 debit.

11. Which of the following demonstrates the imprest system?

A. Float → expenses paid → cash in bank → float.

B. Float → cash from bank → expenses paid float

C. Float → expenses paid → cash from bank → float

D. Float → cash in bank → expenses paid → float.

12. When a sum of money appears on the credit side of the cash book, but not on the debit side of the bank statement, the sum is regarded as

balance while the branch current account has a credit balance.

47. Which of the following are sources of revenue to share governments in Nigeria? I Statutory allocation, II Fines from customary courts, III Petroleum tax IV Income tax.

- A. I and II only B. II and III only
C. I and IV only D. III and IV only.

Use the information to answer questions 48 and 49

Eko Local Government Expenditure

N

Hospital building 200,000

Drugs 180,000

Hospital beds and Mattresses 40,000

Doctors' and nurses' Salaries 120,000

Administrative expenses 50,000

48. Capital expenditure is

- A. N420,000 B. N380,000
C. N240,000 D. N200,000

49. Recurrent expenditure is

- A. N390,000 B. N360,000
C. N350,000 D. N170,000

50. A governmental accounting system must make sure that

- A. revenue exceeds expenditure
- B. all applicable legal provisions are complied with
- C. capital expenditure is equal to revenue
- D. capital project fund is tied to recurrent expenditure.

1. The most important reason for studying accounting is that

- A. the information provided by accounting is useful in making decisions
- B. accounting plays an important role in a society
- C. the study of accounting leads to a challenging career
- D. accounting provides gross profit information.

2. In preparing accounting records, the owners of a business and the business are treated as

- A. the same person
- B. having business relationship
- C. separate legal entities
- D. partners

3. Creditors use accounting information for the purpose of

- A. planning sales to a company
- B. controlling a company's affairs
- C. investing in a company
- D. assessing a company liquidity.

4. The instruments that are generated when firms enter into business transactions with others are called

A. purchases documents B. journals

C. source documents D. invoices.

5. The document that is used to acknowledge the acceptance of the return of goods by the seller from the buyer

is known as

A. credit note B. debit note

C. invoice D. voucher.

6. The effects of the payment of a liability is that it

A. increases both assets and liabilities

B. increases assets and decreases liabilities

C. decreases assets and increases liabilities

D. decrease both assets and liabilities.

Principles ofAccounts 1997

Uploaded on www.myschoolgist.com.ng

A. uncredited cheques B. dishonoured cheques

C. direct remittance to the bank D. unrepresented cheques.

13. An examination of the cash book on 3rd August 1993

showed a different balance from the bank statement of

31st July 1993 which read N722. Uncredited cheques were

Bimpe N 40: Wale N60 while unrepresented cheques were:

Usman N 20. Kalu N32 and Musa N 70. What is the cash

book balance after the reconciliation?

A. N700 B. N770

C. N800 . D. N822.

Use the information to answer questions 14 and 15

On 30/05/93 Tolu & Co. paid 2 years rent of N50,000

which was debited to the rent account

14. At 31/12/93, what portion of that amount was prepaid?

A. N14,583 B. N25,000

C. N35,417 D. N37,415

15. The adjustment needed as at 31st December, 1993 as?

A. debit rent account and credit adjustment

account

B. debit prepayment account and credit rent

account prepayment account

D. debit adjustment account and credit

prepayment account

16. The receipt of cash from a customer who bought goods

with N800 list price 25% trade discount and 2/10, n/30 term

would, if paid within discount period, amount to

A. N576 B. N588

C. N600 D. N624

17. At the end of a financial period, the trading profit and loss

account of a company showed a profit of N120,000. It was

however recorded that revenue of N12,000 was recovered as

expenses while expenses of N4,000 had been recorded as

revenue. What should be the correct profit for the period?

A. N104,000 B. N128,000

C. N136,000 D. N144,000

18. Given N

Net profit 25,000

Cost of sales 25,000

Sales 85,000

Determine the total expenses.

A.N45,000 B.N35,000 C.N25,000 D.N15,000

19. Given capital, N13,000;officemachinery, N9,000; creditors, N900;stock of goods, N1,550; debtors, N275; cash

at bank, N5,075 and loan from Jumbo, N2,000. What is the balance sheet total?

A. N19,500 B. N18,500 C. N17,900

D. N15,900

20. The recording of wages due but not yet paid, is an example of an adjustment for

A. apportionment of revenue between two periods

B. recognizing accrued expenses

C. recognizing unaccounted revenue

D. recognizing prepaid expenses.

21. The process of allocating the cost of an intangible asset over its useful life is known as

A. depreciation B. extraction

C. depletion D. amortization

22. The principal use of control accounts is to

A. Localize errors within the ledgers

B. prevent fraud C. increase sales

D. record assets and liabilities

23. In the absence of a sales day book or sales account, the credit for sales can be computed from

A. creditors control account

B. debtors control account

C. opening figures of the balance sheet

D. closing figures of the balance sheet

24. Which of the following conditions best represents the net effect of discount allowed on credit sales on the account of a business?

A. Decrease in the closing balance of sales ledger control account

B. increase in net profit

C. increase in the values of sales.

D. decrease in the value of purchases in the trading account.

25. The total of the creditors at the beginning of the year was N4,600 and at the end of the year N5,250. During the year, N26,500 was paid to suppliers and N130 was received in discounts from these suppliers. The purchases for the year would be

A. N26,630 B. N27,038

C. N27,150 D. N27,280

26. Given N

Capital at the beginning 20,000

Drawings 3,000

Capital at end 30,000

Newcapital introduced 8,000

What is the profit for the period?

A. N4,000 B. N5,000

C. N6,000 D. N8,000

27. In analyzing incomplete records, which of the following should be investigated?

A. The general ledger.

B. The purchases daybook and sales day book

C. The nature trading activities and the basis on which goods are sold.

D. The asset register together with the depreciation schedule

28. Which of the following stock valuation methods is suitable under inflationary conditions?

A. FIFO B. LIFO

C. Simple average D. Weighed average

Uploaded on www.myschoolgist.com.ng

29. Given N

Direct material 10,000

Director labour 5,000

Director expenses 2,000

Factory overhead 4,000

What is the prime cost?

A. N21,000 B. N17,000

C. N15,000 D. N6,000

30. The understatement of closing value of work-in-process would have the effect of

A. understating cost of goods manufactured

B. overstating prime cost of goods manufactured

C. overstating cost of goods manufactured

D. understating prime cost of goods

manufactured.

31. Emeka Manufacturing Company(Extract)

Manufacturing Account.

Direct material N5,000

Direct labour N4,000

Direct expenses N3,000

Factory overhead N2,500

Selling and distribution N1,500

Calculate the production cost.

A. N16,500 B. N15,000

C. N14,000 D. N12,500

32. The difference between a trading account and a manufacturing account is that while the manufacturing account

A. has no particular period, the trading account has

B. does not consider the cost of goods involved, the trading account does

C. is concerned with the cost of production the trading account is not

D. is not concerned with the stock of raw materials, the trading account is.

33. An income and expenditure account is a summary of

A. all income and expenditure during a period

B. revenue income and expenditure during a period

C. receipts and payment during a period

D. the trading income during a period

Use the information below to answer questions 34 and 35

Gbagada Social Club

Receipt and Payments Account for the year 1993

N N

Balance b/d 720 Rent 180

Subscriptions 14,300 Furniture 3,500

Proceed from raffle draws 2,000 Rate 580

Stationery 120

Musa

N

Kalu

N

Lawal

N

Musa

N

Kalu

N

Lawal

N

Welfare

expenses 1,000

Raffle prize 950

Balance c/d 10,690

17,020 17,020

Additional Information

1:1:93 31:12:93

N N

Subscription in arrears 300 450

Furniture 7,000

Subscription received in advance 500 400

Rate owing 50 60

34. Subscription relating to the accounting year 1993 in the income and expenditure account is

A. N15,050 B. N14,550

C. N14,300 D. N13,400

35. Accumulated fund on 1st January 1993 is

A. N8,570 B. N8,470

C. N7,850 D. N7,520

36. Adamu Babaji and Chukwu are in partnership and they share profit and losses on ratio 3:2:1. Their respective capitals are N20,000, N15,000 and N5,000 on which they are entitled to interest at 5% per annum. The profit for the year before charging interest on capital amounted to N5,500. Calculate the profit for Adamu.

A. N583 B. N1,000

C. N1,167 D. N1,750

Use the table below to answer questions 37 and 38

Partners Current Account

Interest Interest

On on

capital 10,000 8,000 8,000 capital 800 600 360

Drawings 8,800 10,000 6,000 Share of

28,800 18,000 14,000 profit 26,200 13,100 13,100

Balance Balance

b/d 1,800 4,300 540 c/d 1,800 4,300 540

28,800 18,800 14,000

The current account above for Musa, Kalu and Lawal has some errors in the arrangement of accounts.

37. The correct closing balance for Musa's current account is

- A. N36,200 credit B. N16,600 credit
- C. N16,600 debit D. N1,800 credit

38. The correct closing balance of Lawal's current account is

- A. N21,100 debit B. N14,740 debit
- C. N14,740 credit D. N540 credit

39. Faruk and Osawe are in partnership sharing profits and losses in the ratio of 3:7. Faruk is to receive a

Uploaded on www.myschoolgist.com.ng

salary of N9,000. In one accounting period, the business recorded a loss of N1,500 (before deduction of Faruk's salary). The appropriate distribution of the net loss would be

- A. Faruk,(N450);Osawe,(N1,050)
- B. Faruk,(N3,150); Osawe (N7,350),
- C. Faruk,(N2,250);Osawe,(N5,250),

D. Faruk, (N8,550);Osawe,(N1,050)

40. On partnership dissolution, if partner's capital account has a debit balance and the partner is insolvent, the deficiency will in accordance with the decision of the case of Garner v Murry, be

A. Borne by all the partners

B. Borne by the insolvent partner,

C. Written off,

D. Borne by the solvent partners

41. Share premium can be used to

i. Write off discount on shares ii. Give loans to directors, iii. Pay dividends, iv. Pay company's formation

expenses

A. i and iv only B. i and iii

C. ii and iii only D. iii and iv only

42. A company has 5% debentures worth N500,000, ordinary capital N2,000,000, and preference shares N1,500,000.

If the company made a profit of N1,000,000, the debenture interest would amount to

A. N1,000,000 B. N500,000

C. N50,000 D. N25,000

43. Alabede (Nig.) limited issued 50,000 ordinary shares of N1 each at market value of N2.50 each. The share premium is

A. N125,000 B. N100,000

C. N75,000 D. N50,000

44. A dividend of % in a company on 500,000 ordinary shares

of N1 nominal value has been declared. How much will a shareholder receive if he has 200 shares?

- A. N500,000 B. N50,000
- C. N200 D. N20

Use the information below to answer questions 45 & 46.

Udoh trading company

Balance sheet as at 31st December, 1992

Capital 39,000 Land 20,000

Loan term 15,000 Building 30,000

Creditors 9,000 Stock 4,000

Accrued wages 5,000 Cash 8,000

Debtors 6,000

68,000 68,000

45. What is the working capital?

- A. N12,000 B. N11,000
- C. N8,000 D. N4,000

46. The acid test ratio in the company is

- A. 1:1 B. 1:2 C. 2:3 D. 3:2

47. If goods are invoiced to the branch at cost and the invoice par value is N2,000 with 5% discount rate, cash

remitted to the head office is

- A. N2,100 B. N2,000
- C. N1,900 D. N100

48. Which of the following are advantages of departmental

accounts? (i) The department making the highest profit can be easily determined (ii) The capital of the business can be calculated easily (iii) Easy knowledge of the sources of funding (iv) Encouragement of healthy rivalry among the various departments.

