



JOINT UNIVERSITIES PRELIMINARY EXAMINATIONS BOARD
JUNE 2019 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 questions, follow the instructions on the OMR sheet.

SECTION B: ESSAY QUESTIONS

Answer FOUR questions in all from this Section; ONE from each Course.

Turn Over

SECTION A: MULTIPLE CHOICE QUESTIONS

Answer ALL Questions.

- Shares issued at more than nominal value are issued at a _____.
 - surplus.
 - gain.
 - premium.
 - discount.
- Subscriptions paid in advance by members of a club at the end of a financial year is a _____.
 - non-current asset.
 - current asset.
 - non-current liability.
 - current liability.
- What is the full meaning of IFRS?
 - International Financial Reporting Statements.
 - International Finance Reporting Standards.
 - International Financial Reporting Standards.
 - International Financial Reporting Standard.
- A club received the following life membership fees in each of its first two years:
Year one – ₦3,000,000
Year two – ₦11,600,000
The club's policy is to take credit for life membership fees in equal amount over ten years.
What would be the membership fees recognized in the income and expenditure account for year two?
 - ₦1,080,000
 - ₦1,460,000
 - ₦14,600,000
 - ₦8,600,000
- The cost of an item of equipment depreciated on straight line basis with expected economic useful life of 6 years was ₦400,000 on April 1 2014. Its estimated residual value is expected to be ₦40,000. What is the depreciable value of the asset on December 31, 2017?
 - ₦160,000
 - ₦120,000
 - ₦175,000
 - ₦135,000

6. Onyinye Adamu Plc. bought a motor van and a building for ₦600,000 and ₦800,000 respectively on January 1, 2016. The two assets were depreciated at 10% straight line and 15% reducing balance respectively. On June 30, 2017, the company sold the two assets to realize ₦1 million. What is the total profit or loss made on the disposal of the assets?
- ₦58,000 profit.
 - ₦58,000 loss.
 - ₦139,000 profit.
 - ₦139,000 loss.
7. Aisha owes ₦1,000 to Daniel. She pays 80% of the debt. Daniel wrote off the remaining debt. What entries will Daniel make to write off the bad debt?
- | Account to be debited | Account to be credited |
|-----------------------|------------------------|
| A. Bad debts ₦800 | Aisha ₦800 |
| B. Bad debts ₦200 | Aisha ₦200 |
| C. Aisha ₦800 | Bad debts ₦800 |
| D. Aisha ₦200 | Bad debts ₦200 |
8. Chigozie bought 10 pairs of shoes for ₦3,500 each and sold 6 pairs for ₦6,800 each. He paid ₦4,200 to transport the goods to his shop. What is the gross profit on the sales of the shoes?
- ₦19,800
 - ₦1,600
 - ₦5,800
 - ₦15,600

Use the following information to answer questions 9 and 10.

The members of Progressive Club pay ₦5,000 subscription per annum. At December 31 2016, there were 40 members out of which 5 members had paid 2017 subscription in advance. During 2017, 10 new members were inducted. By December 31 2017, 10 members have paid the 2018 subscription in advance. No subscription is outstanding for the year 2017.

9. How much subscription should be recognized in the Income and Expenditure Account for December 31 2017?
- ₦200,000
 - ₦225,000
 - ₦250,000
 - ₦275,000

10. How much subscription should be recognized in the Receipts and Payments Account for December 31 2017?
- A. ₦200,000
 - B. ₦225,000
 - C. ₦250,000
 - D. ₦275,000

11. The Petty cash book cannot have a credit balance because, ...
- A. it is different from the cash account.
 - B. it is never operated on the imprest system.
 - C. the Petty Cashier cannot handle cheques.
 - D. the Petty Cashier cannot pay out more than he has received.

