

FINANCE & ACCOUNT

FOR
Senior Secondary School



Practice Questions and Answers

EDUBASE

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QUESTIONS

TOPIC: CONCEPTS AND CONVENTIONS OF ACCOUNTING

DIRECTION: Choose the correct answers from the lettered options.

1. Which of the following is not an accounting concept?

- A. Entity
- B. Going-concern
- C. Consistency
- D. Historical cost
- E. Dual aspect

2. The accounting concept which allows the use of a particular method for treating a transaction for a reasonable number of years is _____

- A. consistency
- B. cost
- C. accrual
- D. conservatism
- E. prudence

3. The accounting concepts that supports the application of double entry book-keeping is _____

- A. going-concern
- B. historical cost
- C. consistency
- D. prudence
- E. dual aspect

4. "Accountant do not count their chicken before they are hatched," this is the concept of _____

- A. materiality
- B. realisation

- C. materiality
- D. going-concern
- E. prudence

5. Money received from a customer is recorded in the customer's account and bank account; The accounting concept applied is _____

- A. business entity
- B. dual aspect
- C. going-concern
- D. money measurement

6. Which of the following is not an accounting concept?

- A. Entity
- B. Going-concern
- C. Consistency
- D. Historical cost
- E. Dual aspect

7. Which of the following is not an advantage of the cash basis of accounting?

- A. It facilitates the matching concept.
- B. It is simple to operate and easy to understand.
- C. It helps in the comparison of performance.
- D. It is factual.
- E. It helps in the evaluation of actual performance.

8. The amount for which a business is sold is called _____

- A. purchase consideration
- B. premium
- C. capital reserve

- D. goodwill
- E. working capital

9. The going concern concept in accounting emphasises that _____

- A. a business operation has limited life span
- B. every entity is established to make profit
- C. an organisation has to cease operation after executing all available job
- D. a business is seen to exist and continue operations into the foreseeable future
- E. every form of business has an unlimited life span

10. A trader paid ₦15,000 on rent for 15 Months but charged ₦12,000 to the profit and loss account for the year. The ₦3,000 is called_____.

- A. prepayments
- B. prudence
- C. materiality
- D. accruals
- E. going-Concern

11. The accounting concept which assumes that the business will continue to be in existence into the foreseeable future is _____

- A. dual aspect
- B. business entity
- C. accrual
- D. going-concern

12. Which of the accounting concepts places emphasis on the recognition of profit when goods are sold?

- A. Realization
- B. Matching

- C. Going Concern
- D. Entity
- E. Periodicity

13. Which of the accounting concepts/principle separates the owner from the business?

- A. Materiality
- B. Entity
- C. Matching
- D. Consistency
- E. Objectivity

14. The entity concept states that _____.

- A. a company once formed belongs to the owners
- B. a company is separate and distinct from its owners once it is formed
- C. a company is entitled to receive all that is due it
- D. a company's expenses should be matched against its expenditure for the period
- E. the assets of a business entity must be matched against all liabilities for the period

15. Profit are recognised when goods are sold, what concept is this?

- A. Going concern
- B. Realisation
- C. Matching
- D. Periodicity
- E. Objectivity

16. "Financial statement do not disclose all information users need to know about a firm." This is the concept of _____

- A. consistency
- B. money measurement

- C. dual aspect
- D. materiality

17. Which of the following is the basis of accounting in the civil service?

- A. Accrual
- B. Cash
- C. Income
- D. Expenditure
- E. Profit

18. What does the historical cost concept state?

- A. Financial accounting records must be based on facts or cost incurred in the past.
- B. Cost is not used as a basis for the recording of assets and liabilities
- C. That income and expenses must be brought into the accounting period they relate to whether received, paid for or not.
- D. That all cost recorded in the books of account must relate to the current cost
- E. That cost is the basis for income generation

19. Which of the accounting concepts focuses on the monetary value of transaction rather than the discussion relating to the transaction?

- A. Consistency
- B. Objectivity
- C. Conservatism
- D. Money measurement
- E. Realisation

TOPIC: CONTROL ACCOUNTS AND SELF - BALANCING LEDGERS

DIRECTION: Choose the correct answers from the lettered options.

1. One of the advantages of Control Account is that _____
- A. all errors are localized thus reducing delays in balancing accounts.
 - B. all errors are generalized thus reducing delays in balancing accounts.
 - C. book keepers cannot make mistakes.
 - D. all errors are posted into the accounts.
 - E. all cash transactions are posted into the accounts.

Use the information to answer the question.

2.

Sales Ledger Control Account					
1986		=N=	1986		=N=
Jan 1	Balance b/d	1,300	Jan 1	Balance b/d	86
	Sales	7,630		Bank	6,555
	Dishonoured cheques	250		Discounts	345
	Stopped cheques	100		Returns	130
	Balance c/d	92		Purchases ledger	360
		9,372		Balance c/d	1,896
					9,372
Feb. 1	Balance b/d	1,896	Feb 1	Balance b/d	92

The balance of ₦1,896 represents

- (i) The sum required to balance the account.
 - (ii) Amount due to the customers.
 - (iii) Amount due from the customers
- A. i only
 - B. ii only
 - C. iii only

- D. i & ii only
- E. i & iii

3. Which of these does not constitute share holders fund?

- A. Ordinary share capital
- B. Debenture
- C. Retained profit
- D. Share premium
- E. Preference share capital

Use the following information to answer the question

On 1/7/07, a trader owed wages Le 2,000. During the year ended 30/6/08, wages of Le 2,400 were owed and Le 8,000 were paid.

4. The wages of the year ended 30/6/08, is_____

- A. Le 12,400
- B. Le 8,400
- C. Le 8,000
- D. Le 3,600

5. The principal function of a sales ledger control account is to _____

- A. serve as internal check and provide quick information for the preparation of interim financial statements.
- B. serve as external check and provide quick information for the preparation of interim financial statements.
- C. provide quick information for the preparation of customer's statements.
- D. provide information for the control of salesmen's activities.

6. The balance of the sales ledger control account represents _____

- A. total sales
- B. total credit sales
- C. total creditors
- D. total debtors

7. Which of the following is a self-balancing account?

- A. Trading Account
- B. Appropriation Account
- C. Assets Account
- D. Control Account

8. In which ledger is the control account prepared?

- A. Normal ledger
- B. General ledger
- C. Sales ledger
- D. Purchase ledger
- E. None of the above

Use the following information to answer the question

On 1/7/07, a trader owed wages Le 2,000. During the year ended 30/6/08, wages of Le 2,400 were owed and Le 8,000 were paid.

9. Wages recorded in the balance sheet as at 30/6/08 is _____

- A. Le 8,000
- B. Le 6,000
- C. Le 2,400
- D. Le 2,000

Use the information to answer the question.

10.