A. i and iv only B. ii and iii only

C. ii and iv only D. iii

and iv only

49. Public sector accounting is based on

A. cash B. accrual

C. budgets D. consolidated fund.

50. The end result of governmental accounting procedure is to

A. keep proper records of government expenditures

B. give financial information to the public and investors

C. produce timely and accurate financial reports for legislators and the public

D. give information on the performance of public enterprises

Principles of Account 1998

1. The Act establishing the Institute of Chartered

Accountants of Nigeria (ICAN) came into force on

A. 1st September, 1960 B. 1st October, 1960

C. 1st October, 1963 D. 1st September, 1965.

2. Cost reports for attention of management should reflect

A. as much details as possible

B. summary figures only

C. details of non-controllable expenses

D. cost and comparable data useful in decisionmaking.

Uploaded on www.myschoolgist.com.ng

9. If the inventory at the end of the current year is understated and the error is not caught during the following year, the effect is to

A. understate income this year and understate in next year

B. overstate income this year and overstate in next year

C. understate this year's income with no effect on next year's

D. overstate the income for the two-year period.

10. The total of the discounts received column in the cash book is posted to the

A. credit of the discounts received account

B. debit of the discounts allowed account

- C. credit of the discounts allowed account
- D. debit of the discounts received account.

Use the information below to answer questions 11 and 12

The initial imprest at July 1st was N500. Petty cash vouchers with the custodian by July 15th added up to N394. An IOU slip received from a co-worker was N65 and there was a shortage of N5 cash. The co-worker made refund on July 18th just before the imprest was replenished.

11. What was the actual cash in the till as at 15th July?

- A. N106 B. N101 C. N70 D. N36

12. The amount required to replenish the payments made from the imprest was

- A. N399 B. N394
- C. N358 D. N101

13. State Bank collected a note for Al-Makura Company.

This collection, not yet recorded in Al-Makura's books, appears on the bank reconciliation as

- A. an addition to balance per books
- B. a deduction from balance per bank statement
- C. an addition to balance per bank statement
- D. a deduction from balance per books.

14. Mayana Corporation uses special journals to record its transactions. If one of Mayana's customers returns merchandise purchased with cash (for a

refund), it makes an entry in the

A. cash receipts journal B. sales journal

C. general journal

D. cash disbursement journal.

15. Sobande Incorporation acquires a machine that

involved the following expenditures and related

factors

N

Gross invoice price 15,000

Sales tax 900

Purchases discount taken 300

Freight 750

Assembly of machine 500

Installation of machine 800

Assorted spare parts for future use 1,200

Turning and adjusting machine 700

3. Responsibility accounting is particularly concerned

with

A. historical accounting B. controllable costs

C. storekeeping D. valuation of stocks

4. An advantage of the use of the voucher system is

that it

A. reduces the number of cheques that will be

written during any given period

- B. provides a highly flexible system for handling unusual transactions
- C. provides a comprehensive record of business done with particular suppliers
- D. ensure that every expenditure is reviewed and verified before payment is made.

5. A business transaction is recorded in the books of accounts when the

- A. owner of the business invests his N10,000 in another company
- B. business retains part of its profits for future expansion purposes
- C. business applies for overdraft facilities from its bankers
- D. owner of the business collects N5,000 from the accountant.

6. When a transaction causes an asset account to increase, there is

- A. a decrease of equal amount in the owner's equity account
- B. an increase in a liability account
- C. an increase of equal amount in another asset account
- D. a decrease of equal amount in a liability

account.

7. N

Bank account 59,410

Capital account 50,000

Purchases account 20,000

Rent 2,500

Stationery 90

Typewriter 6,500

Sales 38,000

In preparing a trial balance from the list of balances given above, what is the total in debit and credit columns?

A. N147910 B. N138500

C. N88500 D. N85800

8. The purchase of two generators by Hassan

Electronics Enterprises should be recorded as

A. an acquisition of fixed assets.

B. an expense in its general office expenses

column.

C. an acquisition of stock,

D. a part of capital in the capital account.

Uploaded on www.myschoolgist.com.ng

What is the initial accounting cost of the machine?

A. N19,550 B. N18,950

C. N18,350 D. N17,500

16. A pottery company had sales of N176,000 during the current period and a gross profit rate of 40%.

The company's cost of merchandise available for sale during the period was N128,000. The company's ending inventory is

A. N22,400 B. N32,000

C. N51,200 D. N76,800

Use the information below to answer questions 17 and 18

Wazobia Enterprises Balance Sheet as at 1/1/95

Liabilities N Assets N

Capital 40,000 Furnishing 10,000

Ceiling fan 1,500

Cash in hand 28,500

40,000 40,000

If at 31/1/95 the following information was ascertained (i)

Rentshop N12,000 paid for the year (ii) Total purchases

N15,000 (iii) Total sales N8,200 (iv) Stock of goods left

N10,000 (v) Paid sales boy N500.

17. What is the new balance sheet total as at 31/1/95?

A. N40,000 B. N41,500

C. N41,700 D. N48,500.

18. What is the balance on its cash account as at 31/1/95?

A. N22,800 B. N21,200

C. N9,200 D. N800

19. On 1st January, 1993, Lobo Company purchased equipment for N18,000. It uses straight-line depreciation and estimates an eight-year useful life and a N2,000 salvage value. On 31st December, 1996, it sells the equipment for N8,000. In recording this sale, it should reflect

A. N10,000 loss B. N2,000 loss

C. N6,000 gain D. N8,000 gain

20. The balance on a purchases ledger control account represents the

A. present amount that a business owes its suppliers at date.

B. Total credit available to the business at the end of the year to be utilized in future

C. total credit the business enjoyed for the particular year from its suppliers. D. total credit owed the business by its customers.

21. A powerful instrument of control over both the sales ledger and the clerk whose duty is to post the ledger is the

A. total debtors account. B. Purchases day book

C. sales daybook D. Cash book..

22. Mini Enterprises sales Ledgers as at 31/12/94 read:

N

Balance b/f 12750

Total credit sales 28185

Payments by debtors 12112

Discount allowed 638

Sales returns 1500

Prepare the sales ledger control account and determine the balance due from debtors.

A. N40935 B. N27961

C. N26685 D. N1185

23. Determine the year's purchases from the following information relating to a firm

N

Total creditor's b/f 7200

Total cash payments to suppliers 98800

Total creditors c/f 8400

A. N7,200 B. N98,800

C. N100,000 D N105,200

24. Derive the total sales figure from the following information extracted from a firm's cash book and other relevant records.

N

Total debtors b/f 5,600

Total cash receipts from debtors

and cash sales 153,000

Total debtors c/f 6,800

- A. N6,800 B. N153,000
- C. N154,200 D. N159,800

25. The statement of affairs prepared from incomplete records can be described as

A. the summary of all the business transactions of the trader ascertained by the accountant

B. a balance sheet at a particular date showing the assets and liabilities of the business

C. a schedule of all the business ventures entered into for the period to which the records relate

D. the statement that shows the profit or loss made during the period.

26. The contribution margin on a job is the

A. gross profit

B. net profit

C. excess of sales revenue over variable costs

D. difference between fixed and variable costs.

27. The objective of allocating all costs to product is to

A. produce a scientifically accurate cost

B. avoid unallocated overhead and compute total product cost

C. co-ordinate the cost and financial accounts

D. compute the contribution of the product to the final profit.

Use the information below to answer questions 28 and 29

Raw materials inventory at the beginning of a period was N46,800 and at the close of the period there was a balance of

Uploaded on www.myschoolgist.com.ng

N38,600. From the purchases made during the period, defective materials costing N9,200 were returned. Cost of materials consumed during the period was N448,500.

28. What was the total purchases made during the period?

A. N487,100 B. N457,700

C. N449,500 D. N440,300

29. What is the cost of materials available for use during the period?

A. N487,100 B. N449,500

C. N448,500 D. N440,300.

30. A non-profit-making organization differs from a profit making one in that

A. it does not earn income

B. proceeds from sale of shares form part of its

income

C. all its income is committed

D. annual subscriptions and levies form part of its income.

31. The limitations of the receipts and payments account arise mainly because of the reliance

A. cash movement as evidence of transaction

B. the accounting officer to report

C. the capital account of the organization

D. the transaction papers as evidence of transaction

32. The trading account is to a sole trader what income and expenditure account is to a

A. partnership

B. public limited organization

C. manufacturing organization

D. non-profit-making organization.

33. Which of the following indicate that a partnership business is in place? (i) there is a business (ii) it is run commonly by partners (iii) it has profit-making in view (iv) partners' liability is limited.

A. i and ii only B. i, ii and iii only

C. i, ii and iv only D. ii, iii and iv only.

34. When forming a partnership, new partners should

record non-monetary assets on the new partnership's books at

- A. their current fair market values
- B. their historical costs when first used
- C. their historical costs when first purchased by each new partner
- D. the highest values practical so that future income tax deductions are maximized.

35. Umar and Ahmed share profits and losses equally and have capital balances of N40,000 and N60,000 respectively. If Abdullahi purchases a one-third interest with no bonus, how much will he have to contribute to the partnership?

- A. N33,333 B. N40,000
- C. N44,444 D. N50,000

36. Which of the following is an intangible asset and a measure of a firm's superior earning power?

- A. Patent B. Goodwill
- C. Trademark D. Right issue.

Use the information below to answer questions 38 and 39

Dan & Baker are in partnership with capitals of N50,000 and N30,000 each. The partnership agreement provides that: (i) profits be shared in the ratio of capital (ii) Baker

be paid a salary of N8,000 (iii) both partners pay interest on drawings at 6% p.a.

At the end of the year, Dan drew N15,000 while Baker drew N14,000 in four equal installments on 31/3, 30/6, 30/9 and 31/12. The net profit for the year was N48,000. N5,000 is to be written off the Goodwill account.

38. What is the interest on the drawings by Baker?

A. N210 B. N315

C. N450 D. N840

39. Determine the total interest on capital due to the partners.

A. N1200 B. N1800

C. N3000 D. N4800

40. The ordinary shareholders enjoy the following rights except the right to

A. vote at annual general meetings

B. elect the board of directors

C. participate in additional issues of shares

D. receive dividends at a predetermined rate.

41. Granada Corporation has net assets of N600,000 and contributed capital of N180,000. The corporation has 30,000 shares of common stock outstanding with no preferred stock. This suggests that the corporation has

A. a book value of N14 per share

B. a book value of N20 per share

C. a deficit of N420,000

D. retained earnings of N600,000

42. Under which of these conditions can a company issue shares at discount? (i) a resolution must be passed at a general meeting (ii) the amount of discount must be stated in the resolution (iii) the share must have existed for at least six years. (iv) on the order of a court.

A. i,ii and iii only B. i,ii and iv only.

C. i,iii and iv only D. ii,iii and iv only

43. The part of equity which is payable on winding up is called

A. general reserve B. revenue reserve

C. capital reserve D. normal reserve

44. To compute gearing ratio, divide

A. profit by capital employed

B. current assets by current liability

C. profit by total assets

D. long-term debt by equity capital.

Uploaded on www.myschoolgist.com.ng

45. Which of the following entries is effected by a department when goods are charged to it at selling prices?

A. Stock account is debited

B. Purchases account is debited

C. stock account is credited

D. mark-up account is debited.

46. The difference between the closure of the books of a branch and those of a separate company is that

A. there is retained earnings account on the branch books

B. the revenue and expense account is closed to branch current account

C. there is no retained earnings account on the branch books

D. the revenue and expense account is not closed to the home office current account

47. The term fiscal compliance means

A. all financial and related laws and regulations are adhered to

B. only the budget for the current period is compiled with and no deficits allowed

C. all physical assets requirements have been met

1. Accrual concept stipulates that

A. revenue should be recognized when it is earned

B. costs should be recognized when the expenditure is paid

C. revenue should be recognized only when cash is paid

D. costs should be recognized when they are incurred.

2. The basic role of accounting is to;

A. detect fraud

B. attest to financial statement

C. measure performance

D. protect shareholders

3. The need for changes in accounting theory in Nigeria was influenced by the

A. dynamics of commercialization and privatization policies

B. growth in size of business units

C. introduction of the structural adjustment programme

D. inconvertibility of the nation's currency.

4. A book-keeping error occurs when there is a.

A. deliberate manipulation of records

B. unintentional correct posting in the ledger

C. intentional failure to record transactions and oversights that are not intended

D. interest records and completely

oversights that are not intended.

