NATIONAL OPEN UNIVERSITY OF NIGERIA
PLOT 91, CADASTRAL ZONE, NNAMDI AZIKIWE EXPRESSWAY, JABI, ABUJA
FACULTY OF MANAGEMENT SCIENCES
2025_1 EXAMINATION

COURSE CODE: **ACC757** **CREDIT UNIT: 2 Units**
COURSE TITLE: **PRINCIPLES OF ACCOUNTING**
TIME ALLOWED: **2 Hours**
INSTRUCTIONS:
1. Attempt question Number one (1) and any other two (2).
2. Question number 1 is compulsory and carries 30 marks, while the other questions carry 20 marks each
3. Present all in coherent and orderly manner

1a. State ten contents of Partnership Deed or Agreement **(10marks)**

1b. The following Statement of Financial Position was extracted from the books of Tony, Bayo and Okun as at 31st December, 2023.

	₦'000	₦'000
Capital Accounts		
Tony		18,000
Bayo		12,000
Okun		6,000
Current account(1/1/2023)		
Tony		600
Bayo		900
Okun	300	
Drawings		
Tony	3,000	
Bayo	2,400	
Okun	3,600	
Gross Profit		21,000
Expenses	12,525	
Non-Current Assets	37,500	
Current Assets	14,625	
Current Liabilities		10,950
Loan Account-Tony		4,500
	73,950	**73,950**

You are provided with additional information below;

i.Interest is to be allowed at 6% per annum in partners' capital accounts
ii.N1,500,000 is to be allowed as salary to Tony
iii.Interest on loan is 5% per annum
iv.Profit and losses are to be shared among Toba, Bako and Oke in the ratio; 2:1:1 respectively. **(20marks)**

Total (30 Marks)

2.Define a Trial Balance and explain its main uses. **20 Marks**

3.Explain the concept of the Manufacturing Account and its significance in accounting.**20Marks**

4. The following are the transactions of NOUN Ventures Limited for the year ended 30/11/2023.

	N	N
Inventories as at 01/12/23:		
Raw Materials		
Finished Goods	205,560	
Purchase: Raw Materials	707,520	
Salaries	937,296	
Rent:	150,840	
Factory		
Office	115,200	
Van Expenses	52,800	
Lightning:	60,000	
Factory		
Office	68,616	
Factory Wages	26,640	
General Expenses:	1,091,280	
Factory		
Office	135,360	
Sales Commission	91,584	
Property, Plant & Equipment (at cost N1,200,000)	188,640	
Furniture (at cost N360,000)	780,000	
Sales	264,000	
Trade Receivables/Trade Payables		3,276,000
Bank Balance	680,880	466,800
Buildings (at cost N1,200,000)	320,088	
Capital	960,000	
Drawings		3,298,944
	205,440	
	7,041,744	**7,041,744**

Additional Information:

1. Closing inventories as at 30/11/2023:
- Raw Materials N217,200
- Finished Goods; N748,800
2. Property, Plant and Machinery was to be depreciated at N48,000, Furniture at N36,000 and Building at N24,000.
3. Manufacturing Wages was accrued at N7,320
4. Office rent of N2,592 was paid in advance.

You are required to prepare manufacturing account, income statement and statement of financial position for the firm for the financial year ended 30/11/23 **20marks**

5(a) What is the distinction between 'Accruals' and 'Prepayment'? **(5 marks)**

(b) On January 1, 2023, 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) Statement of Financial Position (extract) **(15 marks)**

Total (20 Marks)