COVENANT UNIVERSITY

TUTORIAL KIT

PROGRAMME:ACCOUNTING

OMEGA SEMESTER

200 LEVEL

LIST OF CONTENTS

COVENANT UNIVERSITY

CANAANLAND, KM 10, IDIROKO ROAD

P.M.B 1023, OTA, OGUN STATE, NIGERIA.

TITLE OF EXAMINATION: B.Sc. EXAMINATION
COLLEGE: COLLEGE OF BUSINESS AND SOCIAL SCIENCES
DEPARTMENT: DEPARTMENT OF ACCOUNTING
SESSION: 2015/2016 **SEMESTER:** OMEGA
COURSE CODE: ACC 221 **CREDIT UNIT:** 2
COURSE TITLE: FINANCIAL ACCOUNTING II
INSTRUCTION: ANSWER ALL QUESTIONS **TIME:** 2 HOURS

SECTION A

Multiple Choice Questions

One of the following conditions is not a requirement for the redemption of redeemable preference share under CAMA (1990)
The issue of shares must be authorized by the Companies Article of Association.
The shares to be redeemed must be fully paid up

The redemption of preference share may lead to the reduction of the company's Authorized capital.
The capital redemption reserve fund (CRRF) may be applied in paying up un-issued share to be issued to members of the company.

One of the following is not an option available to company redeeming its preference shares
To make redemption fully out of new issue of shares of at least of equal nominal value with the shares to be redeemed
To make redemption partly out of new issue of shares and partly from distributable/ undistributable profits.
To make redemption without making fresh issue of shares.
To make redemption partly out of new issue of shares, partly out of capital reserve fund and partly from distributable/ undistributable profits

One of the following is a not a use of financial ratio
It helps in drawing conclusion on the liquidity position of the firm.
It is used for assessing the long term financial viability of a firm.
It helps in throwing more light on the qualitative sustainability of the firm.
It enables a firm to assess their level of improvement or deterioration over the years.

One of the following is incorrect on what a Bonus share is

A Bonus share is a free share given to existing shareholders in a company, based upon the number of shares that the shareholder already owns (pro rata) from the company retained earnings.
Bonus shares increases the total number of shares issued (company) and owned (shareholders), however it does not change the value of the company.
Bonus share is a form of reward to existing shareholders
In the issue of bonus share, the total number of issued shares increases, the ratio of number of shares held by each shareholder does not remain constant

One of the following is not a basic classification of financial ratio
Liquidity ratios
Shareholders ratios
Effectiveness ratios
Financial composition ratios

6. A business arrangement that allows persons to pool resources with the aim of achieving a specific short term objective is known as

a] Partnership b] Sole Trader c] Company d] Joint Venture

7. State the accounting entry if Joint Venture assets is taken over by the venturer

a] Dr. Assets (or Stock) Account and Cr. Joint Venture Account
b] Dr. Venturer's Account and Cr. Joint Venture Account
c] Dr. Venturers Account and Cr. Sales
d] Dr. Joint Venture Account and Cr. Stock Account

8. Recognition/share of profit or loss on the Joint Venture
a] Dr. Joint Venture Account and Cr. Memorandum Joint Venture Account

b] Dr. Joint Venture Account and Cr. Profit and Loss Account

c] Dr. Joint Venture Account and Cr. Bank

d] Dr. Profit and Loss Account and Cr. Cash

9. where the manufacturer expects the customers to return containers within a specified time limit without with a promise of refund is called

a] Sales

b] Non-Returnable Containers

c] Returnable Containers

d] Charged Containers

10. -------------------are shares whose holders receive dividend only after the preference shareholders have received dividend.

11. ----------------------- are shares that their holders receive dividends at specified rates

12. —————— are preference shares in respect of which unpaid arrears of the dividends are not carried forward if there are no profits to pay the dividends in any year.