D. fiscal planning is necessary for proper accountability in the public sector.

48. In a public corporation, the capital expenditure incurred in a financial period is

A. spread over the useful life of the assets through depreciation

B. apportioned at a pre-determined rate stipulated by law

C. written off in the year in which they occur

D. merged with recurrent expenditure and reported in one lump sum.

49. Money not required to meet chargeable expenditure in any fiscal year under cash accounting, should be

A. surrendered to the consolidated revenue fund

B. carried forward to the next financial year

C. reserved to meet any deficits or contingencies

D. returned to the taxpayer.

50. If a monthly insurance premium is remitted to a company by the state government, the initial deductions from employees are recorded in

A. the general fund B. agency fund

C. special fund D. general long-term fund.

Principles of Accounts 1999

5. When a proprietor withdraw cash from the business for private use, he

A. debits cash account and credits drawings account

B. credits cash account and debit its bank account

C. debits bank account and credit drawings account

D. credits cash account and debit drawings accounts.

6. A basic unifying concept in accounting implies that

A. where creditors' account is zero, the assets are equal to the owner's equity.,

B. there should be a balance in the creditors's account in order to measure total assets

C. revenues should be supported by invested and owners's capital

D. total assets can be less than liability and equity.

7. A source document for the sales day book is

A. requisition form B. an invoice

C. a customer advice D. a credit advice.

8. In a cash book, the opening balance was N7,600,

closing balance N9,200 and the total cash received during the period was N18,000. What was the amount of cash paid out during the period?

- A. N8,900 B. N9,800
- C. N14,600 D. N16,400

Uploaded on www.myschoolgist.com.ng

9. If the total discount allowed in cash book was N230 and the total discount received was N255 and the total following is true concerning the two discounts?

A. They must be balanced in the cash book

and the difference taken to the debtors ledger,

B. they must be balanced in the cash, balance and the difference taken to the trial balance.

C. They should not be balanced in the cash book before being taken to the trial balance.

D. They should not appear in the trial balance as they were already either received or paid out.

10. Which of the following bank reconciliation items should not be added or subtracted from the bank statement balance to determine the adjusted cash

balance?

- A. Outstanding cheques
- B. Bank service charges
- C. deposits in the mail not yet received by the bank
- D. Bank error, charging a company for another company's cheques.

11. The fixed amount of money given to a petty cashier at the beginning of a period is called

- A. imprest B. petty cash
- C. float D. cash advance

12. A provision for bad debt account had N3,800 at the beginning of the year and N4,220 at the close of the year. If bad debts are calculated at the rate of 1 /

20% of annual credit sales. what was the credit sales for the period?

- A. N210,000 B. N844,400
- C. N840,000 D. N500,000.

13. Asa company bought a vehicle worth N20,000 and the vehicle is to be depreciated 5% using the reducing balance method of depreciation, what would be the value of the assets after 3 years?

A. N19,000.00 B. N18,050.50

C. N17,147.50 D. N16,290.13

Use the information below to answer questions 14 and 15

N

Capital: Opening balance 307,000

Closing balance 342,000

Net profit for the period 121,600

Opening stock 98,800

Purchases 706,000

Carriage inwards 17,500

Cost of goods sold 740,700

Total selling, general and

Administrative exps 526,000

Discount received 9,650

14. What is the closing stock for the period?

A. N69,300 B. N84,300

C. N81,600 D. N106,400

15. Calculate the gross profit for the period

A. N535,650 B. N628,300,

C. N637,950 D. N647,600

16. Chibuike bought 36 notebooks at N10 each from

John and was given a trade discount of 5%. In

addition, he as offered 1% cash discount which

he took advantage of. How much did Chibuike

pay?

A. N338.58 B. 342.000

C. N345.42 D. N360.00.

17. Depreciation on a particular piece of machinery

was N2,700 during the fifth year of its service

life and N4,050 during the sixth year. The

logical explanation for this is that.

A. an addition was made to the asset

during the sixth year.

B. the estimate of salvage value on this

equipment was decreased at the

beginning of the fifth year

C. a unit-of-output method of depreciation

was used during the sixth year.

D. the estimated remaining service life of

the asset was increased at the

beginning of the sixth year.

18. The main features of the single entry system

are that

A. books of accounts are not maintained

and business relies only on bank

statement

B. the journal records are absent and only

the main ledger is kept

C. there are incomplete classifications and recording procedures

D. only credit sales transactions and credit purchases are recorded.

19. The principal function of a sales ledger control account is to

A. serve as internal check and provide quick information for the preparation of interim financial statements

B. serve as external check and provide quick information for the preparation of interim financial statements

C. provide quick information for the preparation of customers' statements,

D. provide information for the control of salesmen's activities

20. In dealing with incomplete records, fixed assets are posted to

A. opening profit and loss as brought forward figures

B. closing balance sheet as carried forward figures

C. closing balance sheet as brought forward figures

D. closing profit and loss as bought

forward figures.

Uploaded on www.myschoolgist.com.ng

Use the information below to answer questions 21 and 22

Aminu and Sons credit purchases (Extract) as at February, 1996

N

Feb 1 Credit balances 40,000

Debit balances 1,000

Feb 28 Purchases journal totals 500,000

Returns outwards journal total 50,000

Cheques paid to suppliers 400,000

Promissory notes sent to suppliers 30,000

Discount received from suppliers 8,000

Credit balances in the purchases

ledger set off against debit balances

in the sales ledger 2,000

21. The total for the purchases ledger control account

is

A. N480,000 B. N490,000

C. N500,000 D. N540,000

22. What is the balance c/d in the purchases ledger

control account?

A. N2,000 B. N8,000

C. N40,000 D. N45,000.

23. Given: N

Total cash received from debtors 30,000

Total purchases for the period 21,000

Amount owed by debtors at the beginning
of the period 4,000

Equipment bought 2,500

Amount owed by debtors at the
end of the period 3,000

Determine the value of sales for the period.

A. N29,000 B. N31,500

C. N46,500 D. N50,000

24. When the factory cost of production has been
ascertained, manufactured goods are transferred
to trading accounts by

A. debiting manufacturing account and
crediting trading account

B. crediting sales account and debiting
trading account

C. debiting sales account and crediting
trading account

D. crediting manufacturing account and
debiting trading account.

25. Lawal and Co makes blocks and sells to builders.

In computing prime cost, which of the following

costs would be considered appropriate?

- A. Cement, sand and carriage outward
- B. Water, carriage inwards and cement
- C. Sales boys wages, cement and sand
- D. carriage outwards, carriage inwards and cement.

26. Manufacturing cost can be classified based on

- A. timing of charges, degree of averaging, ease of traceability and timing of charges
- B. degree carriage inwards and cements
- C. degree of averaging and size of capital
- D. number of employed, timing of charges and managementstyle.

27. The difference between the factory cost of production and prime cost production is

- A. directmaterials B. direct labour
- C. selling expenses D. overhead.

28. Receipts and payments account of a non-profit making organisation is principally a summary of the

- A. bank entries B. cash book entries
- C. expenditure entries D. balance sheet entries.

29. Given: N

Club debtors at start 150

Cash sales 4,850

Club debtors at close 900

Cash received from debtors 550

What is the amount club sales

A. N6,150 B.N4,850

C. N4,650 D.N1,300

30. A credit balance on a receipts and payments

account indicates that the non-profit making organisation.

A. had more revenues than expenses during the period

B. did not owe much liabilities during the period

C. received more cash than it paid out during the period

D. made more cash payments than it received during the period.

31. Goodwill can be valued in partnership when,

A. partners make profits

B. large losses are made

C. a partner retires

D. a new branch is opened.

32. As part of the initial investment, a partner

contributes office equipment that originally cost

N20,000 and on which provision for depreciation of N12,500 had been recorded. If the partners agree on a valuation of N9,000 for the equipment, what amount should be debited to the office equipment, what amount should be debited to the office equipment account?

- A. N7,500 B. N9,000
- C. N12,500 D. N20,000

33. When a partner makes a drawing of stock items from a partnership, the accounting impact of the drawing is to increase the partner's

- A. Goodwill account balance
- B. Current account credit balance
- C. Current account debit balance
- D. Profit and account credit loss balance.

34. Appropriate Account

Kudu Wale

Interest on capital 750 550

Salaries 800 600

Share of profits 3,300 3,300

Uploaded on www.myschoolgist.com.ng

Determine the net profit of the partnership

- A. N9,300 B. N 6,600 C. N 4,850 D. N4,450

35. Dele and Seun who are in partnership, have decided to convert their business into a limited liability company

where both become directors. To convert the business

A. They will simply continue since there are no new members.

B. The partnership is formally ended and new company books opened.

C. The shares and all other items will be shared equally and not in their former ratios.

D. Computation of goodwill must be done as it is legally required.

36. If a sole proprietorship is purchased for cash, then

A. The purchaser debits his business purchase account with the consideration he pays.

B. All assets and liabilities must be bought

C. Goodwill results where value of liabilities taken is higher than the value of assets.

D. The vendor debits his business purchase account with the consideration he receives.

37. The market price per ordinary share of a corporation listed on the stock exchange is most closely related to its

A. Earnings per share

B. Redemption price per share

C. Book value per share

D. Call price pershare

38. Which of the following events increases a corporation's shareholders equity?

A. Donation of shares out of the corporation's own stock to the corporation

B. The corporation's purchase of treasury stock.

C. Shares of previously subscribed stock issued to subscribing stockholders

D. A municipality donation of land to the corporation

Use the information below to answer questions 39 and 40

Zoom Plc Balance Sheet (Extract) as at 31st December 1997

N N

Paid-up capital 200,000 Fixed assets 300,000

Share premium 15,000 Investment 180,000

Profit & loss a/c 60,000 Stock 28,000

Debtors 90,000 Creditors 200,000

Provision (3,000) 87,000

Other current Cas 60,000

Liabilities 100,000 Bank 100,000

755,000 755,000

39. The quick ratio is

A. 0.82 : 1 B. 0.91 : 1 C. 0.95 : 1 D. 1.53 : 1.

40. Determine the owner's equity

A. N200,000 B. N215,000

C. N275,000 D. N755,000

41. If a promote pays a lawyer N5,000 for services rendered in preparing a Memorandum of Incorporation, the journal entry is to debit

A. Preliminary expenses, credit cash, accounts.

B. Promoters, credit creditors'Accounts.

C. Lawyer's credit cash accounts

D. Cash credit incorporation accounts.

42. Calls in advance are treated in the balance sheet as

A. Current asset B. Current liability

C. fixed assets D. fixed liability.

43. Shares issued to a vendour in payment of business purchased would require a debit to

A. Cash account and credit to share capital account

B. Share capital account and credit to vendor's account

C. Vendor's account and credit to share capital account.

D. Share capital account and credit to cash account.

44. The best method of allocating expenses among departments is to

- A. Allocate expenses to each department in proportion to the sales of that department
- B. Charge against each department those costs which are within its control
- C. Charge expenses against each department in proportion to the purchases of that department.
- D. Allocate expenses to each section of the department in relation to the number of people.

45. To record the transfer of stock from one department to another, the correct entry would be to debit

- A. Goods outwards and credit goods inwards.
- B. Merchandise account and credit department stock account
- C. Department transferring and credit department receiving
- D. Department receiving and credit department transferring.

Use the information below to answer question 46 and 47.

Amoga Limited invoiced goods at a cost of N 10,000 to its Ikeja branch at a margin of 20%. The branch later returned goods worth N 1,200 at invoice price to the head office.

46. The profit margin should be

- A. debited to goods sent to branch account
- B. debited to branch stock adjustment account
- C. credited to branch adjustment account
- D. credited to branch stock account.