12. You are given the following information:

Receivables as at 1 January 2013	₦10,000
Receivables as at 31 December 2013	₦9,000

Total receipts during 2013 (including cash sales of ₦5,000) ₦85,000

Total sales during 2013 amount to _____

- A. ₦81,000
 - B. ₦86,000
 - C. ₦79,000
 - D. ₦84,000
13. Which of the following is not contained in a partnership agreement?
- A. Partners' remuneration.
 - B. Managers remuneration.
 - C. Division of profit or loss.
 - D. Capital contribution.
14. Which of the following books is both a subsidiary and a ledger?
- A. Purchases Day Book.
 - B. Sales Day Book.
 - C. Cash Book.
 - D. Sales Return Book.
15. In Partnership, where there is no Partnership Agreement the business _____
- A. profits and losses are shared equally.

- B. salaries are paid to the general partner only.
 - C. profit and losses are shared in a ratio.
 - D. partners do not receive interest on their capital.
16. Tomisin gave his customer a cheque of ₦50,000 in settlement of his debt. When the Bank statement was received it was not reflected this means the cheque is _____
- A. uncredited cheque.
 - B. dishonoured cheque.
 - C. unrepresented cheque.
 - D. direct deposit.
17. Fifty thousand naira (₦50,000) cash taken from the cash till and banked is entered in the cashbook as follows:
- A. Debit cash column ₦50,000 and credit bank column ₦50,000.
 - B. Debit bank column ₦50,000 and credit cash column ₦50,000.
 - C. Debit cash column ₦50,000 and credit cash column ₦50,000.
 - D. Debit bank column ₦50,000 and credit bank column ₦50,000.
18. Cost of goods produced, in a manufacturing setting will equal _____
- A. materials used + factory labour + factory overhead + work in progress (beginning) + work in progress (ending).
 - B. materials used – factory labour + factory overhead + work in progress (beginning) – work in progress (ending).
 - C. materials used + factory labour + factory overhead – work in progress (beginning) – work in progress (ending).
 - D. materials used + factory labour + factory overhead + work in progress (beginning) – work in progress (ending).
19. All of the following are costing techniques **EXCEPT** _____
- A. Contract costing.
 - B. Marginal costing.
 - C. Absorption costing.
 - D. Standard costing.
20. The maximum quantity of material used for production in the maximum lead time represents the _____ of inventory.
- A. average level
 - B. maximum level
 - C. minimum level
 - D. re-order level

21. The capital investment appraisal method that is particular about the length of time to recover the initial investment is known as _____
- A. net present value.
 - B. payback period.
 - C. internal rate of returns.
 - D. accounting rate of returns.
22. If a business is holding a safety stock to act as buffer, and if daily usage accelerates, the reorder level would _____
- A. reduce by the level of safety stock.
 - B. reduce by the level of daily usage.
 - C. increase by the level of safety stock.
 - D. increase by the level of daily usage.
23. A manufacturing company has a fixed cost of ₦45,000 and a contribution to sales ratio of 60%. If the selling price is ₦40, what is the number of units required to make a target profit of ₦58,680?
- A. 4,320 units.
 - B. 1,875 units.
 - C. 1,728 units.
 - D. 4,800 units.
24. What is the present value of ₦20,000 in year 5 if discount factor is 10%?
- A. ₦12,418
 - B. ₦20,000
 - C. ₦75,816
 - D. ₦13,660
25. The opening and closing inventories of SOX Limited were 400units and 500units respectively. The variable production cost per unit and fixed overhead absorption rate are ₦200 and ₦50 respectively. If the selling price per unit is ₦280, the absorption costing profit is _____ the marginal costing profit.
- A. ₦5,000 higher than
 - B. ₦5,000 lower than
 - C. ₦3,000 higher than
 - D. ₦3,000 lower than
26. _____ is the department, location or item of equipment through which a product passes or work is done to facilitate production.