13. All except one of these is not a type of issue
a) Public Issues b) Private Placement c) Bonus Issue d) cumulative issue

14. -------------------- is the issue of fully-paid shares of a company to existing shareholders in proportion to their existing shareholding free of charge

15. ---------------------- is usually higher than the par value but lower than the market price
(Total= 15 marks)

SECTION 2

QUESTION 1

CDS, CHD and CST, Covenant University, Nigeria entered into a Joint Venture that centered on planting and selling peanut. During the three months joint venture the following transaction took place.
5/10/2005: CBS rented land that cost #15,600
11/01/2005: CHD arranged and supplied peanut seed that cost #4,800
17/01/2005: CBS employed and paid wages for planting #10,500
21/01/2005: CHD paid incidental expenses #1,700
31/01/2005: CBS employed and paid labour for fertilizer
02/02/2005: CBS paid #1,000 and #1,800 for Sundry expenses and labour wages respectively
20/02/2005: CBS paid another #2,000 on fertilizer
28/02/2005: CST employed and paid wages on labour for harvesting and packing peanuts #7,300
01/03/2005: CTS paid transport expenses from Kaduna to Ota #3,900
30/01/2005: CBS received cash from sales proceed on all the peanuts #98,700
31/01/2005: The joint venture accounts were prepared and all outstanding balances due to ventures settled.

Required:
Prepared the Memorandum Joint Venture account and Joint Venture account in the book of CBS, CHD and CST given that the profit is to be shared as 3:2:1 respectively. **(15 marks)**

QUESTION 2

1a. what is a consignment? **(1mark)**

1b. Define the two types of commission that is applicable to a relationship involving consignment.

(2marks)

1c. Everly Limited is a medium sized organization that manufactures and sells coconut chips. During the first quarter of 2016, some of their products were consigned to Covenant University sales center. The first consignment of 100 cartons @ N5000 per carton was sent on the 18th of January, 2016. Another consignment of 250 cartons was sent on the 25th of February,2016 at the same price. The total expenses incurred by Everly on the two consignments include insurance N25,000 and transport expenses of N50,000. However, CU sales center immediately returned 20 cartons out of the second consignment as a result of damages. The total expenses incurred by CU sales center on both consignments include transport expenses of N100,000, offloading N30,000, storage expenses of N70,000 and selling expenses of 150,000 and It is entitled to 10% commission on sales.

As at the 31st of March, 300 cartons of the coconut chips have been sold. 100 cartons were sold for N8000 while the remaining cartons were sold for N9,500. CU sales center prepared Account sales, paid all amount owed to Everly's account after deducting all expenses and was charged N5000 as bank charge.

Required:

Prepare the following accounts for the period ended 31st of March,2016:

Goods sent on consignment **2marks**

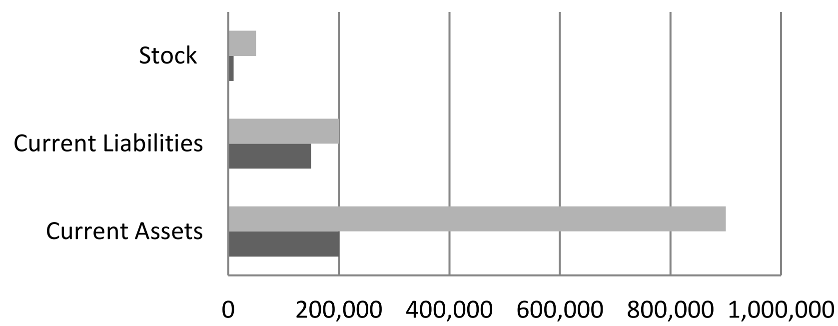
Consignment account **6marks**

The account of CU sales Center **4 marks**

(Total =15 Marks)

QUESTION 3

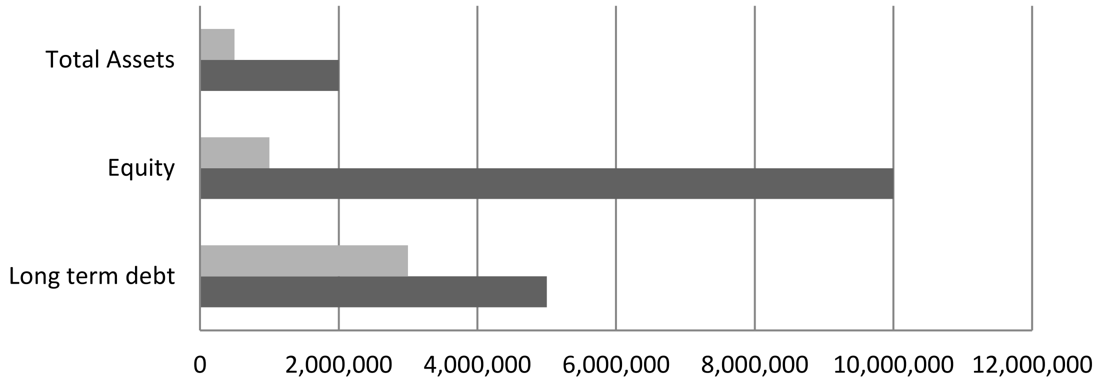
Use the figure below to answer question a,b,c and d