Sales Ledger Control Account					
1986		=N=	1986		=N=
Jan 1	Balance b/d	1,300	Jan 1	Balance b/d	86
	Sales	7,630		Bank	6,555
	Dishonoured cheques	250		Discounts	345
	Stopped cheques	100		Returns	130
	Balance c/d	92		Purchases ledger	360
		9,372		Balance c/d	1,896
					9,372
Feb. 1	Balance b/d	1,896	Feb 1	Balance b/d	92

The amount of ₦7,630 represents _____

- A. total credit sales.
- B. total of all the debtors of the firms.
- C. the total sales for the month.
- D. cash sales only.
- E. the double entry for the total sales account.

Use the information to answer the question.

11.

Sales Ledger Control Account

1986		=N=	1986		=N=
Jan 1	Balance b/d	1,300	Jan 1	Balance b/d	86
	Sales	7,630		Bank	6,555
	Dishonoured cheques	250		Discounts	345
	Stopped cheques	100		Returns	130
	Balance c/d	92		Purchases ledger	360
		9,372		Balance c/d	1,896
					9,372
Feb. 1	Balance b/d	1,896	Feb 1	Balance b/d	92

The item 'Purchases Ledger ₦360' means

- (i) Cash purchases during the period.
- (ii) Credit purchases during the period.
- (iii) Trade debtors set off against debts on purchases.

- A. i only
- B. ii only
- C. iii only
- D. i & ii only
- E. iil & iii only

12 From which of the following Sources are creditors' control account most likely to be posted?

- A. Supplier's invoices
- B. Cash disbursements journal
- C. Subsidiary debtors ledger
- D. Purchases journal

13. The purchases ledger control account of a company had an opening balance of ₦45,600 and a closing balance of ₦72,600 credit. The company made payments of ₦437,000 to credit suppliers during the period; and had discount received of ₦18,600.

What is the credit purchases made during the period?

- A. ₦509,600
- B. ₦482,600
- C. ₦428,600
- D. ₦418,400

14. What are the entries of posting credit purchases into the Purchases Ledger Control Account?

- A. Debit Purchases Ledger Control Account only
- B. Debit both Purchases Account and Purchases Ledger Control Account
- C. Credit Purchases Account, Debit Purchases Ledger Control Account
- D. Credit both Purchases Ledger Control Account and the Purchases Account
- E. Debit Purchases Account, Credit Purchases Ledger Control Account

15. The powerful instrument of control over both the sales ledger and the clerk whose duty is to post the ledger is the _____

- A. total debtors account.
- B. purchases day book.
- C. sales day book.
- D. cash book.
- E. purchases day book

Use the information to answer the question.

16.

Feb. 1	Credit balances	=N=	40,000
	Debit balances		1,000
Feb. 28	Purchases journal totals		500,000
	Returns outwards journal totals		50,000
	Cheques paid to suppliers		400,000
	Promissory notes sent to suppliers		30,000
	Discount received from suppliers		8,000
	Credit balance in the purchased ledger set off against debit balances in the sales ledger		2,000

Aminu and Sons credit purchases [Extract] as at February 1996. What is the total for the purchases ledger control account?

- A. ₦480,000
- B. ₦490,000
- C. ₦500,000
- D. ₦540,000

17. The principal use of control accounts is to _____

- A. localize errors within the ledgers.
- B. prevent fraud.
- C. increase sales.
- D. record assets and liabilities.

Use the information to answer the question.

18. The balance of ₦92 represents

- (i) Amount necessary to balance the account.
- (ii) Sum due to the customers.
- (iii) Amount due from the customers.

Sales Ledger Control Account

1986		=N=	1986		=N=
Jan 1	Balance b/d	1,300	Jan 1	Balance b/d	86
	Sales	7,630		Bank	6,555
	Dishonoured cheques	250		Discounts	345
	Stopped cheques	100		Returns	130
	Balance c/d	92		Purchases ledger	360
		9,372		Balance c/d	1,896
					9,372
Feb. 1	Balance b/d	1,896	Feb 1	Balance b/d	92

- A. i only
- B. ii only
- C. iii only
- D. i & ii only
- E. i & iii only

19. In which ledger is the control account prepared?

- A. Nominal ledger
- B. General ledger
- C. Sales ledger
- D. Purchases ledger
- E. Trial ledger

20. Which of the following is not a debit entry in the Bought Ledger?

- A. Cash
- B. Discount received
- C. Purchases
- D. Returns outwards
- E. Bills payable

Use the information to answer the question.

21. Aminu and Sons credit purchases [Extract] as at February 1996. What is the balance c/d in the purchases ledger control account?

		=N=
Feb. 1	Credit balances	40,000
	Debit balances	1,000
Feb. 28	Purchases journal totals	500,000
	Returns outwards journal totals	50,000
	Cheques paid to suppliers	400,000
	Promissory notes sent to suppliers	30,000
	Discount recieved from suppliers	8,000
	Credit balance in the purchased ledger set off against debit balances in the sales ledger	2,000

- A. ₦2,000
- B. ₦8,000
- C. ₦400,000
- D. ₦49,000

22. Discount allowed would appear on the _____

- A. debit side of Sales Control Account and the credit side of Purchases Control Account.
- B. debit side of Sales Ledger Control Account only.
- C. debit side of Purchases Ledger Control Account.
- D. credit side of the Sales Ledger Control Account.
- E. credit side of the Purchases Ledger Control Account.

23. The purchases ledger control account is also referred to as _____

- A. total creditors account
- B. total debtors account

- C. cash account
- D. Personal account
- E. real account

Given: Sales Ledger Control Account (Extracts)

24. Determine the sales returns.

	=N=
Balance b/f	10,600
Total cash payments by debtors	32,275
Total credit sales	59,193
Discount received	9,700
Balance c/f	20,751
Discount allowed	2,890

- A. ₦24,577
- B. ₦13,877
- C. ₦7,067
- D. ₦2,890
- E. ₦2,576

25. Suppliers personal accounts are found in the _____

- A. purchases ledger
- B. sales ledger
- C. purchases Account
- D. sales Account
- E. sales Journal

26. Suppliers personal account are found in the _____

- A. purchases ledger

- B. sales Account
- C. purchases Account
- D. sales ledger
- E. sales journal

27. The sum of ₦6,555 described as 'Bank' represents _____

Sales Ledger Control Account

1986	=N=	1986	=N=		
Jan 1	Balance b/d	1,300	Jan 1	Balance b/d	86
	Sales	7,630		Bank	6,555
	Dishonoured cheques	250		Discounts	345
	Stopped cheques	100		Returns	130
	Balance c/d	92		Purchases ledger	360
		9,372		Balance c/d	1,896
					9,372
Feb. 1	Balance b/d	1,896	Feb 1	Balance b/d	92

- A. cash sales for the month, including discounts.
- B. cash sales for the month, excluding discounts.
- C. receipts from trade debtors only.
- D. receipts from all the debtors of the business.
- E. takings from both cash and credit sales.