47. What is the correct entry in the head office books at the point of initial transfer of the goods?

- A. Branch stock account would be credited with N10,000
- B. Branch stock account would be debited with N12,000
- C. Goods sent to branch account would be debited with N10,800.
- D. Goods sent to branch account would be credited with N12,000.

Uploaded on www.myschoolgist.com.ng

48. Capital and revenue expenditures of government are usually accounted for under funds which include

- A. Personal advances, technical and public funds.
- B. Technical, special trust and commercial funds.
- C. Personal advances, treasury clearance and special trust funds.
- D. Commercial loans and treasury clearance funds.

49. Which of the following accounts is kept by local governments in Nigeria?

- A. Balance sheet

B. Advances account.

C. Debtors account

D. Profit and loss accounts.

50. The conventional source of public revenue include

A. Loans, taxation, foreign reserves and dividends.

B. Interest, royalties, taxation and loans

C. Crude oil, interest, posted price and taxation

D. Taxation, deficit budgeting, royalties and loans.

1. On November 1, 1998, Zaria Holdings owed N 13,600 in

respect of creditor. On November 15, it purchased goods

worth N69,000 and paid a cheque of N51,600. On November 29, one of the Holdings' cheque's worth N3,000

was returned while the creditor granted N1,500 discount.

The amount owed by Zaria Holdings as at November 29

is

A. N32,500 B. N32,000

C. N31,000 D. N29,500

2. To write off bad debt, debit

A. Debtor's account and credit provision for bad

debt.

B. Bad debt account and credit debtor's account.

C. Debtor' account and credit bad debt.

D. Provision for bad debt.

3. In order to make the cash book balance equal to the

bank statement, it is usual to add

A. Uncredited cheques. B. Direct payments by bank

C. Bank charges D. Unpresented cheques.

Use the information below to answer the questions 4 and 5

N

Sale 20,000

Cost of sales 10,000

Operating expenses 2,500

Expenses prepaid included in operating expense 500

4. Calculate the net profit.

A. N12,500 B. N10,000 C. N8,000 D. N7,500

5. What is the gross profit margin?

A. 100% B. 50% C. 40% D. 30%

6. The main object of book keeping is to record economic.

A. Transactions systematically for routine managerial decision making.

B. Events clearly to ensure adequate checks and balances

C. Events clearly to facilitate strategic managerial decision-making

D. Transactions systematically to ascertain the financial position of a business.

37. Which of the following is an example of intangible asset?

A. Trade debtors B. Stock of goods

C. trade creditors D. Motor vehicles

8. A source document that aids the ascertainment of

amount paid out of a current is the

A. Teller B. Cheque stub C. Cheque D. teller stub

9. Yahuza Enterprises

Trial Balance (Extracts) as at Dec. 31, 1998.

N N

Capital 21,000

Premises 90,000

Debtors 35,000

Provisions 1/1/98

Depreciation 9,000

Bad and doubtful debts 1,500

If a premise is to be depreciated at 10% on cost and a

5% provision is to be allowed on debtors, the total asset in the balance sheet is

A. N125,000 B. N114,500 C. N105,500 D. N105,250

10. The most convenient cash book used by a petty trader

operating in an area where there is no banking facility is

A. Four column B. Three column

C. Single column. D. two column

11. A general journal contains

A. Date narration, folio, debit and credit.

B. Date narration, folio, debit and purchases.

C. Folio, credit, date, debit and sales.

D. Debit, credit, narration, date and discount.

12. Which of the following errors will affect the trial balance totals?

A. Posting discount allowed to the debit side of the

discount allowed account.

B. Omission of one account from the list when extracting from the ledgers.

C. Failure to post sales of N 2,000 and purchases of N 2,000 from subsidiary ledgers.

D. Omission of sales of N 3,000 and purchase of N2,000.

13. An expense account is closed by a debit to

A. An asset account and credit to the expense account.

B. The expense account and a credit to an asset account.

C. Profit and loss account and a credit to the expense account.

D. The expense account and a credit to profit and loss account.

Principles of Accounts 2000

Uploaded on www.myschoolgist.com.ng

14. The accounting convention which stipulates that money

or goods taken from the business by the owner for personal use should be treated as deductions from capital

is

A. Cost B. Prudence

C. Consistency D. Entity

Use the information below to answer questions 15 and 16

Cost raw materials consumed 300,600

Carriage inwards 6,700

Returns of raw materials 10,800

Closing stock of raw materials 100,250

Manufacturing wages 27,000

Lighting, power, insurance and rent relating

to the factory are apportioned $\frac{1}{3}$, $\frac{1}{5}$, $\frac{1}{6}$

and $\frac{1}{7}$ with totals N30,000, N75,000;

N36,000 and N56,000 respectively.

15. What is the cost of the opening raw materials?

A. N418,350 B. N404,950 C. N400,250 D. N398,250

16. The production cost of finished goods is

A. N 524,600 B. N408,000 C. N381,600 D. N327,600

17. Amin Ltd. Creditors Ledger Control Account (Extracts)

Beginning control account N

Balances:

Debit 32,000

Credit 61,000

Purchases during the year:

Cash 30,000

Credit 60,000

Payment to suppliers:

Cash 13,000

Cheque 29,000

Debtor's contra 6,000

The closing control account balance is

A. N41,000 B. N65,000 C. N71,000 D. 77,000

18. Given: N

Depreciation of plant and

machinery 1,600

Factory rent 650

Indirect wages 695

General indirect expenses 726

Lubricants 1,235

Carriage inwards 829

Factory power 350

Bank charges 612

Carriage outwards 2,900

Determine the total factory overhead cost

A. N4,485 B. N5,256 C. N6,085 D. N6,556

19. Given N

Cash book items:

Paid to suppliers 10,800

Expenses paid 6,900

Drawings made 900

Balances at start 15,750

Balances at end 3,870

Drawings from bank to shop 1,720

Determine the receipt from debtors

A. N22,470 B. N17,470 C. N8,440 D. N5,000

20. The items entered in an opening statement of affairs of an enterprise that keeps incomplete record are

A. Salesincome B. Receipt

from debtors C. Fixtures and fittings D. Rent paid

21. In a manufacturing company, the total cost of goods produced is equivalent to

A. Purchases B. Sales

C. Cost of goods sold D. Cost of materials used.

22. Given: Sales Ledger Control Account (Extracts)

N

Balance b/f 10,600

Total cash payments by debtors 32,275

Total credit sales 59,193

Discount received 9,700

Balance c/f 20,751

Discount allowed 2,890

Determine the salesreturns

A. N24,577 B. N13,877 C. N7,067 D. N2,890

23. The simplest form of single entry procedure consist of keeping a

A. Day book or general journal

B. Cash book and ledger accounts showing debtors and creditors balances

C. Cash journal, sales journal and purchases journal

D. Day book in which transactions are described

in chronological order.

24. A fixed cost is fixed only in relation to

A. The quantity of goods produced

B. The quantity of goods sold

C. A given period of time a range of activities

D. A given period of time and the nature of activity.

25. One of the shortcomings of single entry procedures is

that

A. A trial balance is not available

B. Profits are overestimated

C. There are no subsidiary books

D. There are no control accounts.

26. When a customer's cheque is returned unpaid in a debtor's

control accounting system, the treatment will be

A. debit bank, credit customer and credit control account.

B. credit bank, debit customer and debit control account.

C. debit customer, credit control account and credit bank.

D. credit control account, debit bank and debit customer.

27. Didi Ltd. Offered 10,000 ordinary shares of N1.50 each at a discount of 2% which were fully subscribed. With regard to the offer above,

A. Shares are never offered at a discount; the offer is

Uploaded on www.myschoolgist.com.ng

invalid

B. The value of shares in the capital account will be lowered by 2%.

C. The company incurs a loss to the tune of 2% of the offer.

D. Each of the subscribers loses 2% of investment.

Use the information below to answer questions 28 and 29

Maro Merchant Bank Plc is to issue 500,000 ordinary shares of 50k each at N 3,000 per share. Applications were received for 1,550,000 shares fully paid, 1,250,000 shares are to be issued on a pro rata basis and excess subscriptions were dishonored and refunds made

28. The refund due to an application for 25,000 shares is

A. N45,000 B. N30,000 C. N7,500 D. N5,000

29. What will be the number of shares to be issued to a subscriber who applied for 30,000 shares?

A. N20,000 B. N18,000 C. N15,000 D. N12,000

30. Which of the following items does not feature in the balance sheet of a club?

- A. Arrears of current year's subscription
- B. Salary arrears paid in the current year
- C. Rental income received in advance
- D. Advance subscription in respect of a coming year.

31. An outright sale of partnership amounts to the

- A. compensation of vendors by the purchase
- B. admission of a new partner
- C. purchase of rights of a dead partner
- D. change of sharing ratio of vendors

32. Given:

N

Opening Cash balance 20,000

Sale of match tickets 15,000

Clearing of pitch 1,200

Refreshments 3,500

Referees' allowance 1,000

Cost of petrol for bus 1,120

Donation from local government 3,800

The club's cash balance is

A. N39,180 B. N34,830

C. N34,830 D. N31,980

Use the information below to answer question 33 and 34

Maimalari Ltd had 1. Earnings per share 30k

111. Par value of each share N1.20 1V. Market price per

share N1.50

33. The company's yield is

A. 20.00% B. 25.00% C. 31.33% D. 39.17%

34. What will be the price earnings ratio of the company?

A. 3.91 B. 3.19 C. 2.95 D. 2.55

35. The partnership Deed normally specifies

A. how profits or losses are to be shared

B. the capital to be contributed annually

C. how salaries are paid to employees.

D. the profit that should be earned annually

36. The accumulated fund of a non-trading concern can

equally be referred to as

A. members' equity B. share capital

C. general fund D. surplus fund

37. When a purchased business is revalued the effect is that.

A. a decrease in the value of assets has no effect on

value of goodwill

B. an increase in the value of asset is treated as

an increase in the value of goodwill

C. a decrease in the value of asset is treated as a

decrease in the value of goodwill

D. an increase in the value of asset is treated as

decrease in the value of goodwill

38. An item of appropriation in partnership profit and loss

account is.

- A. interest on partners' capital
- B. interest on partners' loan
- C. employees' salaries
- D. partners drawings

Use the information below to answer question 39 and 40

Rakiya and Joy are in partnership and agreed that 5% interest per annum is to be charged on drawings. The drawings made by both partners in one year were:

Rakiya, N200 on March 31 and N300 on September 30, Joy, N100 on April 1 and N240 on July 1

39. The interest on Joy's drawing is

- A. N6.00
- B. N7.25
- C. N9.00
- D. N9.75

40. Assuming that Rakiya was not credited with any income during the period, what is her closing current account balance?

- A. N340.00 credit
- B. N349.75 debit
- C. N500.00 credit
- D. N511.25 debit

41. A business is acquired at par when the

- A. purchase consideration equals good will
- B. purchase consideration equals net value
- C. purchase consideration is greater than the net value is greater than the liabilities.

Yola Social Club

Statement of Account 1999 Financial Year

N

31/12/98:

Subscription in arrears 21,000

Subscription in advance 12,000

Receipts during 1999:

Arrears 1998 21,000

Dues 1999 48,000

Advance 2000 11,000

The subscription transferable to the income and expenditure account is

A. N48,000 B. 59,000 C. N60,000 D. N69,000

43. The most appropriate basis for apportioning inventory holding cost among departments is to use the value of

A. purchase B. opening stock C. closing stock
D. average stock

44. The body constitutionally charge with the accounts of the Federation and other Assembly in the

Uploaded on www.myschoolgist.com.ng

A. PublicAccounts Committee B. PublicAudit Committee
C. InternalAudit Committee
D. ExternalAuditCommittee.

45. 1. Meet growth and diversification needs.

11. Reach out to particular customers or markets

111. Comply with some regulatory directives.

1V. Increase employees' income

Which of the reasons above do consider in establishing branches.