	Current Assets	Current Liabilities	Stock
2016	900,000	200,000	50,000
2015	200,000	150,000	10,000

Calculate the current ratio for 2015 and 2016 respectively **(2marks)**
Interprete the calculated current ratio by comparing year 2015 and 2016 **(1mark)**
Calculate the quick ratio for 2015 and 2016 respectively **(2marks)**
Interprete the calculated quick ratio by comparing year 2015 and 2016 **(1mark)**

3B



	Long term debt	Equity	Total Assets
2016	3,000,000	1,000,000	500,000
2015	5,000,000	10,000,000	2,000,000

Use the figure above to answer question e,f,g and h

Calculate the Total asset to debt ratio for 2015 and 2016 respectively (2marks)
Interprete the calculated Total asset to debt ratio by comparing year 2015 and 2016 (1mark)
Calculate the debt to equity ratio for 2015 and 2016 respectively (2 marks)
Interprete the calculated debt to equity ratio by comparing year 2015 and 2016 (1mark)
Calculate the gearing ratio for 2015 and 2016 respectively (2 marks)
Interprete the calculated gearing ratio by comparing year 2015 and 2016 (1mark)
(Total= 15 Marks)

QUESTION 4

A company has the following balances: redeemable debentures account for N280,000, profit and loss account N336,000, share premium account N19,000, and bank N300,000. The directors approved the redeemable debenture for redemption immediately at 4% premium and instructs the financial controller to use the company's profit for the exercise. You are required to open the necessary ledger accounts as they relate to the above transaction

(10 Marks)

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MARKING GUIDE

ANSWER TO MCQ

C
D
C
D
C
D
A
B
D
Ordinary shares
Preference shares

12. Non-cumulative Preference shares
13. Cumulative issue
14. Bonus

15. Right Price

Solution [ACC 221]

CBS,CHD & CST MEMORANDUM JOINT VENTURE ACCOUNT

Rent	15000	**Sales Proceeds**	**98,700**
Wages: Planting	10000		
Wages: fertilizer	3600		
Wages: Harvesting & Packing	7300		

Expenses: Sundry	1000		
Wages:	1800		
Expenses for fertilizer	2900		
Transportation expenses	3900		
Incidental expenses	1700		
Peanut seed	4800		
Share profit CBS 22800			
CHD 15200			
CST 7600 **45600**			
98,700		**98,700**	

CBS BOOK

JOINT Venture with CHD & CST

Rent	15,600	Sales proceeds	98,700
Wages Planting	10,000		
Wages fertilizer	3,600		
Sundry expenses	1,000		
Wages	1,800		
Fertilizer	2,900		
Share of profit	22,800		
Cash to 21,700			
Cash to 18,800	**40,500**		
98,700		**98,700**	

CHD BOOK

JOINT VENTURE WITH CBS & CST

Purchases peanut	4,800		
Incidental expenses	1,700	Cash from CBS	21,700
Share of profit	15,200		
21,700		**21,700**	

CST BOOK

JOINT VENTURE WITH CBS & CHD

Wages harvesting & planting	7,300		
Transportation expenses	3,900	Cash from CBS	18,800
Share of profit	7,600		
18,800		**18,800**	

SOLUTION TO QUESTION 2

Consignment refers to each of the package dispatched by a consignor to a consignee per time.

Normal commission: This is the general commission the consignee collects for selling on behalf of the consignor.

Del credere" commission is the commission that is paid to the consignee for taking the risk of standing as a guarantee for the recovery of debts owned by the customers serviced by him.