28. The system of control accounts is utilised to prove _____

- A. the arithmetic accuracy of a particular ledger
- B. the arithmetical accuracy of the book keeping entries in all the books
- C. the arithmetic accuracy of all books of account in an organization.
- D. the viability of an intended business venture
- E. none of the above

the system of control accounts is utilised to prove the arithmetic accuracy of a particular ledger in the same way that a trial balance is used to prove the arithmetical accuracy of the book keeping entries in all the books.

TOPIC: FINAL ACCOUNTS

DIRECTION: Choose the correct answers from the lettered options.

1. _____ represents a reduction in the price of goods given to special classes of customers
 - A. trade discount
 - B. discount on customers
 - C. allowance off price list.
 - D. discount on creditors.
 - E. discount on purchases

2. S. Sule sets aside from his private funds ₦20,000 for business purposes. The ₦20,000 is referred to as _____
 - A. drawings
 - B. capital
 - C. loan
 - D. profit

3. Carriage inwards is shown on the _____
 - A. debit side of the trading account
 - B. credits side of the trading account
 - C. credit side of the profit and loss account
 - D. debit side of the profit and loss account

Use the following information to answer the question

4. What is the amount of the new provision for bad debts if Lagbaja is the debtor?

1/1/06 Debtors	D2,600
1/1/06 Provision for bad debts	D00

31/12/06 Bad debt D00

31/12/08 Sold goods to Lagbaja on credit 5% o debtors

- A. D130
- B. D127
- C. D124
- D. D120

5. Sales was D12,500, total expenses was D2,500 and net profit is 10% of sales. What is the gross profit?

- A. D11,250
- B. D8,750
- C. D3,750
- D. D1,250

6. Opening Stock ₦40,000;

Purchases ₦130,000;

Closing Stock ₦32,000;

Sales ₦180,000

What is cost of goods sold?

- A. ₦170,000
- B. ₦136,000
- C. ₦130,000
- D. N127,000
- E. ₦138,000

7. What is the value of goods available for sale?

	=N=
Stock in hand	4,000
Purchases for resale	5,000
Sales	3,500
Margin	20%

- A. ₦ 4,200
- B. ₦ 9,000
- C. ₦ 8,500
- D. ₦ 5,700
- E. ₦ 5,500

8. A provision is _____

- A. an expense of business to be paid for in cash
- B. an amount for in loss from trading activities
- C. a loss in value of all business assets
- D. an expenses, the amount of which is not certain
- E. an set out of profit for other uses

9. Emi Nwankwe, a trader, had 200 packets of goods valued at ₦50 per packet at the beginning of the year. During the year, he had purchased 500 packets valued at the same rate. If he made a gross profit of ₦10,000 without a closing stock. What is his cost of goods sold?

- A. ₦35,000
- B. ₦40,000
- C. ₦30,000
- D. ₦10,000
- E. ₦25,000

10. Net current asset is _____

- A. current assets less current liabilities
- B. current assets less stock and prepayments
- C. current assets less long term liabilities
- D. current assets less accrued prepayments alone
- E. long term liabilities less current liabilities

11. A machine cost ₦12,000 and has a useful life of 4 years and an expected disposal value of ₦400. Using the straight line method, the annual depreciation is

- A. ₦3,100
- B. ₦3,000
- C. ₦2,900
- D. ₦2,300
- E. ₦2,000

12. Given the following;

Gross profit ₦ 60,000

Cost of goods sold ₦ 15,000

Insurance ₦3,000

Advertising ₦2,000

Return inwards ₦ 5,000

Director's remuneration ₦ 15,000

Required: Calculate Net profit

- A. ₦ 15,000
- B. ₦ 25,000
- C. ₦ 40,000
- D. ₦ 38,000

13. Fixed Assets are those assets that are fixed for a particular period of time

- A. TRUE

B. FALSE

Use the information to answer the question.

14. The following balances were extracted from the books of XYZ Co. Ltd. What is the current ratio?

	=N=
Goodwill	20,000
Other Fixed Assets	400,000
Stock	10,000
Debtors	30,000
Provision for bad debts	5,000
Bank balance	10,000
Subdry Creditors	25,000
Accrued expenses	5,000
Bills payable	2,000
Provision for depreciation	90,000

- A. 2 : 1
- B. 1.8 : 1
- C. 1.4 : 1
- D. 1.3 : 1
- E. 1.2 : 1

15. Assets are shown at cost

- A. TRUE
- B. FALSE

16. The gross profit of a business is _____

- A. excess of sales over all the trading expenses
- B. difference between sales and purchases
- C. excess of sales over cost of goods sold
- D. difference between discount received and discount allowed
- E. excess of purchases over excess of net profit

Use the information to answer the question.

17. A machine cost ₦12,000 and has a useful life of 4 years and an expected disposal value of ₦400. Using the reducing balance method, what will be the depreciation charge for year 2 at 20% (ignore residual value)?

- A. ₦3,000
- B. ₦2,900
- C. ₦2,400
- D. ₦1,920
- E. ₦1,536

18. Which of the following does not belong to the trading, profit and loss account?

- A. Dividend received
- B. Prepaid rates
- C. Accrued rates
- D. Interest on loan
- E. Loan from United Bank for Africa

The correct answer is option [E]

19. A difference between the debit and credit total in a Trial Balance is placed in _____

- A. bank reconciliation statement
- B. profit and loss account
- C. suspense account
- D. appropriation account

Use the following information to answer the question

Jan 1#

1/1/08 Capital introduction by cash	50,000
2/1/08 Bought goods for retail by cash	10,000
3/1/08 Bought fixtures by cash	5,000

4/1/08 Sold goods to Lagbaja on credit	3,000
5/1/08 Bought on credit from Tamedu	8,000

20. Balance in Purchases Account at 5/1/08 is _____

- A. ₦ 23,000
- B. ₦ 18,000
- C. ₦ 10,000
- D. ₦ 8,000

21. _____ is the temporary reserve which can be used to pay dividend in the future

- A. Equity
- B. revenue reserve
- C. Working capital
- D. Capital employed

22. The reserve which is kept on long term is known as _____

- A. capital employed
- B. shares
- C. loan reserve
- D. capital reserve

23. Opening stock + Purchases + Carriage inwards is equal to _____

- A. total sales.
- B. cost of goods sold.
- C. gross profit.
- D. cost of goods available for sale.
- E. net profit.

Use the information to answer the question: manufacturing cost of finished goods N75,000; selling and distribution expenses N5,000; mark-up 25%.

24. Sales value for the year is _____

- A. ₦93,750
- B. ₦56,250
- C. ₦18,750
- D. ₦17500
- E. ₦13,750

25. When a buyer returns damaged goods to the seller, the buyer receives a _____

- A. proforma invoice
- B. credit note
- C. debit note
- D. consignment note
- E. goods return note

Use the information to answer the question: Manufacturing Cost of Finished goods N75,000; Selling and Distribution expenses N5,000; Mark-up 25%.

