



JOINT UNIVERSITIES PRELIMINARY EXAMINATIONS BOARD
JUNE 2020 EXAMINATIONS

JUPEB/001

ACCOUNTING MSS – J131

Time Allowed: 3 Hours

SECTION A: MULTIPLE CHOICE QUESTIONS

Answer all questions in this section.

Use the OMR answer sheet provided to answer the MCQ questions. Follow the instructions on the OMR sheet.

SECTION B: ESSAY QUESTIONS

Answer FOUR questions; ONE question from each course.

Turn Over

SECTION A: MULTIPLE CHOICE QUESTIONS.

Answer all Questions.

1. If the two totals of a trial balance do not agree, the difference should be entered in
 - A. the Capital account.
 - B. a nominal account.
 - C. a Suspense account.
 - D. the income Statement.

2. Given opening capital of ₦16,500, closing capital of ₦11,350, and drawings of ₦3,300 then
 - A. profit for the year was ₦1,850
 - B. loss for the year was ₦1,850
 - C. loss for the year was ₦8,450
 - D. profit for the year was ₦8,450

3. In incomplete record situation, profit for a period could be ascertained as
 - A. $\text{Net profit} = \text{closing capital} - \text{opening capital} - \text{additional capital introduced} + \text{drawings}$
 - B. $\text{Net profit} = \text{Drawings} + \text{closing capital} - \text{opening capital} + \text{additional capital introduced}$
 - C. $\text{Net profit} = \text{Opening capital} - \text{drawings} - \text{additional capital introduced} + \text{closing capital}$
 - D. $\text{Net profit} = \text{additional capital introduced} + \text{closing capital} + \text{opening capital} + \text{drawings}$

4. Usually, book-keeping error would occur when there is
 - A. a deliberate manipulation of records.
 - B. intentional failure to record transactions completely.
 - C. incorrect recording and unintended oversights.
 - D. unintentional correct posting in the ledger.

5. What is the international standard guiding the recognition, measurement and disclosure of inventory for companies?
- A. IAS 1
 - B. IFRS 1
 - C. IAS 2
 - D. IAS 15
6. When recognizing income under the accrual basis which of the following statements is correct?
- A. Income is recognized when earned and cash is received.
 - B. Accrued income is only recognized in the financial statements.
 - C. Income is recognized when earned and not necessarily when cash is received.
 - D. Income is recognized only when it is not certain that cash will be received.
7. Subscription received in advance in the accounts of a not – for – profit organization should be disclosed in the statement of financial position as
- A. non-current assets.
 - B. accumulated fund.
 - C. current liabilities.
 - D. current assets.
8. The manufacturing cost incurred by a department is ₦40,500. The work in progress balances at the beginning and the end of the month are ₦17,000 and ₦11,000. What is the cost of goods produced in the month?
- A. ₦40,000
 - B. ₦46,500
 - C. ₦36,500
 - D. ₦52,500
9. The terms of a partnership agreement provide that one of the partners is to receive a bonus of 20% of the net profit after deduction of the bonus. If the net profit is ₦6,600,000, what will be the value of the bonus?
- A. ₦600,000
 - B. ₦1,100,000

- C. ₦1,320,000
 - D. ₦2,000,000
10. The introduction of a delivery van into a business by the proprietor will result in credit entry into
- A. Assets account.
 - B. Inventory account.
 - C. capital account.
 - D. Investment account.
11. The costs of putting goods into a saleable condition should be charged to
- A. the trading account.
 - B. the statement of profit or loss.
 - C. statement of financial position.
 - D. statement of affairs.
12. The liability of a shareholder is limited only to the amount (if any) unpaid on his/her shares. This refers to
- A. limited partners.
 - B. company limited by guarantee.
 - C. unlimited liability company.
 - D. limited liability company.
13. Financial information must possess some qualities to be useful for decision making. Which of the following is not a quality of financial information?
- A. Timeliness.
 - B. Relevance.
 - C. Accountability.
 - D. Comparability.
14. A dozen of can juice sells for ₦60 per can. GURESS bought 3 dozen and was granted 10% trade discount. What is the purchase cost?
- A. ₦648
 - B. ₦180