Goods sent on consignment account

	N		N
Consignment (returns) 20*5000	100,000	Consignment (100*5000)	500,000
Trading (330*5000)	1,650,000	Consignment (250*5000)	1,250,000
1,750,000		1,750,000	

0.5mark/tick = 2marks

Consignment account

	N		N
Goods sent on consignment	500,000	Goods sent on consignment(returns) (20*5000)	100,000
Goods sent on consignment	1,250,000	Sales (100*8000)	800,000
Insurance	25,000	Sales (200*9500)	1,900,000
Transportation	50,000	Closing inventory c/d (wk1)	165,000
Consignee (Transportation)	100,000		
Consignee (Off-loading)	30,000		
Consignee (storage expenses)	66,000		
Consignee (commission 10%*2.7m)	270,000		
Consignee (selling expenses)	150,000		
Bank charge	5,000		
Income statement	519,000		
	2,965,000		2,965,000

0.4mark per tick

CU sales center account (Consignee)

	N		N

consignment	800,000	Consignment (transportation)	100,000
consignment	1,900,000	Consignment (off-loading)	30,000
Consignment (storage exp)	66,000		
Consignment (comm)	270,000	Consignment (selling exp)	150,000
Consignment (Bank charge)	5,000		
Bank	2,079,000		
	2,700,000		2,700,000

Working 1: Calculation of balance carried down (Value of quantity unsold)

Quantity unsold = 30

N			
Cost price of goods	(5000*330)		1,650,000
Insurance		25,000	
Transportation			50,000
Consignee expenses (off-loading)		30,000	
Consignee expenses (transportation)			100,000
		1,855,000	

30/350 * 1,855,000 = N159,000

Consignee expenses (storage)

30/330 * 66,000 = N6,000

Therefore, closing inventory is N165,000

2 marks

SOLUTION TO QUESTION 3

Current Ratio = <u>Current Assets</u>
Current Liabilities

Year 2015: 200,000/150,000 = 1.33

Year 2016 900,000/200,000 = 4.5

<u>Current Ratio</u>: is a relationship of current assets to current liabilities. Current Assets are the assets that are either in the firm of cash or cash equivalents or can be converted into cash or cash equivalents in a short time (say, within a year's time) and Current Liabilities are repayable in a short time.

Quick Ratio or Acid Test Ratio = <u>Current assets - stock</u>
Current Liabilities

Year 2015: 200,000-10,000/150,000 = 1.26

Year 2016 900,000-50,000/200,000 = 4.25

<u>Quick Ratio or Acid Test Ratio:</u> is a relationship of liquid assets with current liabilities and is computed to assess the short- term liquidity of the enterprise in its correct form. Liquid assets are the assets, which are either in the form of cash or cash equivalent or can be converted into cash within a very short period. Liquid assets include cash, bills receivable, marketable securities and debtors (excluding bad and Doubtful debts), etc. Stock is excluded from liquid assets as it may take some time before it is converted into cash. Similarly prepaid expenses do not provide cash at all and are thus excluded from liquid assets.

Total Assets to Debt Ratio = <u>Total assets</u>

Long Term Debts

Year 2015: 2,000,000/5,000,000 = 0.4

Year 2016 500,000/3000,000 = 0.17

Total Assets to Debt Ratio: Total Assets includes fixed as well as current assets. Long term Debts refer to debts that will mature after one year. It includes debentures, bonds, and loans. It measures the safety margin available to the providers of long- term debts. A higher ratio represents higher security to lenders for extending long-term loans to the business. On the other hand, a low ratio represents a risky financial position as it means that the business depends heavily on outside loans for its existence. In other words, investment by the proprietors is low.

Debt- equity Ratio = **Debt (long-term loans)**

Equity (shareholders' Funds)

Year 2015: 5,000,000/10,000,000 = 0.5

Year 2016 3,000,000 / 1,000,000 = 3

Debt-Equity Ratio/ Equity Gearing Ratio : It is computed to ascertain the soundness of the long-term financial position of the firm. This ratio expresses the relationship between debt (external equities) and the equity (internal equities). Debt means long term loans, i.e., debentures, long-term loans from financial institution. Equity means shareholders' funds, i.e., preference share capital, equity share capital, reserves.

Total gearing ratio = **Debt (long-term loans)**
Total capital (Equity and debt capital)

Year 2015: 5000,000/10,000,000+5,000,000 = 0.33

Year 2016 3,000,000/1,000,000+3,000,000 = 0.75

Total gearing Ratio: It is computed to ascertain the soundness of the long-term financial position of the firm. It indicates if the capital structure of the company is financed more with debt or with equity. A low capital gearing ratio indicates that loan capital are less than equity capital

SOLUTION TO QUESTION 4

Redeemable Debenture

Debenture redemption	280,000	Bal b/d	280,000

Debenture Redemption Reserve

		Profit & Loss	280,000

Premium on Redemption of Debenture

Debenture redemption	11,200	Share premium	11,200

Debenture Redemption

Bank 291,200	Redeemable debenture 280,000
	Premium on redemption 11,200
291,200	291,200

