



CRAWFORD UNIVERSITY

IGBESA, OGUN STATE

COLLEGE: COLLEGE OF BUSINESS AND SOCIAL SCIENCES

DEPARTMENT: ACCOUNTING AND FINANCE

TITLE OF EXAMINATION: B.Sc. EXAMINATION

SESSION: 2021/2022

SEMESTER: HARMMATTAN

COURSE: FINANCIAL ACCOUNTING 1

COURSE CODE: ACC 301

TIME ALLOWED: 2HOURS 15MINS

CREDIT UNIT: 2UNITS

Question 1

- a. What do you understand by the term "Consequential loss"? (2marks)
- b. Write short notes on the following: (2marks)
- i. Standing charges (2marks)
- ii. Average proviso. (2marks)
- a. The premises of ABC Ltd were gutted by fire on 15th June, 2021. However, sufficient records were saved from which the following particulars were ascertained:

	₦
Inventory at cost 1 st January, 2020	14,700
Inventory at cost 31 st December, 2020	15,920
Purchases less return, year ended 31 st December, 2020	79,600
Sales less returns, year ended 31 st December, 2020	97,400
Purchases less returns, 1 st January – 15 th June 2021	32,400
Sales less returns 1 st January – June 15,2021	46,240

In valuing the inventory for financial position at 31st December 2020 ₦460 had been written off certain inventory with cost price of ₦1,380. A portion of these goods were sold in March 2021 at a loss of ₦50 on original cost of ₦690. The remainder of this inventory was now estimated to be worth the original cost.

The inventory salvaged was ₦1,160

Required:

Calculate the amount of claim.

(14marks)

(Total 20marks)

Question 2

Royalty is the amount paid to owner of a legal right for allowing the person who is paying it to use the right. (5marks)

- a. Give five (5) example of royalty rights (1mark)
- b. Write short notes on the following: (1mark)
 - i. Landlord (1mark)
 - ii. Tenant (1mark)
 - iii. Short working (1mark)
 - iv. Minimum rent (1mark)

c. ABC & Co a petroleum prospecting company has issued a piece of forest land from DEF Plc for a period of 21years. Under the lease agreement royalty of 5kobo per ton is payable on all petroleum products obtained. The annual minimum or dead rent payable is agreed to N3,000. With power to recoup short workings during the first 4 years. Petroleum product obtained in the first 4 years of operation was as follows:

Year 1	42,500 tons
Year 2	43,000 tons
Year 3	50,000 tons
Year 4	84,000 tons

Required:
Prepare the necessary ledgers.

(11marks)
(Total 20marks)

Question 3

- a. Highlight the conditions to follow on redemption of shares including at premium (8marks)

b. The financial position of DEF Plc on 31st December, 2019.

		N'000		N'000	
Ordinary share capital of N1.00 each		20,000	Tangible Assets		24,000
Redeemable Preference Share		<u>10,000</u>	Current Assets		<u>24,000</u>
		30,000	Bank	16,000	16,000
Current Liabilities					
Income statement	6,000	<u>10,000</u>			<u>40,000</u>
Payables	<u>4,000</u>	<u>40,000</u>			

To finance the redemption the company decided to issue 10,000 ordinary shares at par.

Required:

Prepare the necessary ledgers and statement of financial of financial position as at 31st December, 2019. (12marks)
(Total 20marks)

Question 4

Partnership is the relation which subsists between persons carrying on a business in common with a view of profit.

- What is the term "A deed of Partnership"? (2marks)
- Mention the contents of "Deed of Partnership". (3marks)
- The following is the statement of position of XYZ Limited on 30th December 2020.

	₦		Cost (₦)	Depreciation. (₦)	Net Book Value (₦)
Share Capital:		Non- Current Assets			
Ordinary Share	600,000	Freehold Premises	200,000	20,000	180,000
Retained Profit	124,000	Vehicle	140,000	60,000	80,000
	724,000	Equipment	40,000	24,000	16,000
Current Liability			380,000	104,000	276,000
Payables	130,000	Current Assets			
		Inventory		362,000	
		Receivables		172,000	
		Bank		44,000	
	854,000				578,000
					854,000

At that date, the company's assets, excluding cash, were acquired by the partnership of PP, CC and AA on the following terms:

Item	Agreed take over value (₦)	Basis
Freehold Premises	240,000	Professional valuation
Vehicle	60,000	Useful lives re-assesses
Equipment	16,000	Book value
Inventory	310,000	Damaged and obsolete items
Receivables	164,000	Bad debts written off
Payables	130,000	Book value

The purchase consideration was negotiated at ₦710,000 and was contributed as capital by PP, ₦300,000; CC, ₦200,000 and AA, ₦110,000; and as loan by PP, ₦100,000. AA paid a further ₦60,000 into the partnership bank account as additional capital.

Required:

Prepare a statement of financial position for the partnership immediately after completion of their agreement. (15marks)

(Total 20marks)

Question 5

- Write short notes on the following:
 - Unlimited Liability Company. (2marks)
 - Companies limited by guarantee (2marks)
 - Companies limited by shares. (2marks)
 - Quoted companies. (2marks)
 - Un-quoted companies. (1mark)

- vi. Authorized share capital (1mark)
- vii. Called up capital (1mark)
- viii. Paid up capital (1mark)
- ix. Uncalled capital (1mark)
- x. Unissued capital (14marks)

b. A company has an authorized capital of 600,000 shares of N1.00 each, 360,000 shares issued at N0.70 per share have been called up.

Required:

- Prepare how the above transactions will be in the statement of financial position.
- i. Authorized share capital (1 ½ marks)
 - ii. Issued share capital (1 ½ marks)
 - iii. Called up capital (1 ½ marks)
 - iv. Uncalled capital (1 ½ marks)
- (Total 20marks)

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