- C. ₦1,944
 - D. ₦2,160
15. The board responsible for issuing international financial reporting standards governing preparation of financial statements is what?
- A. Financial Accounting Standards Board.
 - B. International Accounting Standard Board.
 - C. Intentional Financial Reporting Council Board.
 - D. International Accounting Standards Board.
16. Which of the following is not used to prepare adjusted cash book?
- A. Uncredited cheque.
 - B. Standing order.
 - C. Bank charges.
 - D. Credit transfer.
17. What is the treatment for an item recorded only on the debit side of the cash book but not in the bank statement?
- A. Added to balance as per bank statement.
 - B. Added to the balance in the adjusted cash book.
 - C. Deducted from the balance as per bank statement.
 - D. Deducted from the balance in the adjusted cash book.
18. All are examples of real account EXCEPT
- A. cash account.
 - B. salary account.
 - C. motor vehicle account.
 - D. building account.
19. These are costing techniques EXCEPT
- A. job costing, marginal costing, and standard costing.
 - B. standard costing, process costing, uniform costing and multiple costing.
 - C. job costing, marginal costing, absorption costing and standard costing.
 - D. standard costing, absorption costing and marginal costing.

20. In overhead costing, the methods of apportionment are
- A. continuous allotment, elimination and simultaneous equation method.
 - B. one step apportionment, estimated overhead and cross-apportionment.
 - C. elimination, simultaneous equation and absorption method.
 - D. continuous allotment, predetermined and sequential apportionment.
21. If the Economic Order Quantity (EOQ) of Amala Ventures is 9,000 units and its cost per order is ₦20, what is the firm's annual demand if the cost of holding one inventory is ₦2?
- A. 4,000,000 units.
 - B. 400 units.
 - C. 424.26 units.
 - D. 4,050,000 units.
22. Under-recovered/absorbed overheads occur when
- A. the basis of apportioning overheads has changed during the period.
 - B. the actual overhead incurred is less than the overhead that has been charged to production.
 - C. the overhead charged to production is lower than the actual overhead incurred.
 - D. actual overheads have fallen in relation to what they were expected to be.
23. A project requires ₦175,000 in year 0. The project generates ₦72,500 yearly after deducting ₦15,000 as depreciation. What is the payback period of the project?
- A. 2.4 years.
 - B. 2 years.
 - C. 3 years.
 - D. 11.67 years.
24. Company A's fixed costs were ₦42,000, its variable costs were ₦32,000, and its sales were ₦80,000 for 8,000 units. The company's break-even point in units is
- A. 8,000
 - B. 4,200
 - C. 6,000

- D. 7,000
25. The costing technique that treats fixed overhead production cost by accepting the overhead cost as part of the cost of goods sold is known as
- A. process costing.
 - B. marginal costing.
 - C. job costing.
 - D. absorption costing.
26. Costs which may be saved by the adoption of a given alternative option are known as
- A. sunk cost.
 - B. avoidable cost.
 - C. period cost.
 - D. fixed cost.
27. A cost that reduces per unit as the level of activities increases but remains constant in total is known as what?
- A. Mixed cost.
 - B. Fixed cost.
 - C. Variable cost.
 - D. Semi-fixed cost.
28. The following are classified as material EXCEPT
- A. special equipment.
 - B. stationery.
 - C. consumables tools.
 - D. component parts.
29. Which of the following is not part of labour cost?
- A. Cost of selection.
 - B. Cost of training.
 - C. Salary.
 - D. Premium bonus scheme.