A1 and 11 B. 1, 11 and 111C. 11, 111 and 1V

D. 111 and 1V

46. The channel through which all government borrowing and domestic lending transactions pass is called

A. special trust fund B. agency fund C. national loan fund D. contingency fund

47 Given:

Dept A Dept B

Floor space 400m²

60m²

Machine 1200 1400

Turnover N36million N64million

Labour hours 1000 1400

A joint cost N72 million incurred by the two departments was apportioned N30 million to

A. and N42 million to B. The basis used for apportionment must have been

A. labour hours B. floor space C. turnover

D. machine hours

48. Recurrent expenditure are expenses for the period not

exceeding. A. 10 years B. 5 years C. 2years D. 1 year

49. A major benefit derived from the reconciliation of branch and head office books is to

A. determine accurate returns by the branch

B. ascertain the correct profit or loss on branch activities

C. enable the branch to keep control over stock

D. enable the branch to ascertain debtors balance

50. Haial Limited with three departments has a total of N7,200,000 as the net debtors for the year ended 31/12/

97. The company's policy provides for 15% bad debt annually. Which of the following represents the total balance of debtors before adjustments?

A. N6,120,000 B. 6,120,300 C. N8,280,000 D. N8,820.00

Uploaded on www.myschoolgist.com.ng

1. The current growth in the volume of trading and financial dealings in Nigeria is helped by

A. Increased financial activities.

B. Government intervention

C. Credit as a factor in business

D. Paying for goods in cash.

2. Cost accounting entails provision of information

A. For investment purpose B. For decision making

C. To shareholders D. To stockholders

3. The main objective of accounting report is to provide information about

- A. A company's shareholding
- B. An entity's management C. The efficacy of assets
- D. A company's economic resources.

4. If liabilities amounted to N12,045, other assets N36,800 and equity N26,896, the cash at hand would be

- A. N2,241 B. N2,214 C. N2,141 D. N2,114.

Use the information below to answer questions 5 and 6

Given N

Fixed assets 85,600

Sales 197,000

Stock 34,300

Salaries and wages 37,000

Purchases 127,700

Share capital 120,000

Creditors 16,050

Motor expenses 10,500

Debtors 25,000

5. What is the cash balance?

- A. N12,095 B. N12,590 C. N12,905 D. N12,950

6. Determine the total of the trial balance.

- A. N335,050 B. N333,050 C. N323,050 D. N230,550

7. The accuracy of journalizing is checked by

- A. Ensuring that debit totals equal credit totals.
- B. Posting all journal entries to ledger accounts.
- C. Adding all figures in the debit column.
- D. Comparing accounts in the ledger against the journals.

8. Hauwa Ltd bought 10 bags of rice for N500 each. The company was given 5% and 12% trade and cash discounts respectively. What will be recorded as discount received in the company's book?

- A. N250 B. N570 C. N600 D. N850

9. A cash book had opening balance of N15,200, closing balance N18,400 and total cash received during the period N36,000. What was the amount of cash paid out during the same period?

- A. N17,800 B. N19,600 C. N29,200 D. N32,800

Principles of Accounts 2001

10. In a petty cash book, the closing balance was N235, imprest N1250, while the stationery expenses were N655. how much was paid for other general expenses?

- A. N360 B. N355 C. N350 D. N305.

11. When a bill is negotiated to a bank, it is said to be

- A. Surrendered B. Cashed
C. Discounted D. Accepted

12. Given that the balance as per cash book after necessary adjustments was N4,315, unpresented cheques were

N1,688 and the bank statement balance was N4,791, what was the balance of the uncredited cheques?

A. N1,223 B. N1,212 C. N1,202 D. N1,115

13. If a property developing company sells a completed building to an interested third party, this sale can be treated in the books of the company as

A. Capital receipt B. Revenue receipt
C. Windfall receipt D. Miscellaneous Receipt.

Use the information below to answer questions 14 and 15

Palaju Enterprises had fixed assets of N3,100,000 at the end of the year. Fixed assets costing N900,000 with provision for depreciation of N150,000 were disposed of during the period. Fixed assets of N100,000 were added during the year. Provision for depreciation was N350,000 at the beginning of the year and N300,000 at the end of the year.

14. What was the value of fixed assets at the beginning of the year?

A. N2,900,000 B. N3,800,000
C. N3,900,000 D. N4,000,000

15. The depreciation expense charged for the year is

A. N450,000 B. N250,000
C. N150,000 D. N100,000

16. A reduction in the catalogue price of an article given by a wholesaler to a retailer is called a

A. Bad debt B. Trade discount C. Premium D. Cash

discount.

Use the information below to answer questions 17 and 18.

Stock Control Account [Extract] as at January, 2000

Date Receipts Issues Balance

Qty Unit Amt Qty Unit Amt Amt

Price Price

N N N N N

Jan. 1 100 5.00 500.00 - - - 500.00

Jan. 5 50 6.00 300.00 - - - 800.00

Jan. 7 - - - 40 6.00 240.00 560.00

Jan. 10 50 4.00 200.00 - - - 760.00

Jan. 15 - - - 50 4.00 200.00 560.00

Jan. 20 - - - 10 X Y Z

Uploaded on www.myschoolgist.com.ng

17. What is the stock valuation method used?

A. Last In First Out B. First In First Out.

C. Average cost D. Weighted average.

18. The value of x is

A. N4.00 B. N5.00 C. N5.50 D. N6.00

Use the information below to answer questions 19 and 20

N

Purchases ledger opening balance 4,000

Sales ledger opening balance 6,000

Credit purchases during the year 25,000

Discounts allowed 1,000

Returns inwards 2,000

Credit sales during the year 10,000

Returns outwards 6,000

19. Calculate the sales ledger balance .

A. N3,000 B. N6,000 C. N10,000 D. N13,000

20. What is the purchases ledger balance?

A. N4,000 B. N23,000 C. N24,000 D. N29,000

21. For an incomplete record to provide necessary information, it must be converted to

A. Complete records B. Double entry records

C. Statement of affairs D. Single entry.

Use the information below to answer questions 22 and 23

Given: 31/12/98 31/12/99

Assets: Plant & Mach. 1,500 1,200

Fixtures 700 520

Stock 500 600

Debtors 900 400

Cash 200 300

Liabilities: Creditors 500 600

Loan 600 400

22. Determine the total fixed asset from the opening balance sheet

A. N2,200 B. N2,020

C. N1,720 D. N1,270

23. What is the capital from the opening balance sheet?

A. N3,600 B. N2,700 C. N2,070 D. 1,520.

24. Given: N

Direct material 2,500

Direct labour 5,500

Direct expenses 1,000

Overhead expenses 1,500

From the data above, compute the prime cost

A. N8,500 B. N7,500 C. N6,500 D. N6,000

Use the information below to answer questions 25 and

26

Bar opening stock 10,000

Amount owed to bar suppliers at the

beginning of the year 10,000

Bar sales

50,000

Bar credit purchases 40,000

Payment to suppliers 30,000

Bar expenses 1,000

Bar closing stock 15,000

25. What is the bar profits?

A. N20,000 B. N15,000 C. N14,000 D. N10,000.

26. How much is owed to supplier?

A. N50,000 B. N40,000

C. N30,000 D. N20,000

27. Lubricating oil and spare parts of machinery are examples of

- A. Direct material B. Indirect materials
- C. Indirect expenses D. Direct expenses

Use the information below to answer questions 28 and

29

N

Subscriptions received during the year 30,000

Subscription owed last year 4,000

Subscription received for next year 6,000

28. The N6,000 subscription received is

- A. Current asset B. Current liability
- C. Fixed asset D. Capital

29. What is the subscription to be charged to income and expenditure account?

- A. N36,000 B. N34,000
- C. N30,000 D. N20,000

30. A club received rent N10,000 and donation N30,000. It paid N6,000 for entertainment and is still owing N16,000.

The balance of the receipts and payment account is

- A. N24,000 B. N22,000 C. N14,000 D. N8,000

31. Given N

Club training profit 12,000

Members' subscription 15,000

Profit on sale of fixed assets 2,500

Loss on sale of investment 1,000

Wages 16,500

Other expenses 10,000

Determine the club's excess of income over expenditure

A. N500 B. N1,500 C. N2,000 D. N2,500

32. The excess of income over expenditure is usually transferred to the

A. Accumulated fund B. Profit and loss account

C. Current assets in the balance sheet

D. Current liabilities in the balance sheet.

33. Partner's salaries and drawing are usually posted to the

A. Trading account B. Current account

C. Capital account D. Partners' account.

34. Marmuhu and Yusuf are in partnership sharing profits

and losses in the ratio 2 : 1. On 31/3/2000, the partnership decided to admit Idris who is to take $\frac{1}{4}$ of future

profits without changing the ratio of Marmuhu and

Yusuf. What is the new profit-sharing ratio of Marmuhu

and Yusuf?

A. 50% : 25% B. 50% : 20%

C. 25% : 50% D. 25% : 25%.

35. If a partner pays a premium of N500 for $\frac{1}{5}$ share of

profit, then the total value of goodwill is

A. N500 B. N2,000 C. N2,500 D. N3,000

36. On the dissolution of a partnership business, the net book value of the assets is transferred to

A. Debit of realization account.

B. Credit of realization account.

C. Debit of bank account

D. Credit of bank account

37. Baba Ltd acquired the business of Bello Ltd and caused

the separate existence of the latter company to terminate. This situation is best described as

A. Absorption B. Merger

C. Conversion D. Dissolution.

38. Where a company acquires controlling shares of another and the consideration is paid in cash, the entries

in the books of the purchases are debit

A. Investment and credit cash

B. Investment and credit shares

C. Purchases and credit cash

D. Purchases and credit shares.

39. Given

Capital 200,000 Total assets 210,000

Liabilities 10,000

210,000 210,000

If the business is purchase at a price including a goodwill of N20,000, what must have been the purchase price?

A. N190,000 B. N210,000

C. N220,000 D. N230,000.

40. The main difference between the ordinary and preference shareholders is that

A. The former receive dividends while the latter do

not

B. The latter are not members of the company while

the former are

C. In the case of winding up, the former are paid first

before the latter.

D. The former have rights while the latter do not

Use the information below to answer questions 241

and 42

Given: N

Authorized capital:

100,000 ordinary shares of N1 each

issued and fully paid:

50,000 ordinary shares of N1 each 50,000

10,000 8% preference shares of N1 each 10,000

Reserves

25,000

Creditors

15,000

Debtors 13,000

Cash in hand 5,000

41. Determine the net current assets.

A. N43,000 B. N28,000 C. 13,000 D. N3,000

42. Calculate the shareholder's fund.

A. N60,000 B. N75,000 C. N85,000 D. N185,000

43. The law that currently regulates the registration of companies in Nigeria is the

A. Constitution of the Federal Republic of Nigeria, 1999.

B. Nigerian Enterprises Promotion Decree, 1972.

C. Companies and Allied Matters Decree, 1972.

D. Companies Decree, 1968.

44. X and Y are two departments that are to share 50% of all joint costs equally and the balance in the ratio 2 : 1. If a sum of N150,000 is incurred jointly, what will the portion attributable to X?

A. N37,500 B. N62,500 C. N87,500 D. N100,000

45. Department F transferred some goods to department G at a selling price. The goods were not sold at the end of the accounting period. Which account is affected at the time of preparing a combined balance sheet?

A. Creditors B. Debtors C. Stock D. Suspense.

46. The correct entry to reflect the receipt of cash sent by a branch to a head office is

A. Debit cash and credit branch current account

B. Debit branch current account credit cash

C. Credit branch debtors and debit cash

D. Credit branch current account and debit branch debtors.

47. To account for expenses paid by head office on behalf of the branch, the branch should

- A. Debit head office account and credit cash
- B. Debit profit and loss account and credit head office account
- C. Credit cash and debit profit and loss account
- D. Credit profit and loss account and debit head office account.

48. The officer responsible for ascertaining whether all public expenditure and appropriation are in line with approved guidelines is the

- A. Account General B. Auditor General C. Finance Minister D. Permanent Secretary

Use the information below to answer questions 49 and 50

Given: PTF Trial balance [Extract] as at 31 December 1999.

