



ELIZADE UNIVERSITY, ILARA-MOKIN, ONDO STATE

FACULTY: SOCIAL & MANAGEMENT SCIENCES
DEPARTMENT: ACCOUNTING & FINANCE
FIRST SEMESTER EXAMINATIONS: 2018/2019 ACADEMIC SESSION
COURSE CODE: ACC/ACF 101
COURSE TITLE: INTRODUCTION TO FINANCIAL ACCOUNTING & REPORTING I
DURATION: 2 HOURS.
INSTRUCTION: ATTEMPT QUESTION ONE AND ANY OTHER THREE

QUESTION ONE

The following are the transactions of Olusegun enterprises during the month ended 31/12/17:

1/12/17 started business with =N=50,000.

2/12/17 Deposited =N=30,000 of the cash into a bank account.

5/12/17 Bought goods on credit from Hakeem #5500, Yemi =N=6,400, Alabi =N=2,200, James =N=7,200.

6/12/17 Bought goods for cash =N=2,000

8/12/17 Sold goods on credit to Ajao =N=1,800, Sule =N=2,000, Remi =N=1,500, Okon =N=2,100.

9/12/17 Bought stationeries for cash =N=1,500

10/12/17 Paid salaries in cash =N=,1600

11/12/17 Paid rent by cheque =N=1,000

12/12/17 Bought fixtures on credit from Olaiya =N=7,500

13/12/17 Return goods to Yemi =N=500, Alabi=N=500

14/12/17 Bought motor vehicle by cheque =N=15,000

15/12/17 Sold goods on credit to Sule =N=2,000, Remi =N=5,000, Leke =N=2,200

16/12/17 Cash sales =N=2,100

20/12/17 Received loan from sola =N=10,000 and goods return by Ajao =N=300, Remi =N=550

21/12/17 Received another loan from Sola by cash =N=5,000, paid Yemi =N=5,900 and Alabi =N=1,700 by cheque

30/12/17 Received cheque from Leke =N=2,200, Sule =N=4,000 and received =N=6,650 cash from Remi.

You are required to:

Record the transactions in the book of Olusegun Enterprises (12 marks)

Extract the trial balance as at the end of the accounting period.31/12/17 (3 marks)

(Total 15 Marks)

QUESTION TWO

i. What is a trial balance? State four (4) reasons why a trial balance may not balance.

(6 Marks)

ii. Certain errors do not cause a difference in the trial balance, list and explain any four (4) of such errors with suitable examples. (9 marks)

(Total 15 marks)

QUESTION THREE

The cashbook of Dammy- a retailer showed an overdraft of =N=20,000, the bank balances as at 31/12 2018 was =N=193,000. The following additional information was given:

- A cheque of =N=28,000 received from Dammy and entered in her cashbook on 31/12/18 was not credited by bank until 2/1/19.
- A credit transfer of =N=114,000 in settlement of debt by a customer has not been entered in the cash book
- Cheque drawn by Dammy on 26/12/18 amounting to =N=268,000 were not paid until after 31/12/18
- The bank debited Dammy's account with =N=14,000 on 31/12/18 as bank charges, no entry has been made in the book.
- A dividend of =N=58,000 was paid directly to Dammy bank account
- Standing order on insurance for =N=20,000 was paid by the bank
- A cash payment of =N=12,000 was recorded in the bank column of the cashbook
- A Cheque of =N=63,000 lodged by Dammy was credited to another person account with similar name
- A dishonoured cheque of =N=123,000 was not recorded in the cash book
- A cheque for rates of =N=67,000 on 10/12/18 had been entered in the cashbook as =N=76000

You are required to:

- Prepare an adjusted cashbook (6 Marks)
- Bank reconciliation statement as at 31/12/18 (9 Marks)

(Total 15 Marks)

QUESTION FOUR

- State and explain five accounting concepts and four Accounting conventions recognized by International Financial Reporting Standards. (12 Marks)
- Differentiate between cash and accrual concept in Accounting (3 Marks)

(Total 15 Marks)

QUESTION FIVE

The business trial balance of 'NO BONE FOR LAZY DOG' as at 31/12 2016 is given below:

	Dr. #'000	Cr. #'000
Inventory as at 1/1/16	3,406	
Equity		22,000
Motor Vehicle	300	
Purchases and Turnover	36,367	46,003
Provision for bad debts		81
Account receivable/payable	5,278	580
Drawing	1,500	
Freehold premises	8,250	
Returns inward/outward	314	511
Cash	4,763	
Discount allowed/received	342	509
Insurance	711	
Interest on deposit Account		537
Carriage inward	118	
Salesman salaries and commission	1,222	
Wages	1,601	
Transport expenses	130	
General expenses	1,506	

Office Salaries	2,500	
Furniture and Fittings	212	
Tenement rate	1,000	
Advertisement	1,421	
Bank deposit	<u>1,800</u>	<u>75,441</u>
	<u>75,441</u>	<u>75,441</u>

You are given the following additional information:

- (i) Inventory on hand as at 31/12/16 was =N=4,318,000
- (ii) Insurance of =N=130,000 was outstanding
- (iii) =N=110,000 was taken as salary advance by employee of the enterprises
- (iv) Provision for bad debts should be increased to =N=255,000
- (v) Depreciation: Motor vehicle- =N=450,000, Furniture & Fittings - 10% per annum.

You are required to prepare:

- a. Statement of comprehensive income as at 31/12/16 **(8 Marks)**
- b. Statement of Financial Position as at 31/12/16 **(7 Marks)**

(Total 15 Marks)