30. Which of the underlisted is not a direct labour cost?
- A. General overtime payment to a direct worker
 - B. Specific overtime payment to an indirect worker
 - C. Basic pay of a direct worker
 - D. Cost of installing air condition
31. Which of the following is not an objective of cost accounting?
- A. To communicate the performance of the organisation to external parties.
 - B. To ascertain cost and facilitate pricing.
 - C. To provide information to aid control.
 - D. To provide formal means of gathering detailed information on operations.
32. Forensic accounting involves detection of fraudulent activities and their representation in a court of law. It exposes the forensic accountant to
- A. Theft.
 - B. Pilferage.
 - C. Fraud.
 - D. Blackmail.
33. Auditors should strive for objectivity in a professional and business judgements. Objectivity is the state of mind which has regard to all considerations relevant to a task at hand. It is bound up with intellectual
- A. Apathy.
 - B. Growth.
 - C. Honesty.
 - D. Prowess.
34. When an auditor is auditing the statement of financial position of an enterprise or company, and in the process comes across a misstatement that is so material or affects a number of balances, what does it entail and what type of audit report/opinion will the auditor give?
- A. It entails that the balances can be isolated to one particular area and as a result the auditor will issue adverse audit opinion.

- B. It entails that the balances cannot be isolated to one particular area and as a result the auditor will issue an adverse audit opinion.
 - C. It entails that the balances cannot be isolated to one particular area and as a result the auditor will issue an 'except for' opinion.
 - D. It entails that the balances can be isolated to one particular area and as a result the auditor will issue an unqualified audit opinion.
35. The type of audit opinion that will be expressed, if the circumstance involved is a disagreement that is material but not fundamental to the whole account is
- A. subject to opinion.
 - B. adverse opinion.
 - C. qualified opinion.
 - D. except for opinion.
36. To have access to all the books at all times is the right of
- A. a director.
 - B. an auditor.
 - C. an accountant.
 - D. tax official.
37. The advantages of audit include the following EXCEPT
- A. an audit report lends credibility to financial statements.
 - B. an audit invariably leads to advice on internal control matters.
 - C. the negotiation of loan or overdraft facilities may be facilitated if a company is able to produce audited accounts.
 - D. a guarantee for the provision of funds from the Central Bank of Nigeria.
38. A letter of engagement defines the following EXCEPT
- A. the indebtedness of the client to the auditor.
 - B. the terms of the audit engagement.
 - C. the scope of the work.
 - D. the methods of arriving at the fees.
39. What is statutory audit?

- A. It is carried out because the law requires it.
 - B. It is carried out because the legislators require it.
 - C. It is carried out because the judiciary requires it.
 - D. It is carried out because the company management requires it.
40. The internal audit function of a company is usually carried out by which of the following?
- A. Employees of the company.
 - B. External auditors.
 - C. Shareholders.
 - D. Officer from the office of the auditor general of the federation.
41. The means by which agent reports to the principal of an organization is
- A. principal reporting.
 - B. stewardship accounting.
 - C. managerial accounting.
 - D. control and ownership reporting.
42. Letter of weakness is written by the
- A. external auditors.
 - B. internal auditors.
 - C. management.
 - D. shareholders.
43. The third tax year of a commencing business is assessed to tax using
- A. preceding year basis.
 - B. actual year basis.
 - C. right of election.
 - D. penultimate year basis.
44. Mr. Babatunde is a trader, who started his business on 1st October, 2007. His accounts are usually made up to 31st December, every year. The following results relate to his business.

3 month ended 31/12/2007	72,000
Year ended to 31/12/2008	144,000
Year ended to 31/12/2009	108,000
Year ended to 31/12/2010	135,000

Calculate the assessable profit for the year 2007.

- A. ₦144,000
 - B. ₦72,000
 - C. ₦180,000
 - D. ₦135,000
45. Which of the following is not an example of indirect tax?
- A. Value added tax
 - B. Stamp duties
 - C. Companies income tax
 - D. Customs duties
46. Which of the following taxes and levies are not imposed and collectible by the State government?
- A. Petroleum profit tax.
 - B. Withholding tax on individuals.
 - C. Capital gain tax on individuals.
 - D. Business premise registration.
47. The responsibility for taxation of all limited liability companies throughout Nigeria is vested in
- A. Joint Tax Board.
 - B. State Board of Inland Revenue.
 - C. Stamp Duties Office.
 - D. Federal Inland Revenue Service.
48. How is the legislation currently regulating company's income tax in Nigeria captioned?
- A. Finance Miscellaneous Taxation Provision.
 - B. Federal inland revenue service board law.
 - C. Companies Income Tax Act CAP C21 LFN 2004.