Share Premium

Premium on redemption 11,200	Balance b/d 19,000
Balance c/d 7,800	
19,000	19,000

Bank

Balance b/d 300,000	Debenture redemption 291,200
	Balance c/d 8,800
300,000	300,000

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COURSE TITLE: COST ACCOUNTING II

INSTRUCTIONS: ANSWER ALL QUESTIONS TIME ALLOWED: 2HRS

Part A

These are two or more products produced together but separated in the course of processing. What are these?
Joint products
Byproducts
Waste
Scrap
Normal Loss
The joint cost incurred prior to split off point is normally accounted for by ....
Allocation
Division
Apportioning using either physical unit or weight basis or market value of production at split off point
Pro-rata basis
None
Batch costing is a modification of Job Costing and is applied where jobs are
In process scheduled for supply
Built to a similar design
Produced in batches and consist of homogeneous units
Max Strictly on customer order
None of the above
Batch costing is common among.
Footwear making organization
Clothing wear making organization
Furniture making organization
All of the above
None of the above
Waste is a loss in process which has no value. The cost of normal waste is absorbed by good production.
True

False
Scrap is a loss which has some value. Revenue from scrap is treated as reduction in the material costs of a process, if the loss is normal.
True
False
.... Incur common costs up to the point where they become recognizable as separate products.
Joint Product
Joint Costs
By-Products
Waste
None of the above
.... has substantial sales value after further separate processing.
Joint products
By-Product
Economic Product
(A) or (C)
None of the above
Abnormal losses are recorded in manufacturing process when
There is no provision for normal losses
More materials than are required are collected by the production department
The products are being manufactured for the first time
Production planning is deficiency
Actual process losses exceed normal industry levels.
Joint products have a physical relationship that requires ....
By-product processing
Irregular processing
Productive processing
Simultaneous common processing
None of the above
The essential elements of A Budget exclude the fact that
Budget maybe expressed in monetary terms and or non-monetary term, like units of products, unit of time, numbers of employees etc.
A budget is concerned with a plan, it therefore relates to a definite future period and is therefore prepared in advance of the period during which it is to operate.

The purpose of a budget is to implement the policies, formulated by the management for attaining the given objective.
A budget is not itself the objective but a means to achieving objective and a means of control
A budget is budgeting means of allocating resources
A Budget serves the following purpose except one; which one?
As a forecast, it helps managers to look into the future.
As a means of allocating resources, it can be used to decide how many resources are needed e.g. in terms of men, money, materials, machines and methods of production.
As a yardstick against which to compare actual performance, the budget provides a means of indicating where and when control may be necessary.
As a mission weapon, a budget sets out the mission of the business.
As a target for achievement, budget might be a means of motivating the workforce to greater personal accomplishment.
A .... according to CIMA could be defined as "a financial and or quantitative statement prepared and approved prior to a defined period of time of the policy to be pursued during that period for the purpose of attaining a given objective".
Budget
Budgetary Control
Budgeting
Forecast
Target
The Benefits of Budgeting include:
Provides a medium of communication and a mechanism for the performance
Compels planning, and enhances co-ordination.
Enhances motivation
Instills Financial awareness
All the above listed options
The limiting factor could be
A restricted supply of an item components
A maximum capacity of machine time
A limited amount of cash and a bank overdraft limit.
A maximum amount of available labour of hours for a particular grade of labour.
All the above listed alternatives.
Apparent profit or loss is also known as
Notional profit or loss
Net profit
Net loss

Gross profit

Gross loss

The main characteristics of contract costing that distinguishes it from other methods of costing is/are:

A formal contract is signed between the customer and contractor (supplier)

The output at always sizeable and production is according to specification.

Performance of jobs are carried out on construction site away from supplier's premises

Contract job may take a long time to complete and most contract make provision for certification of work done before progress payment is made by an expert called Architect.