26. Gross profit for the year is _____

- A. ₦93,750
- B. ₦56,250
- C. ₦18,750
- D. ₦17,500
- E. ₦13,750

27. The net profit or loss for the year is determined in profit and loss account after _____

- A. deducting purchases from sales.
- B. deducting cost of goods sold from sales adding administrative expenses.
- C. adding commissions recorded to gross profit.
- D. eliminating all expenses from gross profit and adding any other income.

28. The debit (Dr) side of the Balance sheet has the following

- (i) Intangible Assets
- (ii) Authorised share capital
- (iii) Revenue reserved
- (iv) All of the above

- A. (i), (ii) and (iii)
- B. (ii) and (iii) only
- C. (i) and (iii) only
- D. (iv) only

29. Assets are shown at cost _____

- A. TRUE
- B. FALSE

30. The heading of a balance sheet statement must include as at year ended 31 Dec _____

- A. False
- B. True

31. Purchases in Accounting refers to goods bought for _____

- A. repairs.
- B. owner's use.
- C. resale.
- D. decorating offices.
- E. permanent use.

Use the information extracted from TOM's book to answer the question.

32. Calculate the percentage of net profit in sales.

	=N=
Stock at 1st Jan., 1901	6,500
" " 31st Dec., "	5,500
Creditors 1st Jan., "	4,000
" 31st Dec., "	5,000
Cash paid for goods during the year	20,000
Gross Profit - 25% on cost	
Admin. & Selling expenses	2,750

- A. 25%
- B. 22%
- C. 21%
- D. 20%
- E. 12%

33. Accounting equation is _____

- A. Assets = Liability + Capital
- B. Assets = Income + Revenue
- C. Assets = Liability - Capital
- D. Assets = Income - Expenses
- E. Assets = Expenses + Income

34. Which is the correct descending order for current assets?

- A. Stock, debtor, bank, cash
- B. Cash, bank, debtors, stock
- C. Debtors, stock, bank, cash
- D. stock, debtors, cash, bank

35. _____ is the total assets less the current liabilities

- A. Capital employed
- B. Loan capital
- C. Capital reserve
- D. Working capital

36. The cost of goods sold is ₦32,000; the gross profit is 25% on cost. What is the value of sales?

- A. ₦42,500
- B. ₦40,500
- C. ₦40,000
- D. ₦38,000
- E. ₦32,000

37. Which of the following does not belong to the group?

- A. discount allowed
- B. salaries and wages
- C. sundry expenses
- D. rates and rents
- E. return inwards

38. _____ is the temporary reserve which can be used to pay dividend in the future.

- A. Equity
- B. Capital reserve
- C. Revenue reserve
- D. Capital employed

39. Which of the following does not belong to the group?

- A. Straight line
- B. Insurance policy
- C. Diminishing balance
- D. Reducing balance
- E. Accumulated depreciation

40. Which of these best describe the rate of turnover?

- A. Cost of goods sold/Average stock
- B. Average stock/Cost of sales
- C. Opening stock+closing stock/2
- D. Gross profit + sales x 100
- E. Cost of goods sold/2(Average stock)

The correct answer is option [A]

41. Yinka bought goods worth ₦800.00 and sold at a margin of 20% on selling price. How much did she sell the goods?

- A. ₦1,000
- B. ₦960
- C. ₦933
- D. ₦820

42. Which of the following may cause depreciation?

- (i) Wear & tear.
- (ii) Obsolescence & passage of time.
- (iii) Fluctuation in prices

- A. i, ii & iii
- B. i & ii only
- C. i & iii only
- D. ii & iii only

E. iii only

43. Income received in advance is shown in the balance sheet as _____

- A. current assets
- B. intangible assets
- C. tangible
- D. long term liability
- E. current liability

The correct answer is option[E]

44. The result of adding opening stock + purchases + wages in the trading profit loss account of a company is _____

- A. closing stock
- B. cost of sales
- C. cost of good sold
- D. prime cost
- E. cost of goods available for sale

Use the following information to answer the question

45. Accumulated depreciation on the asset as at 31/12/81 was _____

MACHINERY	
Historical Cost	=N= 5,000,000
Estimated Useful Life	20 years
Residual Value	=N= 25,000
Date of acquisition	1/1/71
Depreciation Method	Straight line

A. ₦ 2,487,500

- B. ₦ 2,736,250
- C. ₦ 2,238,750
- D. ₦ 2,263,750

46. Which of these best defines working capital?

- A. The amount of money borrowed to run a business
- B. The value of current assets available in the period
- C. The amount available to meet the day to day running of the business
- D. The amount available to settle creditors
- E. The value of the company's total assets

47. An article costs ₦1,800 and is sold at a profit of 20% . What is the selling price?

- A. ₦ 2,250
- B. ₦ 2,160
- C. ₦ 1,800
- D. ₦ 1,440

48. If a bad debt previously written off is subsequently repaid, the amount collected is recorded as an _____

- A. income in the profit and loss account.
- B. income in the balance sheet.
- C. additional cash in the balance sheet.
- D. expenditure in the profit and loss account.

49. Given the following

Fixed Assets ₦30,000

Current Assets ₦20,000

Current liabilities ₦15,500

Longterm liabilities ₦15,000

Required: Compute working capital

- A. ₦20,000
- B. ₦ 15,000
- C. ₦ 10,000
- D. ₦4,500

50. The total debtors account of a trading concern is ₦ 13,000. Out of this 2% is irrecoverable. 5% of the balance is not likely to be collected.

What is the provision for doubtful debts?

- A. ₦ 910
- B. ₦897
- C. ₦ 637
- D. ₦ 260

Use the information to answer the question.

51. The following balances were extracted from the books of XYZ Co. Ltd. What is the working capital?

	=N=
Goodwill	20,000
Other Fixed Assets	400,000
Stock	10,000
Debtors	30,000
Provision for bad debts	5,000
Bank balance	10,000
Subdry Creditors	25,000
Accrued expenses	5,000
Bills payable	2,000
Provision for depreciation	90,000

- A. ₦45,000
- B. ₦32,000
- C. ₦25,000
- D. ₦18,000

E. ₦13,000

The correct answer is option [E].

52. The heading of a balance sheet statement must include as at

A. TRUE

B. FALSE

53. The cost of goods sold is ₦32,000. The gross profit is 25% on cost. Returns inwards amount to ₦2000. What is the value of sales?

A. ₦42,500

B. ₦40,500

C. ₦40,000

D. ₦38,000

E. ₦32,000

Use the information extracted from TOM's book to answer the question.

54. What is the purchases for the year?

	=N=
Stock at 1st Jan., 1901	6,500
" " 31st Dec., "	5,500
Creditors 1st Jan., "	4,000
" 31st Dec., "	5,000
Cash paid for goods during the year	20,000
Gross Profit - 25% on cost	
Admin. & Selling expenses	2,750

A. ₦20,000

B. ₦21,000

C. ₦22,000

D. ₦24,000

E. ₦25,000

55. Which of the following is not found in a trial balance?

- A. Opening stock
- B. Closing stock
- C. Capital
- D. Rent paid

56 Use the information extracted from TOM's book to answer the question.

. What is the amount charged in the Profit and Loss Account?