Dr Cr

N'000 N'000

Cash 2,000

Investments 3,000

Accounts receivable 6,000

Uploaded on www.myschoolgist.com.ng

Fund balance 11,000

11,000 11,000

49. Assuming all the investments realized N4m, what will be the ending fund balance?

A. N8m B. N11m C. N13m D. N16m

50. If only 1/3 of the investment is sold for N2m and N5m realized from the accounts receivable, what will be the balance of the fund?

A. N9m B. C. N13m D. N16m

Principles of Account

1999 - Type A

1. In preparing the final account, the bad debt account is

closed by a transfer to the A. Balance sheet B. Provision for bad debt C. Profit and loss account C.

Trading account.

2. Given N

Stock (1/4/94) 800

Purchases of flour 2,450

Sales 4,745

Wages of bakery staff 675

Carriage outwards 50

Salary of administrative staff 225

Stock (31/3/95) 940

Capital 1,540

Determine the cost of goods sold.

A. N2,575 B. N2,985 C. 3,250 D. 3,925.

3. In a petty cash book the imprest is N1,380

Expenses: N

Stationery 350

Cleaning material 335

General expenses 265

How much was received to maintain the imprest at the end of the month?

A. N950 B. N970 C. N430 D. N380

4. Income statement for the year ended June 30, 2001

N N

Office rent 20,000 Revenue 820,000

NEPA(light) 15,000

Salary of staff 120,000

Miscellaneous

Expenses ?

Net income ? .

.

Miscellaneous expenses is 10% of revenue.

Calculate the net income

A. N583,000 B. N563,000

C. N483,000 D. N683,000

5. An entry in a subsidiary book which does not form part of the double entry system is a

A. Contra entry B. Journal entry

C. Single entry D. Memorandum entry.

6. In an incomplete record, the preparation of the bank reconciliation ensured that

A. All cash taking are banked

B. The cash book is correct

C. There are no overdrafts

D. There are no hidden loans.

Principles of Account 2002

7. I. Fixtures account II. Machinery account

III. Wages account IV. Rent account.

Which of the above are nominal account?

A. III and IV B. I and II

C. I and III D. II and III

8. NAFARA & SONS Balance Sheet items as at 31st December, 9187

N

Capital 74,480

Creditors 15,875

Prepaid expenses 580

Motor vehicles 34,750

Furniture 35,850

Accrued expenses 645

Stock 8,100

Cash balances 9,911

Debtors 1,809

Compute the value of current assets.

A. N20,400 B. 20,465 C. 35,695 D. N19,820

Use the information below to answer questions 9 and

10

The Assets and Liabilities of Udo Co. Ltd, as at 31st

December, 2000.

N

Capital 50,000

Debtors 46,000

Loan 100,000

Stock 20,000

Motor vehicle 120,000

Building 70,000

Accrued wages 30,000

Bank 30,000

9. The value of capital invested by own owners is

A. N110,000 B. N105,000 C. N101,000 D. N100,000

10. The liabilities of UdoCo. Ltd is

A. N180,000 B. N181,000 C. N177,000 D. N110,000

11. The normal accounting entry to record the dishonour

of a cheque by a businessman is to

A. Debit cash book and credit suspense account.

B. Debit cash book and credit drawer

C. Credit cash book and debit suspense account

D. Credit cash book and debit drawer.

Uploaded on www.myschoolgist.com.ng

Use the information below to answer questions 12 and

13

Statement of Assets and Liabilities as at 31st December, 2001.

N(m)

Shareholder's interest 240

Current liabilities 20

Current assets 110

Fixed assets 140

12. What is the net working capital?

A. N90m B. N70m C. N100m D. N80m

13. Determine the value of the trade investment.

A. N8m B. N10m C. N15m D. N20m

14. The concise statement used to explain entries in the general journal is known as

A. Narration B. Summary

C. Information D. Commentary

Use the information below to answer questions 15 and 16.

Erero's Trading Account for the month ended 31/05/2001.

N N N

Opening stock 45,000 Sales 161,000

Purchases 110,000 Less returns 4,000

Less returns 6,000 104,000 157,000

149,000

less closing stock ???

Cost of sales ???

Gross profit ???

157,000 157,000

The gross profit ratio for the company is 25%.

15. If the total expenses is N20,845, what will be the net profit for the company during the month?

A.N19,149 B. N16,168 C.N21,655 D.N18,405

16. The closing stock for this company is

A.N72,000 B. N45,000 C.N42,500 D.N31,250

17. In a departmental accounting system, which of the following expenses will most likely be apportioned on the

basis of turnover?

A. Carriage outwards B. Carriages inwards

C. Discounts received D. Returns outwards.

Use the information below to answer questions 18 and 19.

N

Stock of raw materials (1st January) 3,000

Direct wages 2,500

Direct expenses 1,000

Factory overheads 2,000

Cost of raw materials used 5,500

Stock of finished goods (31st December) 2,000

18. Determine the prime cost

A. N7,500 B. N6,500 C. N9,000 D. N8,000

19. The cost of goods manufactured is

A. N11,000 B. N12,000 C. N14,000 D. N9,000

20. I. Orientation II. Entity III. Legalstatus IV.

Finance

Which of the characteristics above distinguishes a profit-making from a not-for-profit-making organization?

A. I, II, III and IV B. I, II and III C. II and III D. I and

II

Use the information below to answer question 21 and 22.

Adex Ltd. Issues stock to its retail branch at cost price. The following particulars relate to Ede branch

N

Stock at branch 1st January at cost 400

Goods sent to branch at cost 8,000

Returns to head office 340

Cash sales 9,160

Stock at branch 31st December at cost 720

21. What is the gross profit carried to the profit and loss account?

A. N1,820 B. N1,640 C. N1,530 D. N1,870

22. Calculate the cost of goods credited to the head office trading account.

A. N7,660 B. N7,500 C. N7,460 D. N7,200

23. Nasara manufacturing Plc has three direct labour employees that work 40 hours each a week for 50 weeks a

year. Factory overhead costs of N60,000 is distributed

on the basis of direct labour hours. Compute the overhead rate.

A. N12 per hour B. N16 per hour

C. N10 per hour D. N15 per hour

Use the information below to answer questions 24 and 25.

Receipts and Payments Account [Extract]

N N

Balance b/d 4,000 Motor vehicle

Expenses 820,000

Subscription Insurance 3,000

received ? Ambulance

Donations Expenses 12,500

received 6,000 Electricity 1,000

Refreshment sales 10,000 Balance c/d ? .

..

Subscriptions received are always put at 125% of the

total donations received and refreshment sales.

24. What is the closing cash balance?

A. N11,500 B. N12,000 C. N13,000 D. N13,500

Uploaded on www.myschoolgist.com.ng

25. Compute the subscriptions received

A. N30,000 B. N28,000 C. N24,000 D. N20,000

Use the information below to answer questions 26 and 27

Total Dept. P Dept. Q

N N N

Sales 10,000 6,000 4,000

Purchases 4,000 1,000 3,000

Discount received 1,000 ?

Discounts allowed 2,000 ?

Discount (allowed and received) are apportioned to the two departments on the basis of departmental sales and purchases.

26. Department P's share of discount received is

A. N750 B. N1,000 C. N250 D. N500.

27. What is department Q's share of discount allowed?

A. N2,000 B. N1,500 C. N800 D. N1,200

Use the information below to answer questions 28 and 29.

Income and Expenditure Account

N N

Waged 12,000 Subscriptions

Received 20,000

Electricity 5,000 Donations

Depreciation: received 10,000

Furniture 1,000 Profits on sale

of investment 5,000

Other expenses ?

Excess of income

over expenditure ? .

35,000 35,000

It is the tradition of the club to write off an amount equal to 25% of the subscriptions received as other expenses.

28. What is the amount to be written off as other expenses?

A. N4,500 B. N6,000 C. N4,000 D. N5,000.

29. Determine the club's excess of income over expenditure

A. N12,000 B. N15,000 C. N10,000 D. N14,500

30. The gross profit on manufactured goods is the difference between the cost of goods manufactured and the

A. Market value of goods produced

B. Prime cost of production

C. Indirect cost of production

D. Goods produced.

31. Given that $\frac{1}{3}$ of the N6,000 stock held by a branch is purchased from outside. If goods are invoiced to branch at 25% on cost, the provision for unrealized profit is

A. N1000.00 B. N333.33 C. N666.66 D. N800.00

32. A.S.D. Club Balance Sheet [Extract]

N N

Accumulated fund 6,000 Motor van 4,000

Add surplus

income 1,000 Stock 3,500

7,000 Debtors for
subscriptions 1,000

Creditors for
supplies 1,000 Bank 1,500

Subscription in
advance 2,000 .

10,000 35,000

The working capital of the club is

A. N5,000 B. N4,000 C. N3,000 D. N7,000

33. Costs that vary in proportion to the level of production
in a manufacturing environment are known as

A. Control costs B. Overheads C. Direct costs D.

Indirect costs.

34. A company operating a chain of retail provision stores
invoices goods to the branches at cost plus a mark-up
of 25% on selling price?

A. 35% B. 30% C. 20% D. 15%

35. Given: N

Cash purchases 25,000

Trade creditors 45,000

Opening balance of trade creditors 35,000

Calculate the purchases for the period

A. N80,000 B. N35,000 C. N105,000 D. N70,000

36. Which method of pricing can be used satisfactorily in

either a rising or falling price situation?

A. Standard price B. Market price

C. FIFO D. Average method.

37. Given N

Capital at start 3,250

Capital at close 6,250

Additional capital during the period 1,000

Calculate the profit or loss

A. N8,500 loss B. N2,000 loss

C. N2,000 profit D. N8,500 profit.

38. In a control account, discount received is found on the

A. Debit side of the purchases ledger control account

B. Debit side of the sales ledger control account

C. Creditside of the purchases ledger control account

D. Credit side of the sales ledger control account.

39. In an incomplete record system, a trading account cannot be prepaid until the

A. Day book has been balanced

B. Amount of personal drawings has been established

C. Cash book has been balanced

D. Amount of sales and purchases has been established.

Use the information below to answer questions 40 and 41.

Date Qty Rate Total

(units) (N) (N)

January 2nd 500 25 12,500

March 7th 250 28 7,000

Issue were made a follow:

Date Qty (units)

January 9th 200

February 14th 200

Uploaded on www.myschoolgist.com.ng

March 11th 200

40. The closing stock on March 11th by LIFO valuation is

A. N4,200 B. N2,700 C. N4,500 D. N3,900

41. The value of closing stock as at February14th by simple average method is

A. N3,900 B. N2,500 C. N4,100 D. N2,700.

42. Given an incomplete record without sufficient information to determine profit, the necessary thing to do it to

- A. Draw up the statement of affairs.
- B. Draw up a T-account to establish the amount.
- C. Compare the journal entries with the cash book .
- D. Cross-check the cash book for further information.

4.3 Control accounts help to verify the arithmetic accuracy of the postings from the

- A. Subsidiary books into the trial balance
- B. Ledgers into the trial balance
- C. Journals into the ledgers
- D. Subsidiary books into the ledgers.

44. Keeping records under the single entry system has the advantage of

- A. Duality in terms of records
- B. Completeness in terms of records
- C. Accuracy in terms of operation
- D. Simplicity in terms of operation

45. Given: N

Sales 195,200

Stock 1st January 34,000

Purchases 126,000

Sales returns 1,200

Purchases returns 2,000

If the gross profit is N66,000, what is the value of stock at 31st December?

- A. N30,000
- B. N40,000
- C. N50,000
- D. N20,000

46. Given: N(m)

Balance at 31 December 14,744

Treasury Bills issued Jan – Dec 7,124

Revenue for the year 6,387

Expenditure 8,767

What is the opening balance on the consolidated revenue fund account?

- A. N10,000m
- B. N12,000m
- C. N9,000m
- D. N11,000m

Use the information below to answer questions 47 and 48.