All the above listed choices

The major difficulty in contract costing is the

Determination of duration

Determination of material to use

Determination of personnel for the contract

Determination of profit for an accounting year

None of the above listed

The term Integrated Account refers to

Control Accounting Technique

A single account system which contain both financial and cost accounts

A single accounting system only

Combined system only

All of the listed options

The principal accounts in a system of interlocking accounts under resources accounts exclude

Material control account

Wage (and salaries) control account

Trading account

Production overhead control account

Selling and distribution overhead control account

Part B

Uncle Ben rice recently opened a branch in Lagos City Mall. This is a franchise and it is expected to process rice products with an annual target of 100,000 bags of rice to obtain 50,000 bags of OFADA rice, 30,000 bags of hybrid rice, and 20,000 bags of Basmati rice. The total joint-cost up to split-off point include cost of factory rent ₦300, 000, cost of factory electricity ₦100, 000. The sales value for the products are given below:

	₦
OFADA 50, 000 bags at ₦ 11 per bag	550,000
Hybrid Rice 30, 000 bags at ₦ 7 per bag	210,000
Basmati 20, 000 bags at ₦ 8 per bag	160,000
Total Sales Value	920,000

You are required to apportion the joint-costs to each of the products and determine the profit accruing from the process using:

Physical unit basis;

Sales value basis.

2) 1a. Contract costing has some similarities with job costing, list these similarities (2 Marks)

1b. Morayo Oluwa Nig. Ltd was awarded a contract to construct an overhead bridge in Ekiti. The following is the summary of the results of Morayo Oluwa over a period of three years. Compute the recognizable profit for each of the years, using the revenue basis. Also compute the work in progress value of the project at the end of each year for inclusion in the Statement of Financial Position. (10 Marks)

	Year 1	Year 2	Year 3	Total
	₦	₦	₦	₦
Contract Price				8,000,000
Cost Incurred	1,600,000	2,400,000	2,000,000	6,000,000

Estimated cost to complete contract	4,800,000	2,000,000	Nil
Architects certificate	2,000,000	6,000,000	8,000,000
Payment received	1,000,000	4,000,000	6,000,000

3a) Define the following terms and state how they are valued:

Normal loss
Abnormal loss
2 marks

b) Greenpak Limited operates in the oil refining sector. It extracts and refines crude oil in barrels. The following details relate to process 1 of the refining process:

Materials	24000barrels	33,150,000
Labour		41,500,000
Overhead		21,560,000

There is an abnormal gain of 100 barrels and a transfer of 19,500barrels to the next process.

Closing work-in-progress is 2,700barrels with the percentage of completion as follows-

Materials	100%
Labour	50%
Overhead	80%

Required:

Prepare the process, and Abnormal gain account. Show your statement of equivalent units and other workings clearly. State your assumption, where applicable.

10.5marks

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MARKING GUIDE

MARKING GUIDE

Part A

A

C

C

D

A

A

A

A

E

D

E

D

A

C

C

A

E

D

B

C

Part B

Using Physical Unit Basis.

Total	**OFADA**	**Hybrid Rice**	**Basmati**	
Sales Value	920,000	550,000	210,000	160,000
Less Joint Cost	400,000	$\frac{50,000}{100,000} \times 400,000$	$\frac{30,000}{100,000} \times 400,000$	$\frac{20,000}{100,000} \times 400,000$
200, 000	120,000	80,000		
Profit	520,000	350,000	90,000	80,000

Using Sales Value Basis.

Total	**Fuel**	**Kerosene**	**Diesel**	
Sales Value	920,000	550,000	210,000	160,000
Less Joint Cost	400,000	$\frac{550{,}000}{920{,}000} \times 400{,}000$	$\frac{210{,}000}{920{,}000} \times 400{,}000$	$\frac{160{,}000}{920{,}000} \times 400{,}000$
200, 000	120,000	80,000		
Profit	520,000	310,870	118,696	90,434

mark for each entry = 30 ticks @ 0.42 = 12.5

2) 1a. Contract costing has some similarities with job costing and usually applied to work, they include:

It is undertaken to customer specification
It is relatively long term in nature
It is site based
It is always constructional in nature
(Award ½ mark each for every correct answer)

b. Step I: Calculation of estimated contract profits

			Year 1	Year 2	Year 3
			₦	₦	₦
Contract price			8,000,000	8,000,000	8,000,000
Less:	cost to date		(1,600,000)	(4,000,000)	(6,000,000)

Estimated cost to complete contract	(4,800,000)	(2,000,000)	-
Estimated total contract profit	1,600,000	2,000,000	2,000,000

Step II: Calculation of profit recognized to date (Revenue Basis)

Year 1	2,000,000	x	1,600,000	=	₦400,000
8,000,000					
Year 2	6,000,000	x	2,000,000	=	₦1,500,000
8,000,000					
Year 3	8,000,000	x	2,000,000	=	₦2,000,000
8,000,000					

