



**NATIONAL OPEN UNIVERSITY OF NIGERIA PLOT 91, CADASTRAL
ZONE, NNAMDI AZIKIWE EXPRESSWAY, JABI, ABUJA
FACULTY OF MANAGEMENT SCIENCES
2025_2 EXAMINATIONS**

COURSE CODE: ACC 812 CREDIT UNIT: 3 Units

COURSE TITLE: Introduction to Accounting

TIME ALLOWED: 2 ½ HOURS

Instructions:

- 1. Attempt question number one (1) and any other three (3).**
 - 2. Question number 1 is compulsory and carries 25 marks while the other 3 questions carry 15 marks each. Present all your points in coherent and orderly manner.**
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QUESTION 1.

- a. Mr. Avi, a trader, started his business on 1st January 2023 with a cash balance of N1,000,000 in his business bank account. During January 2023, he engaged in the following transactions, all in cash:
- 2nd Jan: Purchased goods for resale - N400,000
 - 5th Jan: Paid rent for shop - N120,000
 - 7th Jan: Bought office furniture - N250,000
 - 10th Jan: Sold goods for N700,000
 - 12th Jan: Paid wages - N80,000
 - 15th Jan: Purchased goods for resale - N300,000
 - 17th Jan: Paid electricity bill - N30,000
 - 20th Jan: Withdrew cash for personal use (Drawings) - N150,000
 - 22nd Jan: Sold goods for N600,000
 - 25th Jan: Paid transport expenses - N40,000
 - 27th Jan: Bought a computer - N180,000
 - 30th Jan: Paid telephone bill - N25,000
 - 31st Jan: Withdrew additional cash for personal use (Drawings) - N50,000

Requirement: Open cash account and all the necessary ledger accounts.
(15 Marks)

- b. Gold Enterprises, a growing retail business, has recently hired a new accountant, Mrs. Silver, who discovered that the company's financial records are poorly maintained. Key source documents are often missing, leading to discrepancies in the financial statements and issues with reconciling accounts. As a result, Mrs. Silver has been tasked with overhauling the company's documentation process to ensure accurate and reliable financial reporting. She needs to educate the team on the importance of maintaining proper source documents.

Based on this scenario, **discuss five key types of source documents** that Mrs. Silver should focus on implementing in Gold Enterprises. **(10 Marks)**

QUESTION 2

- a) The following is the Trial balance of Perez Ventures, a dry-cleaning firm.

Perez Ventures

Trial Balance as at 31st December 2015

| Particulars | Dr. N | Cr. N |
|-------------------------------------|----------------|----------------|
| Rent | 24,000 | |
| Electricity | 1,700 | |
| Furniture | 20,000 | |
| Service Payables | | 8,000 |
| Bank | 13,500 | |
| Detergent | 35,000 | |
| Salaries | 92,000 | |
| Service Charges (Revenue) | | 225,000 |
| Cash | 11,750 | |
| Service Receivables | 5,250 | |
| Generator | 140,000 | |
| Capital | | 150,700 |
| Steam Iron | 12,000 | |
| Washing Machine | 46,000 | |
| First Bank plc (10% Long-term Loan) | | 50,000 |
| Drawings | 27,000 | |
| Interest Payable on Loan | 2,500 | |
| Miscellaneous | 3,000 | |
| | <u>433,700</u> | <u>433,700</u> |

Required: prepare Income statement and Statement of financial position after considering the following

- The rent, in the trial balance, covered the period 1st January 2015 to 31st March 2016.
 - Outstanding: Electricity bill N800; Interest on Loan N1,250
 - Salaries: prepaid N4,500; accrued N2,800.
 - Depreciation for the year: Washing Machine: 10% of cost; Furniture: 20% of cost; Generator: 10% of cost and Steam Iron: 20% of cost.
 - Closing Detergent N3,000. **(10 marks)**
- b) Explain the purpose of a suspense account and describe two specific situations in which it would be used in accounting. **(5 Marks)**

QUESTION 3

Gadget Enterprises, a small trading business, has provided you with the following balances extracted from their books as of 31st December 2023. The business began operations on 1st January 2023, and the owner, Gadget Enterprises, is concerned about the accuracy of his financial records. He has requested your assistance in preparing and balancing the trial balance to ensure everything is in order.

Below are the account balances as of 31st December 2023:

| Particular | Amount(N) |
|--------------------------|------------------|
| Capital | 7,000,000 |
| Sales | 9,500,000 |
| Purchases | 6,500,000 |
| Inventory (1st Jan 20X5) | 1,200,000 |
| Wages | 2,000,000 |
| Rent | 700,000 |
| Advertising | 400,000 |
| Drawings | 1,500,000 |
| Bank Loan | 3,000,000 |
| Office Equipment | 2,500,000 |
| Bank | 1,300,000 |
| Accounts Receivable | 1,600,000 |
| Accounts Payable | 1,800,000 |
| Utilities | 500,000 |
| Transport Expenses | 300,000 |
| Telephone Bill | 150,000 |
| Repairs and Maintenance | 200,000 |
| Interest on Bank Loan | 150,000 |

Additional Information:

- The closing inventory as of 31st December 2023 was valued at N1,150,000.

Required:

- Prepare Gadget Enterprises trial Balance **(11 Marks)**
- Explain the concept of double-entry bookkeeping and describe the steps involved in recording a transaction using this method. **(4 Marks)**

QUESTION 4

SWL Consulting an audit firm, has been appointed to conduct the financial statement audit of Marko Limited, a manufacturing company. The company is experiencing rapid growth and expansion into new markets.

Required

Discuss the key phases involved in the audit of Marko Limited, explaining the specific activities that SWL Consulting audit team would undertake at each stage.

(15 Marks)

QUESTION 5

- Differentiate between the following types of auditors, highlighting their roles, responsibilities, and areas of focus:
 - External Auditors
 - Internal Auditors
 - Government Auditors
 - Forensic Auditors

(12 marks)

- Briefly discuss the auditor's responsibility in relation to the detection of errors and fraud in the financial statements. **(3 Marks)**