	=N=
Stock at 1st Jan., 1901	6,500
" " 31st Dec., "	5,500
Creditors 1st Jan., "	4,000
" 31st Dec., "	5,000
Cash paid for goods during the year	20,000
Gross Profit - 25% on cost	
Admin. & Selling expenses	2,750

- A. ₦6,500
- B. ₦5,500
- C. ₦5,000
- D. ₦4,000
- E. ₦2,750

57. Which of the following statements is NOT correct?

- A. Sales less cost of good sold is equal to gross profit
- B. Profit increases capital
- C. Losses reduces capital
- D. Drawings reduces capital
- E. Drawings increases capital

The correct answer is option [E]

58. The accounting principle that state that insignificant expenditures are not to be taken into account _____

- A. realization concept
- B. materiality convention
- C. marching concept
- D. consistency convention

59. A trial balance is prepared to _____

- A. detect fraud
- B. ascertain losses in a trading period
- C. determine opening capital
- D. test arithmetical accuracy of ledger entries

60. What is Mark-up?

- A. Gross profit expressed as a percentage of sales
- B. Gross profit expressed as a percentage of cost of sales
- C. Net profit expressed as a sales
- D. Steps taken to increase your gross profit
- E. Measures taken to increase your net profit

61. Opening Stock ₦40,000;

Purchases ₦130,000;

Closing Stock ₦32,000;

Sales ₦180,000.

What is the Gross Profit?

- A. ₦58,000
- B. ₦50,000

- C. ₦42,000
- D. ₦10,000
- E. ₦57,000

62. ____ and ____ are the two types of goodwill

- A. Tangible and intangible goodwill
- B. Invisible and invisible goodwill
- C. Positive and negative goodwill
- D. Positive and negative patent

63. _____ is not a fixed asset

- A. Motor vehicle
- B. Land
- C. Building
- D. Goodwill

64. Which of the accounts of a company shows the financial position of the accounting entity on a specific date?

- A. Balance sheet
- B. Cash flow statement
- C. Value added statement
- D. Profit and loss account
- E. Trial balance

Use the information to answer the question

65. A machine cost ₦12,000 and has a useful life of 4 years and an expected disposal value of ₦400. Using the reducing balance method, what is the net book value at the end of year 2 (ignore residual value)?

- A. ₦10,480
- B. ₦10,080
- C. ₦9,680
- D. ₦9,600
- E. ₦7,680

Use the following information to answer the question

1/1/06 Debtors	D2,600
1/1/06 Provision for bad debts	DOO
31/12/06 Bad debt	DOO
31/12/8 Sold goods to Lagbaja on credit	5% on debtors

66. The provision for bad debts in the profit and loss account is

- A. D187
- B. D127
- C. D67
- D. DO

67. The term bad debt is used to describe _____.

- A. an over charge on a debtor's account
- B. a debit owed by a former employee
- C. a debit that is long over due
- D. a debit that will be paid in future

E. a debit that cannot be recovered

Use the following information to answer the question

Jan 1#

1/1/08 Capital introduction by cash	50,000
2/1/08 Bought goods for retail by cash	10,000
3/1/08 Bought fixtures by cash	5,000
4/1/08 Sold goods to Lagbaja on credit	3,000
5/1/08 Bought on credit from Tamedu	8,000

68. Cash balance at 5/1/08 is _____

- A. ₦ 50,000
- B. ₦ 40,000
- C. ₦ 35,000
- D. ₦ 30,000

69. Which of the following statement is NOT valid?

- A. Provision to bad debt is deducted from total debtor in the balance sheet
- B. An increase in the provision for bad debt appears on the credit side of the profit and loss account and on the balance sheet
- C. A decrease in the provision for bad debt appears on the credit side of profit and loss account
- D. The bad debt account is closed to the debit side of the profit and loss account
- E. Bad debt is deducted from total debtors after making provision for bad and doubtful debts

70. The purpose of trading account is to ascertain _____

- A. carriage outwards.
- B. gross profit.
- C. distribution expenses.

D. net profit.

71. Calculate the adjusted salaries and wages to be posted to profit and loss account given the following:

salaries & wages ₦6,000

Accrued salary of supervisor for 3 months ₦1,500

- A. ₦7,500
- B. ₦ 4,500
- C. ₦ 6,000
- D. ₦1,500

72. What is the gross profit for the year?

Use the information extracted from TOM's book to answer the question.

	=N=
Stock at 1st Jan., 1901	6,500
" " 31st Dec., "	5,500
Creditors 1st Jan., "	4,000
" 31st Dec., "	5,000
Cash paid for goods during the year	20,000
Gross Profit - 25% on cost	
Admin. & Selling expenses	2,750

- A. ₦6,625
- B. ₦6,250
- C. ₦6,000
- D. ₦5,250
- E. ₦5,000

73. An expense is termed an 'accrual' because it _____

- A. is yet to be paid for
- B. is a profit and loss account item

- C. must appear in the balance sheet
- D. is a trading account item

74. Which of the following option is the best definition of balance sheet?

- A. A financial listing that summerises a company's assets,creditors and debtors at a specific point in time.
- B. A list of assets and liabilities of a company that shows the profit of a company at a specific point in time
- C. A financial statement that summarizes a company's assets, liabilities and shareholders' equity at a specific point in time.
- D. A listing of drawings

75. Working capital = current assets - current liabilities

- A. TRUE
- B. FALSE

76. A balance sheet is a _____

- A. form of trading account.
- B. proof of arithmetical accuracy of postings.
- C. statement showing profits at a certain date.
- D. statement showing assets and liabilities at a certain date.

77. Which of the following does not appear in a bank statement?

- A. Dividend received
- B. Bank charges
- C. Uncredited cheque
- D. Cheques presented and cashed

78. Which of the following is the least liquid?

- A. Stock

- B. Debtors
- C. Bills receivable
- D. Prepayments

79. The following are the final account financial statement of a company EXCEPT _____

- A. Journals
- B. Balance sheet
- C. Notes on the accounts
- D. Profit and loss account

80. An expense becomes an accrual because it _____

- A. is due for payment
- B. is a profit and loss account item
- C. is a trading account item
- D. is to be paid within the next one year
- E. must appear in the balance sheet

81. Trial balance can be constructed by two means namely _____ and _____

- A. total and brought down
- B. carried and balances
- C. brought down and carried down
- D. balance and brought down
- E. total and balances

82. The final account of a sole trader is divided into _____ and _____ account

- A. profit and loss
- B. trading, profit and loss and balance sheet
- C. profit and trading
- D. loss and trading

E. None of the above

Use the information in the creditors ledger to answer the question.