Step III: Calculation of profit to be recognized in the current accounting period (Revenue Basis)

	Year 1	Year 2	Year 3
	₦	₦	₦
Profit to be recognized to date	400,000	1,500,000	2,000,000
Less profit already recognized	-	(400,000)	(1,500,000)
Profit recognized	400,000	1,100,000	500,000

Step IV: Computation of work in progress for balance sheet purpose (Revenue Basis)

	Year 1	Year 2	Year 3
	₦	₦	₦

Cost to date	1,600,000	4,000,000	6,000,000
Add: Profit recognized to date	400,000	1,500,000	2,000,000
	2,000,000	5,500,000	8,000,000
Less: Progress Payment	1,000,000	4,000,000	6,000,000
Work in progress	1,000,000	1,500,000	2,000,000

3) **Normal loss:** This is the amount of loss that is allowed in a process. It is a normal wastage to be expected under usual operating conditions. That is, normal loss is considered to be unavoidable. It is set based on past experience and it is usually expressed as a percentage of the input. The reasons for normal loss include evaporation, breakage losses and wastage (under normal operating condition).

It is valued at zero (0) or scrap.

Abnormal loss: This is a loss that is higher than the standard level as specified by an organisation. It is the difference between the actual loss and the normal loss.

That is,

Abnormal loss = Actual loss – Normal loss

or Actual output – expected output

The reasons for abnormal loss include machine breakdowns, errors of unskilled workers and factory accidents.

Abnormal loss is valued at cost per unit.

mark each (2 marks)

Process 1 A/C

barrels	cpu	N	barrels	cpu	N

Materials	24000	33,150,000	Normal loss	1900	-	-	
Labour		41,500,000	Transfer to process 2	19,500	4500	87,750,000	
Overhead		21,560,000	CWIP	2700		8,910,000	
Abn gain	100	4500	450,000				
	24100	96,660,000		24,100		96,660,000	

0.2mark/tick = 6marks

Workings-Statement of equivalent units - 3 marks

total	material	labour	overhead	
Completed units	19,500	19,500	19,500	19,500
Normal loss	1,900	-	-	-
Abnormal gain	(100)	(100)	(100)	(100)
CWIP	2700	2700	1350	2160
	2700	22,100	20,750	21,560

Cost per unit	33,150,000	41,500,000	21,560,000
	22,100	20,750	21,560
	N1,500	N2000	N1000

Total cost per unit is N1500 + N2000 +N1000 = **N4500 (0.5mark)**

Valuation of Closing-work-in-progress

Material	N1500*2700barrels	N4,050,000
Labour	N2000* 1350 barrels	N2,700,000
Overhead	N1000 * 2160 barrels	N2,160,000
TOTAL		**N8,910,000**

1mark

Total 12.5marks

COVENANT UNIVERSITY

CANAANLAND, KM 10, IDIROKO ROAD

P.M.B 1023, OTA, OGUN STATE, NIGERIA.

TITLE OF EXAMINATION: B.Sc EXAMINATION

COLLEGE: COLLEGE OF BUSINESS AND SOCIAL SCIENCE

SCHOOL: SCHOOL OF BUSINESS

DEPARTMENT: ACCOUNTING
SESSION: 2015/2016 **SEMESTER:** OMEGA
COURSE CODE: ACC 229 **CREDIT UNIT:** 1
COURSE TITLE: ACCOUNTING LABORATORY 2
INSTRUCTION: ENTER THE TRANSACTIONS USING PEACHTREE SOFTWARE **TIME:** 1:00 HOUR

Create a new company using your matric number. Enter the following transactions below
Built to last an household store on the mainland started a business on January 1st 2011 with an initial capital of ₦ 500,000,000 made of the following.