The partnership agreement between Abba, Bada and Kaka contains the following provisions: (i) 5% interest to be paid on

capital and no interest to be charged on drawings (ii) Profits and

losses to be shared in the ratio 3:2:1 respectively.

(iii) Net profits as at 31/12/95 N2,250.

Abba Baba Kaka

N N N

Capital 5,000 4,000 3,000

Current account 250 100 175

Salary 300 300 -

Drawings 600 500 250

47. Abba's capital balance at the end of the year will be

A. N5,475 B. N5,725

C. N4,400 D. N5,000.

48. Current account balance of Kaka at the end of the year

will be

A. N250 B. N350 C. N175 D. N325.

49. Upon the dissolution of a partnership, the Partnership

Act provides that the amount realized should be

A. Used to pay all taxes due to government

B. Used to start a new partnership business by members who are willing

C. Shared equally by the existing partners

D. Used in paying the debts and liabilities of the firm

to persons who are not partners.

50. In the public sector, the method of accounting that reports revenues and expenditures in the period in which

they are received and paid is called

- A. Fund accounting
- B. Commitment accounting
- C. Cash accounting
- D. Accrual accounting

Uploaded on www.myschoolgist.com.ng

Principles of Accounts 2003

1. Which of the following is used to update the cash book in bank reconciliation?

- A. Interest received and unpresented cheques
- B. Commission and debit note
- C. Unpresented cheques and direct credit
- D. Interest received and direct credit

2. The two legally recognized professional accounting bodies in Nigeria are the

- A. Institute of Certified Public Accountants of Nigeria and the Institute of Cost and Management Accountants of Nigeria.
- B. Association of Accountants of Nigeria and the Institute of Management Accountants of Nigeria
- C. Institute of Chartered Accountants of

Nigeria and the Association of National
Accountants of Nigeria

D. Nigeria Accounting Association and the
Executive Cost and Management Accountants
of Nigeria.

3. Verifiability in accounting is only possible when
there are

A. minutes of meetings B. payment vouchers

C. source documents D. audit certificates

Use the information below to answer questions 4 and 5

N

Capital 2 000

Bank 1 200

Purchases 2 500

Sales 6 700

Stock 1 300

Creditors 1 000

Fixed assets 3 700

Drawings ?

Drawings are always estimated at 50% of capital

4. The trial balance total is

A. N 9 700 B. N 8 700

C. N 7 900 D. N 7 800

5. Compute the amount withdrawn

A. N 2 000 B. N 1 500

C. N 1 200 D. N1 000

Use the information below to answer questions 6 and 7.

Ezekiel Malgwi is a retailer. He recorded sales representing 95% cash and 5% credit. He took the total cash sales of N19 000 from the business tray and banked it.

6. The credit sales for the period would be

A. N5 000 B. N1 900

C. N1 000 D. N950

7. The transaction would be recorded in the cash book as debit

A. cash and credit bank B. bank and credit cash

C. cash and credit cash D. bank and credit bank

8. Which accounting concept supports the assertion that economic reality takes precedence over legal issues?

A. Realization concept B. Substance over form

C. Conservatism D. Measurement concept

9. The transaction that completes its double entry in the same ledger account appears in.

A. cash account and personal account

B. bank account and general ledger

C. discount received and discount allowed

D. cash account and bank account

10. Given: N

Capital 1 000

Liabilities 500

Assets 1 500

The accounting equation can be expressed as

A. $N1000 + N500 + N1\ 500 = N3000$

B. $N1\ 000 - N500 + N1500 = N2000$

C. $N1000 + N500 = N1\ 500$

D. $N1500 + N500 = N2\ 000$

11. The recording phase of accounting is known as

A. bookkeeping B. trial balancing

C. ledger accounting D. final accounting

Use the information below to answer questions 12 and 13.

Motor Vehicle Account as at 31st December, 2001

N

Debit:

Jan. 1, cost 1,950 000

Dec. 31, Addition 400000

Credit:

Jan. 1, Depreciation 1,360000

June 30, Sales proceeds 700 000

The vehicle sold was purchased on January 1, 1998 at a cost of

N1,000 000 and had depreciated at 25% on cost.

12. Assuming that depreciation is charged on the addition of the year at the rate of 15% on reducing balance, what should be the net book value of the vehicle as at 31st December 2003?

A. N111000 B. N280000

C. N289000 D. N340000

Uploaded on www.myschoolgist.com.ng

13. What is the actual profit or loss arising from the vehicle disposed of?

A. N250 000 loss B. N50 000 loss

C. N450 000 profit D. N575 000 profit

14. Given:

I. Order of performance

II. Order of liquidity

III. Vertical order

IV. Horizontal order

The orders in which a balance sheet is arranged are

A. I and II B. I and IV

C. II and III D. III and IV

Use the information below to answer questions 15 and 16

N N

Capital 24 000

Land and building 8,470

Mortgage on premises 11 090

Drawings 3,000

Profit and loss 3 600

Furniture and fittings 5,120

Motor Vehicles 3,462

Closing Stock 3,000

Debtors 11,474

Creditors 7 354

Cash 1,518

46,044 46 044

15. What is the capital employed?

A. N44 600 B. N43 052

C. N43 044 D. N38 600

16. Calculate the value of fixed assets

A. N15 992 B. N18 470

C. N27 000 D. N27 052

17. Provision for discount allowed can be recorded

as a debit to

A. the profit and loss account and a credit to

provision for discount allowed

B. provision for discount allowed and a credit to

the profit and loss account

C. discount allowed and a credit to the profit and

loss account

D. expenses and a credit to customers' account

Use the information below to answer questions 18 and 19

Date Details

Feb. 1 Purchased 400 units at N1.00 each

“ 5 Purchased 200 units at N2.00 each

“ 10 Purchased 200 units at N3.00 each

“ 15 Issued 320 units

“ 20 Purchased 200 units at N4.00 each

“ 25 Issued 120 units

18. Calculate the price per unit of closing stock using the periodic weighted average method.

A. N3. 20 B. N3. 00

C. N2. 20 D. N2. 00

19. Using the periodic simple average method, the cost per unit is

A. N4. 25 B. N3. 25

C. N2. 25 D. N1. 25

Use the information below to answer questions 20 and 21.

Purchases ledger control account

N N

Balance b/d 2,900

Discount received 1,000 Credit purchases ?

Bills payable 1,500 Bills payable

Cash paid to dishonoured 1,600

Suppliers 8,000

Returns outwards 3,000 Dishonoured

Cheques 2,000

Balance c/d ?

? ?

Credit purchases are always put at 150% of the total cash paid

to suppliers

20. Calculate the closing balance of the ledger account

A. N6 900 B. N6 400

C. N5 000 D. N4 000

21. Determine the credit purchases

A. N15 500 B. N13 500

C. N13 400 D. N12 000

22. In a control account, provision for bad debts is

found on the

A. debit side of the purchases ledger control

account

B. debit side of the sales ledger control account

C. credit side of the purchases ledger

control account

D. credit side of the sales ledger control account

23. The stock valuation data is important because it

enables management to

A. separate debtors from creditors

B. determine the cost of stock at the end of

business

C. determine the cost of stock at the beginning of

business

D. determine the total cost of goods purchased

24. During the year ended 31st December 2001, Nuju

Enterprises paid rent as follows:

Jan. 20 N24 000 for a period of 4 months

May 16 N30 000 for a period of 5 months

Oct. 15 N36 000 for a period of 6 months

What is the overpaid portion of the rent?

A. N36 000 B. N18 000

C. N12 000 D. N6 000

25. Advertising expenses incurred on a product in a

business organization should be charged to

Uploaded on www.myschoolgist.com.ng

A. production department B. sales department

C. administration department

D. purchases department

26. Four broad classifications of overheads are

A. production, selling, distribution and material

B. production, selling, distribution and administration

C. selling, distribution, production and wages

D. distribution, selling, administration and material

27. Given: N

Cost of raw material issue to production 37,000

Opening stock of raw material 2,000

Purchases of raw material 38,000

Wages 5,000

What is the closing stock of raw material?

A. N4 000 B. N3000

C. N2 000 D. N 1000

Use the information below to answer questions 28 and 29

PQ Manufacturing Company N

Rawmaterials(1/1/2001) 3,500

Rawmaterials(31/12/2001) 4,900

Purchase of rawmaterials 56,000

Salary 63,000

Wages 148,050

Factory lighting 3, 080

Plant Depreciation 2,800

Factory Insurance 2,170

28. The overhead cost is

A. N71 050 B. N68 250

C. N67 970 D. N66 080

29. The company consumed rawmaterials worth

A. =N=54 600 B. =N=56000

C. =N=57400 D. =N=59500

30. Income and expenditure account is more informative

than receipts and payments account because it discloses

- A. Cash B. Cheques
- C. Debtors D. stocks

31. A company has two departments X AND Y. Y

transferred goods to X at a profit margin of 25%.

=N=10 000 worth of goods was not sold at the end of the accounting period. How much is the unrealized profit?

A. =N=2 000 B. =N=2500

C. =N=12000 D. =N=12500

32. Given: Rich Social Club =N=

Cash 100 000

Loan 30000

Subscription in arrears 5 000

Subscription in advance 15 000

33. A company has departments M and N. The expense

incurred wholly in M is =N=5 000. General expenses

incurred amount to =N=25 000. Expenses are

apportioned in the ratio 2:3 for departments M and N

respectively. What is N's share of the expenses?

A. =N=10000 B. =N=15000

C. 18000 D. 20000

Use the information below to answer questions 34 and 35

=N=

Total sales of ticket 300 000

Amount received from the sales 260 000

Cash purchase of the club house 100 000

Credit purchase of equipment 60 000

Electricitybill paid 5 000

Salaries owed 2 000

34. What is the receipts and payment account balance?

A. =N=260000 B. =N=233000

C. =N=155000 D. =N=100000

35. What is the balance of the income and expenditure account?

A. =N=300000 B. =N=293000

C. =N=193000 D. =N=133000

36. The first step in converting a single entry to a double entry system of bookkeeping is to prepare a

A. Suspense account B. Statement of affairs

C. Realization account C. Trial balance

37. Emeka Enterprises Statement of Affairs at start

Assets Liabilities

=N= =N=

Cash 70 000 Creditors 85000

Inventory 58 000 Bank Loan 60000

Machines 100 000

What is the capital at start?

A. =N=53000 B. =N=63000

C. =N=73000 D. =N=83000

38. Receipts and payments account is the summary of

A. Income and expenditure B. Cash book

C. Balance sheet D. Profit and loss

39. Given: =N=

Total debtors b/d 31/12/99 25 000

Cheques received from debtors 225 000

Total debtors c/d 31/12/00 15 000

Determine the sales figure.

A. =N=295000 B. =N=265000

C. =N=245000 D. =N=215000

40. Which of these is a capital expenditure warrant?

A. Provisional general warrant

B. Development fund general warrant

C. Reserved expenditure general warrant

D. Supplementary warrant

41. For the purpose of conversion of a partnership to a

company, a total purchase consideration of =N=3.6m

was paid. If 30% of the purchase consideration was

in cash and the rest by 50k shares, how many shares

were issued?

Uploaded on www.myschoolgist.com.ng

A. 1080000 B. 2160000

C. 3600000 D. 5040000

42. Given:

I. The consolidated revenue fund

balance b/d =N=650 000

II. Issues from contingency fund

amounted to =N=240 000

III. Amount transferred to contingency

fund is =N=210 000

What is the consolidated revenue fund balance?

