

 **NATIONAL OPEN UNIVERSITY OF NIGERIA**

**Plot 91, Cadastral Zone, Nnamdi Azikiwe Express Way, Jabi-Abuja**

**Faculty of Management Sciences, Department of Financial Studies**

 **October/November Examination 2016**

**COURSE CODE:** MGS757

**COURSE TITLE:** PRINCIPLES OF ACCOUNTING

**CREDIT UNIT: 2**

**TIME ALLOWED:** 2 HOURS

**Instructions:**

1. Attempt question number one (1) and any other two (2).
2. Question number 1 is compulsory and carries 30 marks while the other 2 carry 20 marks each.
3. Present all your points in coherent and orderly manner.

1. (a) The following are extracted from the trial balance of JAYS Nigeria Ltd, a manufacturing company, in respect of the year ended 30th  September, 2013:

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Opening stock:

 Raw materials 12,500

 Work-in-progress 8,600

 Finished goods 14,800

Purchase of raw materials 68,200

Carriage inwards 3,410

Factory wages 18,390

Rent of factory 4,800

Factory general expenses 8,360

Salaries of factory supervisors 8,740

 Salaries of salesmen and office staff 22,570

Rent of office 4,400

Insurance of factory equipment 2,800

Bad debts 1,960

Office general expenses 10,930

Depreciation:

 Factory equipment 16,280

 Office and distribution equipment 12,880

Sales less returns 215,000

 Power and lighting (factory) 5,610

 Power and lighting (general) 3,200

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

 Raw materials 14,480

 Work-in-progress 10,250

 Finished goods 18,390

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

Required:

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

 (20 marks)

(b) Explain the term ‘Incomplete Records of Accounting’. (5 marks)

(c) Distinguish between Discount Allowed and Discount Receivable. (5 marks)

2. (a) What is the distinction between ‘Accruals’ and ‘Prepayment’? (5 marks)

 (b) On January 1, 2014, the provision for discount allowed account had a balance of N500.00. During the year, the total discount allowed amounted to N390.00. On December 31, the balance of the debtors account stood at 15,000.00 and on the date, a provision for discount allowed was decided to be created at 2%.

Write up from the above:

i) Provision for discount allowed account

ii) Discount allowed account

iii) Profit and Loss Account (extract)

iv) Balance sheet (extract) (15 marks)

3. (a) Relative to the accounts of non-trading concerns, what are the meanings of the following books:

 i) Minutes’ book

 ii) Members register

 iii) Stock register (10 marks)

 (b) Differentiate between Receipts and Payments Account and Income and Expenditure Account of non-trading concerns. (10 marks)

4. (a) What is the distinction between bill of exchange and promissory note? (10 marks)

 (b) What are the essential features of a joint venture? (6 marks)

 (c) Highlight the advantages of a joint venture. (4 marks)

5. (a) What is consignment? (3 marks)

 (b) Discuss the features of consignment. (7 marks)

 (c) Distinguish between sale and consignment. (10 marks)