D. Company Law.

49. The following information is provided in respect of Adeolu for 2008 assessment year

	₦
Salary	240,000
Profit on sales of assets	82,500
Proceeds from state lottery	50,000

How much should Adeolu report in his tax report?

- A. ₦240,000
 - B. ₦322,000
 - C. ₦372,500
 - D. ₦290,000
50. In Nigeria, the administration of Personal Income Tax Act is vested in
- A. Federal Inland Revenue Service.
 - B. The State Board of Internal Revenue Service.
 - C. State Internal Revenue Generation Service.
 - D. Local Board of Internal Revenue Service.

SECTION B: ESSAY

Answer **FOUR** Questions; **ONE** from each Course.

ACC 001: BASIC FINANCIAL ACCOUNTING

Question 1

- (a) Miss Hassanah, a medical doctor, started business of a private hospital called As-Shifa' on 1st January 2017. The following transactions took place during the first week of business.
- Deposited ₦300,000 into the business account.
 - Bought medical supplies worth ₦100,000 for the hospital paying by cheque.
 - Bought office equipment for a total cost of ₦90,000, paid ₦40,000 by cheque and agreed to pay the balance within three months.
 - Purchased office furniture costing ₦56,000; paid ₦28,000 and agreed to pay the balance within two months.
 - Brought in her personal car worth ₦600,000 for the use of the hospital.
 - Made a ₦10,000 payment on the equipment purchased in part (c) above.
 - Paid ₦8,000 out of the amount outstanding on the office furniture purchased in part (d) above.

Note: All payments were made by cheque.

You are required to:

- Show the double entry recording of the above transactions and determine the effect of each on the accounts involved. **[6 Marks]**
 - Prepare the statement of financial position of As-Shifa' as at 31st January, 2017. **[4 Marks]**
- (b) During the year ended 31st December 2015 the proprietor of a business had the following transactions with the business: Salaries received N100,000, Cash drawn to pay school fees N10,000, Withdrew goods worth N24,000 from the business. Half of this went towards birth day party of the children while the balance was used as gifts to long standing customers of the business.

You are required to:

Calculate the amount relevant as business expense and determine the total drawings of the proprietor. **[5 Marks]**

[Total 15 Marks]

Question 2

(a) State the source documents to the following subsidiary books

- i. Sales day book
- ii. Purchase day book
- iii. Returns inward journal
- iv. Returns outward journal

[2 Marks]

(b) On June 30, 2012, the trade receivables ledger balances of Wale Ltd were ₦32,000 debit and ₦128 credit and the trade payables ledger balances as at that date were ₦17,250 credit and ₦118 debit. During the six month period ended 31st Dec. 2012, the company recorded the following transactions:

	₦
Sales	92,000
Purchases	78,680
Cash received from trade receivables	84,480
Cash paid to trade payables	79,104
Discount allowed	3,520
Discount received	2,296
Return inward	1,700
Return outwards	1,240
Bills payable	5,480
Bills receivable	3,560
Dishonoured bills	380
Discount allowed to debtors but subsequently disallowed	20
Bad debts written off	640
Debit balance in the purchases ledger transferred to the sales ledger	26

As at December 31, the trade receivables ledger balances were ₦30,416 debit and ₦18 credit; and the trade payable ledger balances were ₦7,848 credit and ₦130 debit.

You are required to prepare:

- i. Trade receivables ledger control account [6½ Marks]
- ii. Trade payable ledger control account, bringing down the balances as at 31st December, 2012. [6½ Marks]

ACC 002: BASIC COST AND MANAGEMENT ACCOUNTING

Question 3

The following are the data of PASSMAQUINE limited of its product called SHAPRARA.