A. =N=1100 000 B. =N=680000

C. =N=440000 D. =N=410000

Use the information below to answer questions 43 and 44

=N=

Goods from head office 13,400

Returns to head office 118

Rates and insurance paid 188

Wages paid 913

Cash remitted to head office 16,625

Stocks at 1/1/2000 1,875

Rent paid 325

Stock at 31/12/2000 1,975

Sundry expenses 200

43. The profit realized from the trade is

A. N4069 B. N1817

C. N1440 D. N1328

44. What is the total expenses?

A. N1875 B. N1764

C. N1626 D. N1426

45. The necessary accounts to be opened on the issue of ordinary share capital are

A. preference share capital, cash and allotment accounts

B. bank and ordinary share capital accounts

C. cash and ordinary share capital accounts

D. nominal value and ordinaryshare capital accounts

46. The amount of each invoiced goods sent to the branch is debited to

A. branch expense account and credited to branch debtors' account

B. branch stock account and credited to the goods sent to branch account

C. branch debtors' account and credited to branch expense account

D. goods sent to branch account and credited to branch expense account

Use the information below to answer questions 47 and 48.

ZEBRA PLC

Balance sheet as at 31 st March, 2002

N N N

Capital 100 000 Fixed assets:

Current Land and

Liabilities buildings 50,000

Creditors 30 000 Furniture 10,000 60,000

Current

Assets:

Stock 30,000

Debtors 30,00

Cash 10,000 70,000

130,000 130 000

The business was acquired on 1 st April, 2002 at a purchase consideration of N120 000 by SOZ. All assets and liabilities were taken over except the cash.

To open the newfirm's bank account, additional N20,000 was paid into the bank.

47. The goodwill on purchase is

A. N90000 B. N30000

C. N19000 D. N18000

48. Calculate the networth of the business

A. N120000 B. N90000

C. N80000 D. N30000

49. Gross profit in the branch adjustment account is transferred to the branch

- A. trading account
- B. receipts and payments account
- C. profit and loss account
- D. income and expenditure account

50. Mamza Nigeria Limited issued 20 000 ordinary shares of N1.50 per share

On 2nd July 2002. 1 500 ordinary shares were fully subscribed for and their monies received as below:

N

On application 0.40

On allotment 0.20

First call (including premium of N 0.50) 0 70

The last and final call was yet to be made.

What is the balance of the ordinary share capital account after the first call was received?

- A. N300 B. N1050
- C. N1200 D. N1950s

Uploaded on www.myschoolgist.com.ng

Principles of Accounts 2004

1. The accounting principle that is applied to check arbitrary actions on the part of accountants is

- A. Consistency B. Materiality

C. Objectivity D. Realization

2 The loss of equipment in a fire disaster results in

A. decrease in current asset

B. an increase in liabilities and assets

C. a decrease in assets and capital,

D. an increase in liabilities and a decrease in

assets.

3. A source document is used for verifying the

A. Amount due to creditors, B. Actual cost of an

asset, C. Selling price of goods, D. Amount due from

debtors

4. The rule of accounting equation requires that account

payable should be placed under

A. Liabilities, B. Equities

C. Assets D. Capital

Use the information below to answer questions 5 and 6

Cash Book

N N

Capital 6 600 Purchases 3.500

Sales 3 000 Stationery 1300

Debtors 2 500 Wages 2 700

The owner wishes to maintain an amount equal to 1

/

3

of capital

as drawings

5. The amount withdrawn is

A. N2,100, B. N2, 200, C. N4,400, D. N6,400

6. The cash book closing balance will be

A. N900, B. N2,400, C. N4,200, D. N4,600

7. A debit in the suspense account will appear in the balance sheet as

A. A current asset, B. A current liability

C. Capital D. Drawings

8. The recipient whose name appears on cheque is called a

A. Payer B. Drawer C. Drawee D. Payee

9. The imprest account is subsidiary to the

A. ledger account, B. Bank account

C. Cash book D. Petty cash

10. The three-column cash book differs from the two-column cash book in

A. Cash column, B. Discount column

B. Bank column, D. Folio column

11. Zakari started business in January 2000. He bought a shop costing N54,000 and stock worth N7,600.

profit for the year amounted to N22,100. His closing capital was N73,800

Zakari's personal drawings amounted to

A. N2,300, B. N9,900, C. N17,100, D. N19,500

12. The balance on the provision for depreciation account is

- A. added to fixed assets on the balance sheet
- B. deducted from fixed assets on the balance sheet
- C. deducted from the profit and loss account
- D. added to the current liabilities of the account

13. Given:

Rates paid during the year amount to N2,250 at N125 per month and N1,035 was paid for electricity in the same period at N115 per month

Determine the amount of prepaid rates

A. N345, B. N750, C. N1,380 D. N1,500

Use the information below to answer questions 14 and 15

Date Receipt Issued (Units

May 2 80 @ N3.00 -

May 10 50 @ N3.20 -

May 17 - 20

May 25 - 60

May 31 20 @ N2.90 -

14. What is the value of raw materials issued on May 17th based on the LIFO method?

A. N60, B. N61, C. N62, D. N64

15. Based on the FIFO method of valuation, the total cost of raw materials issued is

A. N150, B. N160, C. N240, D. N250

16. Where closing stock is undervalued, the effect is

A. an increase in gross profit,

B. a decrease in gross profit,

C. an increase in purchases,

D. a decrease in purchases

Use the information below to answer questions 17 and 18

N

Opening balance 10,640

Purchases 26,912

Returns inwards 492

Returns outwards 810

Cash discount received 1,348

Cash discount allowed 1,560

Cash paid to suppliers 20,808

At the year-end, the purchases ledger showed a

debit balance of N108.

Uploaded on www.myschoolgist.com.ng

.

17. The total on the debit side of the purchase ledger control account will be:

A. N22,966 B. N22,15

C. N21,834, D. N21,054

18. The balancing figure in the purchases

ledger control account is

A. N15,828 B. N15,720

C. N14,940 D. N14,694

19. In a sales ledger, contra entry is found on the

A. debit side of the debtors' control account

B. debit side of the creditors' control account

C. credit side of the debtors' control account

D. credit side of the creditors' control account

20. The beginning and ending accountsreceivable balances

were N20,000 and N30,000 respectively. The collection

from customers during the period was N70,000. What

was the total sale on account?

A. N20,000 B. N60,000

C. N80,000 D. N120,000

21. Given :

General expenses account

N

Paid by cheque 671

Paid by cash 70

Accrued b/f 65

Accrued c/f 115

Determine how much to be charged profit and loss account

A. N606, B. N786, C. N791, D.N856

22. In converting single entry to final account, the balancing figures on the income and expenses accounts are

transferred to the

- A. revenue and expenditure account
- B. receipts and payments account
- C. profit and loss appropriation account
- D. profit and loss account

Use the information below to answer questions 23 and 24

N

Beginning inventory ?

Purchases ?

Ending inventory 4,800

Sales 12,800

Wages 1,040

Gross profit 5,900

The beginning inventory was estimated at 80% of sales.

23. Determine the amount for the beginning inventory

A. N20,140 B. N10,240

C. N8,140 D. N7,240

24. What is the figure for purchases?

A. N2,400, B. N2,500, C. N4,200, D. N5,200

25. Cost classification in relation to charges is determined

by the level of

A. raw materials B. labour

C. activity D. profitability

Use the information below to answer questions 26 and 27

N

Materials consumed 16,600

Direct cost 5,400

Factory rent 2,300

Factory lighting 1,200

Cost of production to be transferred at cost plus 20% mark-up

26. The gross profit on manufacture is

A. N6,120 B. N6, 100

C. N5,100 D. N5,000

27. The market value of goods produced is

A. N30,500 B. N30,600

C. N31,600 D. N31,620

Use the information below to answer questions 28 and 29

On January 1, 2000, a club's assets and liabilities were as

follows: N

Club house 8000

Subscription in arrears 300

Cash 1000

Wages owed 100

The club has 50 members and annual subscription is N100 per

member. Subscription received is N4,000 and this includes

1999 arrears of N200

28. The accumulated fund is

A. N9,400 B. N9,300

C. N9,200 D. N9,100

29. In the balance sheet, the subscription in arrears will be

A. N200 B. N300

C. N1,200 D. N1,300

30. Where the debit side of the income and expenditure account is higher than the credit side, the difference is

a

A. Deficit B. surplus

C. Gain D. loss

31. In the balance sheet of a not-for profit making organization, subscription paid in advance is regarded as a

A. current asset B. current liability

C. capital D. reserve

Uploaded on www.mummylizzysblog.com.ng

32. A rapidly growing business organisation with multiple units that is interested in comparing the performances and weakness of each unit should adopt

A. manufacturing accounts

B. consolidated accounts

C. departmental accounts

D. joint venture accounts

Use the information below to answer questions 33 and 34

Dept. S Dept. T Total

N N N

Gross profit b/d 6,000 4,000 10,000

Less: salaries & wages 1,800 1,200 3,000

Electricity ? ? 2,000

Depreciation 60 ? 1,000

Net profit c/d ? 1,600 4,000

6,000 4,000 10,000

33. What is the net profit by department S?

A. N3,600 B. N3,000

C. N2,400 D. N2,000

34. The depreciation to be charged to department T is

A. N300 B. N400

C. N500 D. N600

35. How are credit sales by a department treated?

A. the same way as normal debtors' transactions

B. in a different way from normal debtors' transactions

C. as an addition to the sales manager's account

D. as an addition to the production manager's account

36. Discounts granted to branch customers are treated as a

debit to branch

- A. stock account and a credit to branch debtors' account
- B. discount account and a credit to branch bank account
- C. stock account and a credit to branch bank account
- D. discount account and a credit to branch debtors' account

37. Transfers from the head office to branches are best carried out at

- A. cost price B. selling price
- C. cost plus mark-up D. market price

38. On dissolution, the final distribution of cash to partners is based on

- A. partnership agreement B. articles of association
- C. goodwill D. capital balances

Use the information below to answer questions 39 and 40

Jumoke and Kunle have a original investment of N25,000 and

N15,000 respectively in a partnership. The articles of partnership provide 3% interest on capital and salaries of N1,500 and

N1,000 respectively for the PARTIES. The profit & loss are to

be shared in the ration 3:2 miscellaneous expenses of N2,500

were incurred with gross profit of N6,500 during the financial year.

39. The balance of profit and loss account will be

- A. N4,000 B. N2,800
- C. N1,500 D. N300

40. What is Kunle's share of the profit?

A. N600, B. N300, C. N180, D. N120

41. When a new partner is admitted to a partnership there is a need to revalue the

A. capital of the business

B. capital and liabilities of the business

C. assets and capital of the business

D. assets and liabilities of the business

42. The accounting entry to record the premium on goodwill is to debit

A. cash and credit old partners' capital,

B. goodwill and credit revaluation

C. assets and credit capital

D. capital and credit assets

43. The expenses incurred in promoting a company are:

A. promoters' expenses, B. floating expenses

B. preliminary expenses C. the board's expenses

44. Debentures can be redeemed out of

A. existing share capital reserve

B. existing general reserve

C. proceeds from new issue of shares

D. withholding tax

Use the information below to answer questions 45 and 46

Given: Share capital Issued

N

600,000 10% preference shares of N0.50 each -

600,000 ordinary shares of N1 each 500,000

Capital reserves 250,000

Revenue reserves 207,000

Long-term liabilities 400,000

1,357,000

45. What is the value of the authorized share capital?

A. N500,000 B. N600,000

C. N750,000 D. N1,200,000

46. The value of the owner's equity is

A. N400,000 B. N900,000

B. N957,000 D. N1,357,000

47. Share premium is an example of

A. revenue reserves B. capital reserves

C. general reserves D. loan capital

48. According to the provisions of the 1999 constitution,

all revenue generated by the Federal Government must

be paid into the

A. Consolidated revenue fund,

Uploaded on www.myschoolgist.com.ng

B. Federation account

C. revenue mobilization allocation and fiscal

commission's account,

D. equalization fund

49. The budget statement presented to the legislature by the Chief Executive is called

- A. an appropriation act, B. a budget bill
- C. an appropriation bill D. a budget proposal

50. The statement of assets and liabilities in the public sector can be described as the

- A. income and expenditure account of government
- B. appropriation account of government
- C. balance sheet of government
- D. funds flow statement of government

Uploaded on www.mummylizzysblog.com.ng