- A. Cost driver
 - B. Cost centre
 - C. Cost department
 - D. Production department
27. In cost accounting, the total of direct labour cost, direct material cost and direct expenses is referred to as _____
- A. factory cost
 - B. total cost.
 - C. prime cost.
 - D. selling cost.
28. A cost that reduces in unit as the level of activity increases and increases in total as the level of activity increases is called _____
- A. mixed cost.
 - B. fixed cost.
 - C. variable cost.
 - D. stepped fixed cost.
29. Halsey premium bonus scheme is calculated as...
- A. $\frac{1}{2} \times \text{Time saved} \times \text{Day Rate}$.
 - B. $\frac{1}{3} \times \text{Time saved} \times \text{Day Rate}$.
 - C. $200\% \times \text{Time saved} \times \text{Day Rate}$.
 - D. $\text{Time taken/Time allowed} \times \text{Time saved} \times \text{Day Rate}$.
30. Cost of resources already acquired and which does not have any effect on the alternative courses of actions to be undertaken is known as _____
- A. capital.
 - B. sunk cost.
 - C. indirect cost.
 - D. relevant cost.
31. Calculate the Internal Rate of Return of a project given the information below:
- | | |
|--------------------------|-----------|
| Net Present Value at 40% | (₹78,000) |
| Net Present Value at 12% | ₹90,000 |
- A. 27%
 - B. 40%
 - C. 26%
 - D. 20%

32. What is the term used in describing a statement where the auditor draws the attention of users of financial statements to a particular issue without the intentions of qualification?
- A. Audit Opinion.
 - B. Exception Report.
 - C. Qualified Opinion.
 - D. Emphasis on the matter.
33. An audit engagement letter is written by a company's _____
- A. auditor to its management.
 - B. management to its auditor.
 - C. management to its shareholders.
 - D. shareholder to its management.
34. Ethical dilemmas occur as a result of _____
- A. fraud.
 - B. misstatements.
 - C. threats.
 - D. duties.
35. _____ is the misconception about what auditors do and what they are expected to do.
- A. Conflict of interest
 - B. Goal congruence
 - C. Expectation gap
 - D. Difference in opinion
36. Management responsibility as to the presentation of financial statements is reemphasized in _____
- A. bank letter.
 - B. comfort letter.
 - C. letter of representation.
 - D. management letter.
37. The auditor is expected to be familiar with rules and regulations guiding the operation of client's business. The document that contains such rules is the _____
- A. Memorandum and Article of Association.
 - B. Company and Allied Matter Acts.
 - C. Corporate Affairs guidelines.
 - D. Company's prospectus.

38. Providing accounting as well as audit services to the same client carries a risk of _____
- A. self-review threat.
 - B. peer review threat.
 - C. review threat.
 - D. subject review.
39. Which organ of government does the Auditor General of your country report to?
- A. The Judiciary.
 - B. The Executive.
 - C. The Accountant General's Office.
 - D. The Legislature.
40. When circumstances involved in an audit is disagreement and the factors involved are material, but not fundamental to the whole financial statement, the auditor is expected to issue a/an _____ report.
- A. subject to opinion
 - B. adverse opinion
 - C. except for opinion
 - D. emphasis of the matter
41. The following are the contents of a permanent working papers, **EXCEPT** _____
- A. letter of representation.
 - B. copies of engagement letters.
 - C. note of significant accounting policies.
 - D. copies of audited financial statement of the previous years.
42. According to section 357 of CAMA 2004 LFN, the auditor is appointed by _____
- A. the management at the annual general meeting.
 - B. the shareholder at the extra ordinary meeting.
 - C. the government with recommendation from the institute of chartered accountant.
 - D. the shareholders at the annual general meeting.
43. Which of the following conforms with the ability to pay and equal sacrifice principle?
- A. Progressive Tax.
 - B. Proportionate Tax.
 - C. Regressive Tax.
 - D. None.

Use the information below to answer questions 44 and 45

Chidi Ciroma Limited commenced business on April 1 2016. The company incurred losses in the first three years of trading. The company's accounting year end is 30 September every year. The following basis periods have been suggested.