Debenture from Addiff Associates: ₦ 100,000,000
Loan from Friends and family ₦ 50,000,000
Personal savings ₦ 50,000,000
Loan from Harvey Bank ₦ 300,000,000

The beginning balance for January 2016 is as shown below:

Details	Debit	Credit
Furniture and Fittings	10,000,000	
Nestle foods		30,000,000
Johnson and Johnson		70,000,000
Building	100,000,000	
Friesland Dairy		100,000,000
Shoprite stores	15,000,000	
Carriage Trucks	50,000,000	
Shopping trolleys	10,000,000	
Workers Bus	10,000,000	
Accrued expenses		20,000,000
Cash at Harvey Bank	100,000,000	
Cash at Litt Bank	20,000,000	
Cash in Hand	5,000,000	
Other current liability		100,000,000

The following transactions took place during the year 2016

10/02/16: Sold the following to Shoprite store, full payment was received and lodge in Litt bank
100 Cartons of Canola cooking oil
160 Boxes of Sween Mashma Potatoes
20 Crates of hot habanero pepper

12/03/16: Purchased the following goods from Johnson and Johnson and paid in full using Harvey bank cheque
500 cartons of newborn scentless body lotion
300 cartons of alcohol-free triangular baby wipes

14/05/16: Purchased the Following fixed asset and paid using Harvey bank cheque
Sets of electronic glass cones book display ₦ 7,000,000.
10 sets of Nexus Air Conditioners ₦ 20,000,000

4/09/16: Paid back Addiff associate debenture to the tune of ₦ 20,000,000 using Harvey Bank

29/12/16: Fully paid for the following expenses using Litt bank cheque
Warehouse workers wages ₦ 5,000,000
Electricity bill ₦ 11,000,000
Warehouse Fumigation ₦ 1,000,000

Additional information:

Products list

Product ID	Description	Cost price per carton	Selling price per unit
C 02	Canola cooking oil	10,000	15,000
M 03	Sween Mashma Potatoes	5,000	9,000
W 04	Alcohol-free triangular baby wipes	4,000	6,000
P 05	Hot habanero pepper	2,000	5,000
L 06	Newborn scentless body lotion	7,000	15,000

2. Supplier list

Supplier ID	Name
S 01	Johnson Johnson

3. Customers list

Customer ID	Name
C 01	Shoprite

Required to:

Create a company; enter the transaction above for twelve months ended December 2016.

Print: a) General ledger Trial Balance (50MARKS)

b) Income Statement (20MARKS)

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MARKING GUIDE

INCOME STATEMENT

	Current Month		Year to Date	
Revenues				
GL SALES	$ 3,040,000.00	100.00	$ 3,040,000.00	100.00
Total Revenues	3,040,000.00	100.00	3,040,000.00	100.00
Cost of Sales				
GL COST OF SALES	1,840,000.00	60.53	1,840,000.00	60.53
Total Cost of Sales	1,840,000.00	60.53	1,840,000.00	60.53
Gross Profit	1,200,000.00	39.47	1,200,000.00	39.47
Expenses				
workers wages	5,000,000.00	164.47	5,000,000.00	164.47
electricity bill	11,000,000.00	361.84	11,000,000.00	361.84
fumigation	1,000,000.00	32.89	1,000,000.00	32.89
GL EXPENSES	0.00	0.00	0.00	0.00
Total Expenses	17,000,000.00	559.21	17,000,000.00	559.21
Net Income	($ 15,800,000.00)	(519.74)	($ 15,800,000.00)	(519.74)

GENERAL LEDGER TRIAL BALANCE

Account ID	Account Description	Debit Amt	Credit Amt
10000	Johnson and johnson		70,000,000.00
11000	building	100,000,000.00	
12000	Friesland Dairy		100,000,000.00
13000	shoprite	15,000,000.00	
14000	Carriage Trucks	50,000,000.00	
15000	shopping trolleys	10,000,000.00	
16000	workers bus	10,000,000.00	
17000	accrued expenses		20,000,000.00
18000	harvey bank	53,000,000.00	
19000	Litt bank	6,040,000.00	
2000	capital	495,300,000.00	
20000	cash in hand	5,000,000.00	
21000	other current liability		100,000,000.00
22000	electronic glass cones	7,000,000.00	
23000	nexus air conditioners	20,000,000.00	
25000	workers wages	5,000,000.00	
26000	electricity bill	11,000,000.00	
27000	fumigation	1,000,000.00	
28000	GL SALES		3,040,000.00
29000	GL COST OF SALES	1,840,000.00	
3000	Addiff Associates		80,000,000.00
30000	GL INVENTORY	2,860,000.00	
4000	friends and family		50,000,000.00
5000	personal savings		50,000,000.00
7000	harvey bank loan		300,000,000.00
8000	furniture and fittings	10,000,000.00	
9000	nestle foods		30,000,000.00
	Total:	**803,040,000.00**	**803,040,000.00**