83. What is the value of purchases?

Balance brought forward	=N= 500Cr
Amount paid to suppliers	1,200
Returns outwards	150
Balance carried forward	650Cr

A. ₦2,000

B. ₦1,700

C. ₦200

D. ₦9,000

E. ₦1,500

The correct answer is option [E].

84. The excess of current assets over liabilities is _____

A. fixed capital.

B. registered capital

C. nominal capital.

D. paid-up capital.

E. working capital.

The correct answer is option [E].

85. Which of the following transactions will increase the working capital of a business?

A. Payment in cash to a creditor

B. Payment by cheque to a creditor

C. Sale of fixed asset in cash

D. Cash received from debtors

86. In the preparation of bank reconciliation statement uncredited cheques are _____

- A. added to the balance as per bank statement
- B. deducted from the balance as per bank statement
- C. added to the balance as per cash book
- D. ignored totally

87. A service which a firm has enjoyed, but which has not yet been paid for is _____

- A. accrued expense
- B. preliminary expense
- C. prepaid expense
- D. overhead expense

88. If stock is ₦ 200 at start and ₦320 at close. Purchases ₦ 2,055 and Sales ₦3,186. Find the cost of goods sold.

- A. ₦3,186
- B. ₦ 2,866
- C. ₦2,255
- D. ₦2,175
- E. ₦1,935

The correct answer is option [E].

Use the table to answer the question.

89. The book value of the asset as at 31/12/86 was _____

MACHINERY

Historical Cost	=N= 5,000,000
Estimated Useful Life	20 years
Residual Value	=N= 25,000
Date of acquisition	1/1/71
Depreciation Method	Straight line

- A. ₦ 1,200,250
- B. ₦ 21,517,500
- C. ₦1,268,750
- D. ₦1,020,000

Use the following information to answer the question

Jan 1#

1/1/08 Capital introduction by cash	50,000
2/1/08 Bought goods for retail by cash	10,000
3/1/08 Bought fixtures by cash	5,000
4/1/08 Sold goods to Lagbaja on credit	3,000
5/1/08 Bought on credit from Tamedu	8,000

90. Cash balance in the Capital Account at 5/1/08 is _____

- A. ₦ 60,000
- B. ₦ 40,000
- C. ₦ 35,000
- D. ₦ 5,000

91. Bad debts written off is shown below as _____

- A. debit in the sales ledger

- B. debit in the purchase ledger
- C. credit in the sales ledger
- D. credit in the purchases ledger

92. Blessing Okoro, a trader, had 200 packets of goods valued at N50 per packet at the beginning of the year. During the year, he had purchased 500 packets valued at the same rate. If he made a gross profit of N10,000 without a closing stock. What is his sales value?

- A. N35,000
- B. N45,000
- C. N25,000
- D. N20,000
- E. N55,000

93. Sales less cost of goods sold is equal to _____

- A. Net profit
- B. Goods available for sale
- C. Gross profit
- D. Return inwards

94. The trial balance is that in which the _____

- A. total amount on the debit side is equal to the total amount on the credit side
- B. total amount on the debit side is less than the total amount on the credit side
- C. the total amount on the credit side is different from the total amount on the debit side
- D. None of the above
- E. All of the above

95. A business when established becomes separated from its owners. Which of the accounting concepts explains this?

- A. Accrual
- B. Entity

- C. Matching
- D. Consistency
- E. Business separation concept

96. Why are adjustments in the profit and loss account necessary?

- A. To cover some expenses of the following year.
- B. To ascertain the actual expenses incurred & income earned during the year.
- C. To show the provisions made during the year.
- D. To show the total expenses paid and income record in the previous year.

97. The balance of profit and Loss Account of a limited company is added or deducted from the company's capital

- A. TRUE
- B. FALSE

98. What is the value of closing stock, if average stock is ₦2,540 and opening stock is ₦2,950

- A. ₦5,080
- B. ₦410
- C. ₦5,490
- D. ₦2,130
- E. ₦2,950

99. Given the following

Fixed Assets ₦30,000

Current Assets ₦20,000

Current liabilities ₦15,500

Longterm liabilities ₦10,800

Required: Compute capital employed

- A. ₦ 34,500
- B. ₦ 30,000
- C. ₦ 60,000
- D. ₦ 45,000

100. Carriage outwards is accounting term for amount spent on _____.

- A. goods purchased
- B. goods sold
- C. excess stock
- D. good for production
- E. goods returned to stock

101. The following are examples of current liabilities EXCEPT _____

- A. Trade debtors
- B. Trade creditors
- C. Bank loan
- D. Proposed dividend

102. Subscriptions in arrears is treated in the balance sheet of a club as _____

- A. current liability
- B. intangible asset
- C. fictitious asset
- D. current asset
- E. fixed asset

103. Mr Paul recorded sales of ₦25,000 for the first quarter of his trading year. If his margin is 20%, what is his cost of sales?

- A. ₦50, 000

- B. ₦62,000
- C. ₦200,000
- D. ₦120,000
- E. ₦112,500

104. What is the accounting term used to describe the excess of current assets over current liabilities?

- A. Share capital
- B. Net current asset
- C. Subscribed capital
- D. Reserve capital
- E. Loan capital

105. Which of the following is not a liability?

- A. Accrued wages
- B. Creditor
- C. Prepayment
- D. Insurance due
- E. Rent Arrears

106. Net profit is calculated in the _____

- A. trading account
- B. profit and loss account
- C. trial balance
- D. balance sheet

107. The basic accounting equation is _____

- A. $\text{assets} = \text{liabilities} - \text{capital}$
- B. $\text{capital} = \text{assets} + \text{liabilities}$

- C. assets = equity + liability
- D. equity = fixed assets + current liabilities
- E. liabilities = capital + assets

108. Rent receivable is a _____

- A. current asset
- B. current liability
- C. contingent liability
- D. fictitious assets
- E. provision

109. The two types of investments are quoted and unquoted

- A. TRUE
- B. FALSE

Use the information extracted from TOM's book to answer the question.

110. What is the turnover for the year?

- A. ₦27,500

	=N=
Stock at 1st Jan., 1901	6,500
" " 31st Dec., "	5,500
Creditors 1st Jan., "	4,000
" 31st Dec., "	5,000
Cash paid for goods during the year	20,000
Gross Profit - 25% on cost	
Admin. & Selling expenses	2,750

- B. ₦28,250
- C. ₦25,500
- D. ₦24,500

E. ₦22,000

Use the information extracted from TOM's book to answer the question.

111. What is the stock turn-over rate?

	=N=
Stock at 1st Jan., 1901	6,500
" " 31st Dec., "	5,500
Creditors 1st Jan., "	4,000
" 31st Dec., "	5,000
Cash paid for goods during the year	20,000
Gross Profit - 25% on cost	
Admin. & Selling expenses	2,750

- A. 3 times
- B. 3.3 times
- C. 3.5 times
- D. 3.7 times
- E. 4 times

112. Gross profit less expenses is equal to _____

- A. net profit
- B. cost goods available for sales
- C. cost of goods available for sale
- D. net profit after tax
- E. operating expenses

Use this information to answer the question

Abu, a debtor to Dania, owed ₦ 10,500 at the start of the month. he paid cash of ₦ 40,005 during the month and received additional credit sales of ₦ 20,000.

