NATIONAL OPEN UNIVERSITY OF NIGERIA
PLOT 91, CADASTRAL ZONE, NNAMDI AZIKIWE EXPRESSWAY, JABI, ABUJA
FACULTY OF MANAGEMENT SCIENCES
2025_1 EXAMINATION

COURSE CODE: **ACC 311** **CREDIT UNIT: 3 Units**
COURSE TITLE: **FINANCIAL ACCOUNTING**
TIME ALLOWED: 3 HOURS
Instructions:

1. **Attempt question number one (1) and any other three (3).**
2. **Question number 1 is compulsory and carries 25 marks while the other 3 questions carry 15 marks each. Present all your points in coherent and orderly manner.**

Question 1.
a. Solo Nig. Ltd is a manufacturing firm operating in the consumer goods industry. The company's management is concerned about the company's financial health and performance. They have requested a financial analysis.
Required:
List and explain the 5 classes of financial ratios in financial analysis. **(10 Marks)**

Question 1b.
The account below shows the final account of Solo Nig. Ltd for the year ended 31st December, 2020.
Statement of Profit and loss for the year ended 31st December, 2020.

	₦
Sales	466,000
Cost of goods sold	(340,000)
Gross profit	126,000
Distribution cost	(30,000)
Administrative expenses	(33,600)
Other overhead expenses	(12,400)
Net profit	50,000

Statement of financial position as at 31st December, 2020

	₦	₦		₦	₦
Equity of ₦1 per share		160,000	Non-current assets		222,000
Retained profit		33,800	Currents assets		
		193,800	Inventory	36,200	
Noncurrent liabilities:			Account Receivables	12,000	
Loan		50,000	Cash	13,600	
Current liabilities:			Prepayment	4,000	65,800
Trade payables	28,000				
Accruals	16,000	44,000			
		287,800			287,800

Additional Information:

i. Credit sales amount to 60% of total sales while credit purchases amount to ₦240,000.
ii. Opening balances of the following items are as follows:
Account receivable ₦17,000, Account payable ₦38,400, Inventory ₦44,800

iii Market price per share is N10.40
iv Dividend per share of 30k was paid.

Compute the following:

a) Account Receivable turnover
b) Inventory turnover
c) Quick ratio
d) Cash ratio
e) Debt equity ratio
f) Dividend yield ratio
g) Price earnings ratio

(15 marks)

Question 2.

Murfy Dee Ltd. operates three departments: Electronics, Furniture, and Clothing. The following details are provided for the year ended December 31, 2023:

Sales: Electronics: N400,000; Furniture: N350,000; Clothing: N250,000

Purchases: Electronics: N250,000; Furniture: N200,000; Clothing: N150,000

Opening Stock: Electronics: N50,000; Furniture: N40,000; Clothing: N30,000

Closing Stock: Electronics: N60,000; Furniture: N50,000; Clothing: N20,000

Direct Expenses: Electronics: N20,000; Furniture: N15,000; Clothing: N10,000

Indirect Expenses (Total):

- Rent: N36,000 (Apportioned based on floor area: Electronics 40%, Furniture 35%, Clothing 25%)
- Salaries: N24,000 (Apportioned based on sales)
- Utilities: N12,000 (Apportioned equally among departments)

Required:

a) Prepare the Departmental Trading and Profit & Loss Account for each department for the year ended December 31, 2023. **(12 marks)**

b) Explain the three (3) basis of inter-departmental transfers on which goods and services may be charged by one department to another **(3 marks)**

Question 3

a. Discuss the concept of share capital, distinguishing between ordinary and preference shares.(5 Marks)

b. Explain 5 types of Share Capital (5 Marks)
c. List 5 Methods of Issuing new shares (5 Marks)

(1 Mark x Any 5 = 5 Marks)

Question 4

List and explain five(5) types of partners in partnership. **(15 marks)**

Question 5.

Mozilla Corporation operate a branch at Abuja. All purchases are made by the head office in Lagos and goods are invoiced at selling price, being cost plus 50%. The following information was given for the year ended 30th September 2023.

	₦
Cash sales	98,550
Credit sales	315,000
Goods sent to branch at invoiced price	562,500
Returns to head office at invoiced price	5,625
Stock at close at invoiced price	140,625
Goods stolen at invoiced price	450
Cash stolen at invoiced price	1,350
Allowance off selling price	900

You are required to prepare:

i. Memorandum Branch Stock Account (9 Marks)
ii. Goods sent to branch Account (3 Marks)
iii. Profit or Loss Account (3 Marks)