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COLLEGE OF BUSINESS AND SOCIAL SCIENCES
CRAWFORD UNIVERSITY, FAITHCITY IGBESA OGUN-STATE
2014/2015 RAIN SEMESTER EXAMINATION.
FINANCIAL ACCOUNTING II (ACC202).

Instruction: Answer all the questions in Section A, question 1 and any other one in section B
Time allowed: 2.30 Hours.

SECTION A

1. The amount payable to the owner of an asset in exchange for the right to use it is-----
(a) Minimum rent (b) Royalty (c) Loyalty (d) Patent right.
2. The owner of the legal right in royalty account is known as
(a) Landlord (b) Grantor (c) Lessor (d) a, b, and c
3. The guaranteed minimum amount which the owner of the copy right is to receive is known as (a) Actual (b) Dead rent (c) Guaranteed rent (d) Rent receivable.
4. A person who is allowed by the owner to enjoy or exercise the right on a particular asset is called (a) Grantee (b) Grantor (c) royalties' (d) royaltor
5. The account that reveals the results in terms of profits or losses of each department is
(a) Trading account (b) Profit and loss account (c) Balance sheet (d) Departmental account.
6. All but one of these is not a terminology in depreciation.
(a) Historical cost (b) Estimated life span (c) petty cash book (d) Disposal.
7. As regards IFRS i.e. International Financial Reporting Standards. The word harmonization was replaced by the concept of convergence in (a) 1990s (b) 1950s (c) 1980s (d) 1970s.
8. The body that replaced NASB as the local accounting standards setter in Nigeria is
(a) IFRS (b) FRCN (c) FRSC (d) IFRIC.
9. In Nigeria, as regards the road map for adoption of IFRS the third phase involved
(a) Public listed companies (b) other public interest entities (c) SMEs (d) a-c
10. All of the following basis could be used for sharing expenses in Departmental account except (a) Turnover (b) Owner's (c) floor occupied (d) Number of employee.

SHORT ANSWER QUESTIONS

1. The account relating to the division of a business is called _____
2. In a royalty agreement, tenant is called _____
3. The types of expenses that could be incurred under departmental accounts are _____
4. In departmental account, first aid box expenses should be apportioned to departments on the basis of _____
5. The method of provision for depreciation that assume that the asset to be depreciated will provide equal benefit during its useful life is _____
6. The excess of minimum royalty over actual royalty is called _____
7. _____ is royalty calculated on the actual level of activity at agreed rate.
8. The guaranteed amount which the owner of the copyright on a particular assets is to receive is called _____
9. TRUE or FALSE the lessee cannot recoup more than the available surplus.
10. In royalty account, royalty is derived by multiplying price per unit by _____

SECTION B

1. a. A machine was bought by Ayeariwi costing N10,000 in year 2000. The residual value was N4,000. It was expected that the machine will last for 4 years. Using straight line method, prepare:
 - i. The depreciation schedule(2 marks)
 - ii. Machine account (2 marks)
 - iii. Depreciation account (2 marks).
 - iv. Statement of comprehensive income account extract (2 marks)
 - v. Statement of financial position extract (2 marks)
 - b. Discuss 4 reasons for charging depreciation (2 marks).
 - c. A motor cost N6,400 in 1990. It will be kept for 5 years and then sold at a residual value of N200. Using reducing balance method, Prepare the following:
 - i. The depreciation schedule (2 marks)
 - ii. Machine account (2 marks)
 - iii. Depreciation account (2 marks).
 - iv. Statement of comprehensive income account extract (2 marks)
2. Shell Nig. plc leased an oil block from Federal Government of Nigeria in 2009 at a minimum rent of N80,000 per annum with a royalty of N4 per barrel. The shortworkings were recoverable during the first five years of the lease only. The output for the first six years was 10,000, 12,000 30,000 52,000 80,000 86,000 barrel of oil. You are required to make the necessary entry of the above transactions in the book of Snell Nig.plc. (20 marks).
 3. Ajigijaga departmental stores carries on trading in two departments, department A and B. Account are prepared to 31 December every year. Below is the trial balance relating to the year ended 31 December, 2008:

	Debit N	Credit N
Freehold premises at cost	192,000	
Plant and machinery at cost	38,400	
Sundry receivables and payables	88,464	60,936
Balance at bank	14,880	
Purchases and Sales		
Dept A	283,200	381,600
Dept B	374,400	763,200
Fixed expenses	14,640	
Printing and stationery	15,600	
Carriage Outward	8,208	
Wages and Salaries		
Dept A	99,480	
Dept B	108,600	
Inventory on 1 st jan		
Dept A	133,368	
Dept B	119,304	
Drawings and Capital		
	51,192	336,000
	1,541,736	1,541,736