116. Abu's balance at the end of the month is _____

- A. ₦ 30,505 cr

- B. € 9,505 cr
- C. € 9,505 dr
- D. € 30,500 dr

113. The term 'bad debts' means debts _____

- A. recorded in wrong accounts.
- B. owned by an employee.
- C. paid with fake currency.
- D. that cannot be collected.
- E. owned by a supplier.

114. Which of the following is an intangible assets?

- A. Goodwill
- B. Furniture and fittings
- C. Cash in hand
- D. Proprietors capital
- E. Fixed deposits

115. Sales less cost of goods sold is _____

- A. margin profit
- B. purchases profit
- C. net profit
- D. sales profit
- E. gross profit

116. Which of the following is added to the proprietor's capital?

- A. Net profit
- B. Gross profit

- C. Net sales
- D. Gross sales

117. Prepayment is treated in the balance sheet of a firm as a_____

- A. fixed asset
- B. long-term liability
- C. current asset
- D. current liability

Use the information to answer the question.

118. The following balances were extracted from the books of XYZ Co. Ltd. What is the net asset?

	=N=
Goodwill	20,000
Other Fixed Assets	400,000
Stock	10,000
Debtors	30,000
Provision for bad debts	5,000
Bank balance	10,000
Subdry Creditors	25,000
Accrued expenses	5,000
Bills payable	2,000
Provision for depreciation	90,000

- A. ₦ 465,000
- B. ₦ 433,000
- C. ₦ 375,000
- D. ₦ 348,000
- E. ₦ 343,000

The correct answer is option [E].

119. Given: Motor van ₦ 3,600, Premises ₦ 5,000, Loan from

R. Nwaeke ₦1,000, Cash at bank ₦ 1,650, Stock of goods

₦ 4,800, Creditors ₦2,560, Cash in hand ₦ 250 and Debtors ₦6,910. Calculate the capital figure.

- A. ₦19,650
- B. ₦ 18,650
- C. ₦ 17,850
- D. ₦ 16,850

120. Trial Balance is the _____

- A. narration of all transactions and accounts.
- B. debit balances of the accounts.
- C. list of all balances extracted from the ledger.
- D. list of all credit balances in the ledger.

121. Issued shared capital, revenue and capital reserves make up _____ of a company

- A. bonus issue
- B. revenue reserve
- C. loan capital
- D. equity

Use the information in the extract to answer the question.

122. What is the cost of goods sold?

Given:

	=N=
Purchases	20,000
Sales	40,000
Carriage inwards	5,000
Carriage outwards	5,000
Opening stock	10,000
Closing stock	5,000

- A. ₦30,000
- B. ₦25,000

- C. ₦20,000
- D. ₦15,000
- E. ₦12,575

Use the information to answer the question.

123. A machine cost ₦12,000 and has a useful life of 4 years and an expected disposal value of ₦400. The accumulated depreciation at the end of year 3 using the straight line method is _____

- A. ₦9,300
- B. ₦9,000
- C. ₦8,700
- D. ₦6,900
- E. ₦6,000

124. A Suspense Account is used to _____

- A. correct errors
- B. record differences detected until corrected
- C. prepare the balance sheet
- D. extract the trial balance

125. In the balance sheet, the balance on the Provision for Depreciation Account is show as _____

- A. addition to fixed assets
- B. deduction from fixed assets
- C. addition to capital
- D. deduction from current liabilities

126. Outstanding rent of ₦300 is paid by the proprietor. The effect on the balance sheet is that _____

- A. both the liability and asset are increased.
- B. both the liability and asset are decreased.

- C. liability is increased while the asset is decreased.
- D. liability is decreased while the asset is increased.
- E. both liability and asset remain unchanged.

127. _____ is total assets less current liabilities.

- A. Capital employed
- B. Loan capital
- C. Capital reserve
- D. working capital

128. _____ account shows the performance of an organisation during a given year period

- A. Revaluation account
- B. Trading account
- C. Trading and profit and loss account
- D. Profit and loss account
- E. Balance Sheet

TOPIC: INTRODUCTION TO ACCOUNTING

DIRECTION: Choose the correct answers from the lettered options.

1. An effective accounting system should provide information _____
 - A. on new products and methods in an organisation.
 - B. for customer feedback and requirement.
 - C. on internal and external financial reporting for managers and third parties.
 - D. for promoters, directors, labor unions and distributors.

2. Creditors use accounting information for the purpose of _____
 - A. planning sales of a company.
 - B. controlling a company's affairs.
 - C. investing in a company.
 - D. accessing a company's liquidity.

3. The main objective of book-keeping is to record _____
 - A. transactions systematically for routine managerial decision-making.
 - B. events clearly to ensure adequate checks and balances.
 - C. events clearly to facilitate strategic managerial decision-making.
 - D. transactions systematically to ascertain the financial position of a business.

4. Which of the following factors has aided the development of Accounting?
 - A. The emergence of nation states
 - B. The discovery of mineral resources in commercial quantity
 - C. The growth in size of businesses and the separation of ownership and management
 - D. The development and management of a sophisticated monetary system.

5. The most important reason for studying Accounting is that _____
 - A. the information provided is useful in making decisions.

- B. accounting plays an important role in a society.
- C. the study of accounting leads to a challenging career.
- D. accounting provides gross profit information.

6. Accounting information is used by investors and creditors of a company to predict _____

- A. future cash flows of the company.
- B. future tax payments of the company.
- C. potential merger candidates for the company.
- D. appropriate remuneration's for the company's staff.

7. The basis of accounting which eliminates debtors and creditors is _____

- A. cash
- B. accrual
- C. fund
- D. commitment
- E. modified accrual

8. The need for changes in accounting theory in Nigeria was influenced by the _____

- A. dynamics of commercialization and privatization policies.
- B. growth in size of business units.
- C. introduction of the Structural Adjustment Programme.
- D. inconvertibility of the nation's currency.

9. Cost accounting entails the provision of information _____

- A. for investment purposes.
- B. for decision making.
- C. to shareholders.
- D. to stockholders.

10. In Nigeria, the Accounting profession is regulated by _____

- A. ICAN
- B. SEC
- C. CBN
- D. NSE

11. Which of the following is not an external user of accounting information?

- A. Management
- B. Creditors
- C. Shareholders
- D. Government

12. The basic role of accounting is _____.

- A. to detect fraud.
- B. to provide information for decision making.
- C. to prevent fraud
- D. to protect shareholders interest
- E. None of the above

13. In preparing accounting records, the owners of a business and the business are treated as _____

- A. the same person.
- B. having business relationship.
- C. separate legal entities.
- D. partners.

14. The main objective of accounting report is to provide information about _____

- A. a company's shareholding.
- B. an entity's management.
- C. the efficacy of assets.

