



# ELIZADE UNIVERSITY, ILARA-MOKIN, ONDO STATE

FACULTY: SOCIAL & MANAGEMENT SCIENCES  
DEPARTMENT: ACCOUNTING & FINANCE  
SECOND SEMESTER EXAMINATIONS- 2018/2019 ACADEMIC SESSION  
COURSE CODE: ACF 202  
COURSE TITLE: FINANCIAL ACCOUNTING & REPORTING II  
DURATION: 2<sup>1/2</sup> HOURS

INSTRUCTION: Attempt question 1 and any other three

## Question 1

(a). The following trial balance was extracted from the books of Giant plc on 31 March 2017

	₦'000	₦'000
Ordinary share capital		60,000
Retained Profit 1 April 2016		4,200
10% Debentures repayable 2027		10,000
Premises at cost	21,100	
Plant and machinery at cost	35,000	
Motor vehicles at cost	5,700	
Plant and machinery – depreciation at 1 April 2016		5,000
Motor vehicles – depreciation at 1 April 2016		2,500
Goodwill	11,000	
Sales		140,000
Purchases	84,000	
Trade receivables	20,500	
Trade payables		13,500
Accumulated provision for doubtful debts at 1 April 2016		400
Bad debts	200	
General administrative expenses	12,500	
General selling expenses	13,700	
Directors remuneration	12,000	
Debenture interest paid	500	
Inventory as at 1 April 2016	15,000	
Bank balance	10,300	
Dividend paid	2,500	
Returns inwards	5,600	
Returns outwards		400
	<u>24,960</u>	<u>24,960</u>

The following additional information is given

- (i) The provision for bad debts is to be made 5% of debtors. ₦000
- (ii) The provision needs to be made for the second half-year debenture interest. 25,000
- (iii) Premises are to be revalued to
- (iv) Plant and machinery is to be depreciated at 10% on cost.
- (v) Motor vehicles are to be depreciated at 25% on net book value.

(vi) Accrue for General Administrative expenses of	200
Accrue for Audit fee of	300
Accrue for Directors' remuneration	400
(vii) General selling expenses have been prepaid by	100
(viii) Inventory at 31 March 2017 was valued at	19,500
(ix) Corporation tax for the year is estimated to be	1,200
(x) Transfer to general reserve	5,000

**Required**

Prepare the company's Published Income statement for the year to 31<sup>st</sup> March 2017 and a statement showing the financial position of the business as at that date. (20 Marks)

(b). The annual report and accounts— often referred to as the corporate report – is available to every shareholder. Mention six key contents of the report (5marks)

(Total 25 Marks)

**Question 2**

(a). Differentiate between income statement and statement of comprehensive income. (6 Marks)

(b). Mention five components of other comprehensive income (5 Marks)

(c). The IASB Issued a revised IAS1 which changed the names of the primary financial statement as accountant have always know them. Mention the new terminology to the following:

- Balance sheet
- Cash flow statement
- Movement on reserves
- Profit and loss reserves

(4 Marks)

(Total 15 Marks)

**Question 3**

(a). State the basic objectives of financial statements (4 Marks)

(b). Explain the difference between general purpose and special purpose financial statement. (5 Mark)

(c). Discuss three (3) objectives of financial reporting (6 Marks)

(Total 15 Marks)

**Question 4**

(a). State five circumstances under which a partnership business can be dissolved (5 Marks)

(b). Tunde, Juwon and Towon who had been in partnership business for the past 10 years sharing profits and losses in the ratio of their capital decided to dissolve the partnership business on 1<sup>st</sup> January 2018 after the assets have been duly revalued and sold as may be necessary. The Statement of Financial Position for the partnership as at 31<sup>st</sup> December 2017 is given below.

Statement of Financial Position as at 31 <sup>st</sup> December 2017				
			N	N
Capital account:				
	Tunde	70,000		Land and building
	Juwon	40,000		50,000
	Towon	30,000	140,000	Motor car
				40,000
Current account				Furniture and fittings
	Tunde	10,000		25,000
	Juwon	2,000		Goodwill
	Towon	4,000	16,000	27,800
				Inventories
Trade Payables			68,000	28,000
Bank			12,000	Trade Receivables
			<u>236,000</u>	29,000
				Rent prepaid
				6,200
				Cash
				30,000
				-----
				<u>236,000</u>

The land and building were sold to realize ₦120,000 and fixtures to realize ₦25,000, payments were received in cash. A motor car with net book value of ₦ 15,000 as at the Statement of Financial Position date was taken over by Juwon at the value of ₦10,000. The other cars were sold to realize ₦18,000 and payment were received in cash. Inventories and Trade Receivables were realized for ₦18,000 and ₦22,000 respectively. Payments were received in cash. The rent prepaid could not be retrieved. The Trade Payables accepted ₦64,000 in full settlement of their debts. The cost of dissolution/realization paid by cash amounted to ₦1,200.

**Required:** You are required to prepare all necessary accounts to close the partnership business  
(10 Marks)

(Total 15 Marks)

**Question 5**

- (a). Simply explain the term revaluation of asset (3 Marks)
- (b). State the difference between depreciation and impairment (5 Marks)
- (c). Briefly discuss income approach to fixed asset revaluation (4 Marks)
- (d). A Company bought an asset for ₦10,000 at the beginning of 2006. It had a useful life of five years. On 1 January 2008 the asset was revalued to ₦12,000. The expected useful life has remained unchanged (i.e. three years remain). Show the accounting treatment. (3 Marks)