- I. April 1 2016 to September 30 2016
- II. April 1 2016 to December 31 2016
- III. April 1 2016 to March 31 2017
- IV. January 1 2017 to December 31 2017

44. Which of the following is a valid basis period for the 2016 year of assessment?
- A. I only.
 - B. II only.
 - C. I and II only.
 - D. I, II and III only.
45. Which of the following is a valid basis period for the 2017 year of assessment?
- A. I and II only.
 - B. I and III only.
 - C. II and III only.
 - D. III and IV only.
46. FIRS means _____
- A. Federal Internal Revenue Service.
 - B. Federal Inland Revenue Service.
 - C. Federal Imports Revenue Service.
 - D. Federal Income Revenue Service.
47. Ultimate year on cessation of business is synonymous with _____
- A. commencement year.
 - B. year of cessation.
 - C. penultimate year.
 - D. pre-penultimate year.
48. The computation of minimum tax for a Nigerian company with a turnover of ₦500,000 or below is _____
- A. 0.25% of the net assets.
 - B. 0.125% of paid-up capital.
 - C. 0.5% of turnover for the year.
 - D. 0.5% of gross profit.
49. Education tax is charged at 2% of _____ profit.

- A. actual
- B. assessable
- C. total
- D. adjusted

50. Lilac Limited, commenced business on 1 October 2015 and has chosen 31 December as its year-end. Which of the following is the correct basis period for assessable profit for the second year of assessment?

- A. 1/10/2015 – 31/12/2015
- B. 1/10/2015 – 30/9/2016
- C. 1/10/2015 – 30/8/2015
- D. 1/1/2016 – 31/12/2016

SECTION B: ESSAY QUESTIONS

Answer FOUR Questions Only; One Question from each Course

ACC 001: BASIC FINANCIAL ACCOUNTING

Question 1

The following transactions by Dabbing Enterprises took place in the month of February 2017.

1. Dabbing started his business with ₦645,500 cash and a motor vehicle with a value of ₦50,000
2. Made a deposit of ₦350,000 cash to the business bank account.
3. Bought goods from Adesopo with a selling price of ₦47,500 and was granted a 6% trade discount by cheque.
4. Withdrew cash of ₦153,000 from the bank for the business use.
5. Bought ₦251,000 worth of goods from Oretuyi on credit and received 12% cash discount.
6. Paid ₦18,000 cash to settle electricity bill for the month.
7. Sold ₦75,500 goods to Orelope on credit. A discount allowed of 10% was granted if payment is made on or before 20th February.
8. Sold goods amounting to ₦478,000 receiving cheque.
9. Withdrew ₦57,800 cash from the business bank account to pay his son's hospital bill.
10. Returned goods amounting to ₦10,200 to Oretuyi.
11. Paid ₦150,000 cash to Oretuyi as part settlement of his debt.
12. Orelope paid ₦25,000 cash and ₦40,000 cheque on 25th February.
13. Paid cash: ₦32,000 salary to the business staff and ₦25,000 salary to himself
14. Dabbing personal dividend received of ₦15,500 was paid into the business bank account
15. Settled his debt to Oretuyi after deducting a 12% cash discount with cheque

You are required to:

- | | |
|--|-------------------|
| (a) Post the transactions into the appropriate ledgers and | (12 Marks) |
| (b) Extract a trial balance. | (3 Marks) |
| Total | (15 Marks) |

Question 2

- (a) Draw up a profit or loss appropriation account for Lekan, Chuks & Hassan for the year ending 31 March 2015 and prepare current account as at that date from the following information:
1. Drawings: Lekan ₦3,500, Chuks ₦11,500 and Hassan ₦8,500

2. Capital account: Lekan ₦30,000, Chuks ₦22,500 and Hassan ₦17,500
3. Current account: Lekan ₦9,000, Chuks ₦4,000 and Hassan ₦3,000
4. Profits to be shared: Lekan 50%, Chuks 30% and Hassan 20%
5. Salaries to be credited: Chuks ₦11,000 and Hassan ₦14,000
6. Interest to be charged on drawings: Lekan ₦600, Chuks ₦450 and Hassan ₦250
7. Net profits ₦92,400
8. Interest to be charged on Capital: Lekan ₦1,800, Chuks ₦1,350 and Hassan ₦1,050

(9 Marks)

- (b) AICO Limited purchased a non-current asset (Motor Vehicle) at the beginning of year 2012 for ₦9,600,000 and applied a depreciation rate of 25% per annum using reducing balance method. The company sold the vehicle for ₦4,500,000 at the beginning of year 2016.