	₦
Selling price	16.00
Variable production cost	4.80
Variable selling cost	2.70
Fixed production cost	4.00
Fixed selling cost	0.60

Budgeted production for the year was 27,625 units

Actual units sold in the year were 26,500 units

You are required to calculate:

- The break even sales in units and in naira **[2 Marks]**
- The units of sales to make a profit of ₦53,975 **[2 Marks]**
- If the total variable cost reduces to ₦6.00 per unit and total fixed cost increases to ₦7 per unit, while selling price remains unchanged, calculate the number of units required to be sold to maintain a profit of ₦53,975 **[3 Marks]**
- Assuming a tax rate of 20%, what sales value will make an after tax profit of ₦69,000? **[3 Marks]**
- What is the profit after tax for the year if the tax rate remains 20%? **[5 Marks]**

[Total =15 Marks]

Question 4

- Define capital budgeting **[3 Marks]**
- Boss and Doss Limited anticipates the sales of its baked blocks in the second quarter of the year to amount to ₦700 million in April, ₦750 million in May and ₦800 million in June, 2018. You are expected to prepare an estimate of cash budget from the following information for the three months ended 30th June, 2018:
 - 15% of sales are cash sales with 10% discount.
 - 5% discount is granted for sales made on credit when payment is received within 10 days. 20% of credit sales are paid within 10 days.
 - 50% of the remaining receivables paid in the month following sales.

- iv. The remainder paid two months following sale with the exception of bad receivables, which amount to 1% of total sales.
- v. Expenses incurred during the period were as follows:

	April	May	June
	₦'000	₦'000	₦'000
Salaries and wages	15,000	15,700	16,500
Making of blocks	2,800	4,700	5,000
Loan	85,000	190,000	225,000
Interest on loan	8,000	8,500	9,500

The information below also relates to these expenses:

- i. 10% of salaries are paid one month in arrears. 10% salaries and wages due as at the end of December 2017 not yet paid amounted to ₦1,300,000.
- ii. Loan is paid as at when due while interest on loan is paid one month in arrears. Loan interest for the month of December 2017 is ₦7,400,000.
- iii. Royalties are also paid one month in arrears. Royalties are 8% of total cash receipts and total receipts for December 2017 is ₦200,700,000.
- iv. Administration expenses are 5% of total sales and are paid in the month of sales.

[12 Marks]

ACC 003: BASIC AUDITING

Question 5

Mr Onijogbon sued Jiditho & Co. for misleading him into buying shares in Olowonla Limited, after the latter went into bankruptcy six months after its being audited and given a clean bill of health. At the resumed sitting, the judge requested that the Managing Partner should provide the working papers generated from the audit exercise.

In the light of the above, you are **required to** explain the meaning, purpose and contents of audit working papers.

[15 Marks]

Question 6

- (a) In the event whereby an entity decides to depart from an International Financial Reporting Standard (IFRS), state **four** disclosures the entity is required to make.

[8 Marks]

- (b) What is Ethics in the context of an audit? [2 Marks]
- (c) Auditing ethical dilemma occurs as a result of ethical threats. Itemize the threats. [5 Marks]

ACC 004: BASIC PRINCIPLES OF NIGERIAN TAXATION

Question 7

As a Chartered Accountant who can offer other services to its client, you have been appointed by the Managing Director, Mr. Imoh, to present a report on Tax Clearance Certificate in respect to payment of Tax. Required:

- (a) What is Tax Clearance Certificate (TCC)? [2 Marks]
- (b) Enumerate four contents of Tax Clearance Certificate (TCC)? [4 Marks]
- (c) State four transactions that require the use of TCC. [4 Marks]
- (d) List five members of the State Board of Internal Revenue. [5 Marks]

[Total =15 Marks]

Question 8

- (a) Mention the conditions required to be met in order to apply the normal basis period [3 Marks]
- (b) List any five tax offences and their associated penalties [5 Marks]
- (c) There is room for objection and appeal if the tax payable is not favourable to the person. State the content of the letter of appeal. [5 Marks]
- (d) Who is required to file a self-assessment within six months? [2 Marks]