You are required to prepare:

- i. Accumulated depreciation account and **(4 Marks)**
- ii. Asset disposal account **(2 Marks)**

Total (15 Marks)

ACC 002: BASIC COST AND MANAGEMENT ACCOUNTING

Question 3

The following information is provided in relation to the cost structure of a manufacturing company for different levels of production activities

S/N	Cost Items	Level of Production Activities		
		400 Units	900 Units	1,500 units
		₦	₦	₦
1.	Materials	6,000	13,500	22,500
2.	Wages	3,500	7,875	13,125
3.	Selling expenses	7,080	9,680	12,800
4.	Salaries	25,000	25,000	25,000
5.	Electricity	15,300	18,800	23,000
6.	Rent	15,000	15,000	15,000
	TOTAL	71,880	89,855	111,425

You are required to:

- (a) Identify the types of cost behaviour and state the specific amount for each cost item for the various levels of production activities **(10 marks)**
- (b) Calculate the total cost for 700 units and 1,800 units of production activities

(5 marks)

Total (15 Marks)

Question 4

- (a) What is budgeting? **(2 Marks)**
- (b) Give **six** reasons why organisations prepare budgets. **(3 Marks)**
- (c) Zakari and Aishat Ltd possesses the following data:
- | | |
|----------------------------|----------------|
| Cost of raw materials | ₦50 per unit |
| Usage of raw materials | 1,000 units |
| Minimum reorder period | 15 days |
| Maximum reorder period | 25 days |
| Cost of ordering materials | ₦750 per order |
| Carrying costs | 15% per order |

If each year consists of 42 working weeks of 4 days per week, calculate the following:

- i. Reorder level **(2 Marks)**
- ii. Reorder quantity **(2 Marks)**
- iii. Maximum level **(2 Marks)**
- iv. Minimum level **(2 Marks)**
- v. Average level. **(2 Marks)**

Total (15 Marks)

ACC 003: BASIC AUDITING

Question 5

- (a) Outline **FIVE** reasons/advantages of an Auditor's attestation of financial statements. **(5 Marks)**
- (b) With the aid of a table, explain how 'Nature of Circumstances' and 'Degree of Materiality'; determine the opinion expressed by Auditors on the financial statements. **(10 Marks)**

Total (15 Marks)

Question 6

- (a) Auditors must strictly comply with "Rules of professional conduct issued by their Professional bodies as conditions for membership". You are required to mention and explain any **FOUR** fundamental principles of professional code of conduct for accountants. **(12 Marks)**
- (b) Every company shall appoint annually, a person approved by shareholders whose duties shall be to present to the shareholders, a report on the annual Financial Statements of the company. What are the conditions to be met to qualify as an "approved auditor?"

Total: (3 Marks)
(15 Marks)

ACC 004: BASIC PRINCIPLES OF NIGERIAN TAXATION

Question 7

DO GOOD ENTERPRISE has been preparing his accounts to 31 March every year for a long period. In 2008, he decided to make up his account to 30 September each year instead of the 31 March. The following were his adjusted profits.

Period	Amount (₦)
1/4/2006 – 31/3/2007	270000
1/4/2007 – 31/3/2008	360000
1/4/2008 – 30/9/2008	150000
1/10/2008 – 30/9/2009	529000
1/10/2009 – 30/9/2010	375000

Determine the assessable profits on which the relevant authority would assess him?

(15 Marks)

Question 8

- (a) List **FOUR** members of the State Board of Internal Revenue. (4 marks)
- (b) State **THREE** duties of the State Board of Internal Revenue. (3 marks)
- (c) What constitutes a quorum for a meeting of the State Board of Internal Revenue? (2 marks)
- (d) List **SIX** taxes and levies collectible by a State Government. (6 marks)

Total (15 Marks)