D. a company's financial resources.

15. The term "accounting period" is used to refer to the _____

- A. time span during which taxes are paid to the Inland Revenue Board
- B. budget period, usually a year, relied on by the accountant
- C. time span, usually one year, covered by financial statements
- D. period within which debtors are expected to settle accounts.

TOPIC: PRINCIPLES AND PRACTICE OF DOUBLE ENTRY

DIRECTION: Choose the correct answers from the lettered options.

1. Use the information to answer the question; Emeka ventures bought goods in cash; paid rent for office premises and sold goods on credit to Chief Ozioma.

How many transaction took place from the above statement?

- A. One
- B. Two
- C. Three
- D. Four
- E. Five

2. When preparing a bank reconciliation statement, which of the following is deducted from the balance per bank statement?

- A. Bank charges
- B. Uncleared cheques
- C. Returned cheques
- D. Unpresented cheques

3. The most convenient cash book used by a petty trader operating in an area where there is no banking facility is _____.

- A. four column.
- B. three column.
- C. single column.
- D. two column.

4. Use the information to answer the question; Emeka ventures bought goods in cash; paid rent for office premises and sold goods on credit to Chief Ozioma.

When the business paid rent for its premises, what two accounts were involved?

- A. Cash and rent account
- B. Cash and office premises account
- C. Rent and office premises account
- D. Office premises and rent account
- E. Rent and bank account

5. Patent and trade mark are classified as _____assets

- A. intangible
- B. current
- C. fixed
- D. wasting
- E. gross

6. If opening creditors was ₦65,000; Closing creditors was ₦41,000. Credit purchases was ₦200,000 and Discount received was ₦3,000. How much was paid to creditors?

- A. ₦262,000
- B. ₦224,000
- C. ₦221,000
- D. ₦176,000
- E. ₦220,000

7. Is petty cash book included in the trial balance?

- A. true
- B. false

8. Which of the following concepts stipulates that accounting profit is the difference between revenue and expenses?

- A. Accrual Concept

- B. Conservation Concept
- C. Prudence Concept
- D. Materiality Concept

9. Which of the following accounting records are source documents?

- A. Journals & ledgers.
- B. Sales invoice & cash book.
- C. Cash book and debit note.
- D. Sales invoice & debit note.
- E. All of the above

10. Mr. Sun established a business and invested ₦10,000 in cash, what two accounts are involved?

- A. Cash/Sun
- B. Sun/Capital
- C. Capital/Company
- D. Capital/Cash
- E. Cash/Company

11. A sale of goods to Audu was not posted. This is an error of _____

- A. omission.
- B. compensation.
- C. commission.
- D. principle.

12. Which of the following are on the bank statement before reconciliation?

- (i) Standing order
- (ii) Payment to an employee
- (iii) Receipt from a debtor
- (iv) Uncredited cheques

(v) Unpresented cheques.

- A. i & v only
- B. i & ii only
- C. i & iii only
- D. i & iv only
- E. i, iv & v only

13. A company purchased motor vehicle for the business for ₦5,000 and paid cash. Which account should be debited?

- A. Cash
- B. Company
- C. Motor vehicle
- D. Purchases
- E. Sales

14. Which of the following is a fictitious assets?

- A. Overdraft
- B. Reserves
- C. Raw material stock
- D. Cash in hand
- E. Preliminary expenses

The correct answer is option [E]

15. The amount of money that is given to the petty cashier for daily payments is called

- _____
- A. imprest
 - B. cash
 - C. revenue
 - D. capital

E. loan

16. Which of the following will be on the bank statement before reconciliation?

- (i) Standing order
- (ii) Payment to a creditor
- (iii) Receipt from a debtor
- (iv) Uncredited cheque
- (v) Unpresented cheque

- A. i and v only
- B. i and ii only
- C. i, ii and iii only
- D. i and iv only
- E. i, iv and v only

17. Which of the following is found in the general ledger?

- A. Capital Accounts
- B. Sales Accounts
- C. Loan Accounts
- D. Drawings Accounts

18. The principal book of account is called _____

- A. debit
- B. credit
- C. ledger
- D. bookkeeping
- E. teller

19. Where the head office maintains all books of account, goods sent to branch is credited to _____ account

- A. goods sent to branch
- B. branch stock
- C. branch stock adjustment
- D. head office
- E. branch final Account

20. A real account is the account of _____.

- A. expenses or losses.
- B. gains or income.
- C. physical tangible items.
- D. current liabilities.

21. How is contra entry treated in the cash book?

- A. Debited only
- B. Credited only
- C. Neither debited nor credited
- D. Not entered at all
- E. Recorded on both sides of the cash book

22. The journal serves the following purposes EXCEPT _____

- A. recording of opening entries
- B. correction of errors
- C. adjustment in accounts
- D. purchase of business
- E. check on the arithmetical accuracy of the various personal accounts

23. Sales return book is also referred to as _____

- A. return on sales day book
- B. return outwards day book

- C. return inwards day book
- D. goods return day book
- E. None of the above

24. When a business incurs labour cost in installing a fixed asset, the cost is treated as _____

- A. additional cost to the asset.
- B. business wages and salaries.
- C. installation cost of the asset.
- D. business cost of the asset.
- E. All of the above

25. A three column Cash Book contains columns for _____, _____ and _____

- A. Cash, Assets and liabilities
- B. Bank, Cash and Assets
- C. Cash, Bank and Returns
- D. Discount, Cash and Bank

26. A ledger is a _____.

- A. principal book of accounts.
- B. summary of entries.
- C. book of original entry.
- D. double entry posting.
- E. recording of credit transaction.

27. In which ledger is the account, Mr Rabiou a debtor found?

- A. Nominal ledger
- B. Purchases ledger
- C. General ledger
- D. Sales ledger

E. Cash Book

28. Purchases in accounting refers to goods bought for _____

- A. repairs
- B. owner's use
- C. resale
- D. decorating office
- E. permanent use

29. Which account is used to determine the cost of goods sent on consignment?

- A. Consignment account
- B. Agents personal account
- C. Agents debtors account
- D. Goods sent on consignment account
- E. Agents cash account

30. In which of the following books will trade discount be recorded?

- A. Cash book
- B. General ledger
- C. purchases day book
- D. Invoices
- E. Journal voucher

31. A cash book had opening balance ₦15,200, closing balance of ₦18,400 and total cash received during the period

₦36,000. What was the amount of cash paid out during the same period?

- A. ₦17,800
- B. ₦19,600
- C. ₦ 29,200
- D. ₦32,800

32. The concept of double entry book-keeping states that _____

- A. one person pays and another receives.
- B. there must be a buyer for every seller.
- C. sales and purchases are stated separately.
- D. if you receive goods on credit the seller becomes your creditor.
- E. for every debit entry there must be a corresponding credit entry and for every credit entry there must be a corresponding debit entry.

33. Which of the following should be included in the adjusted cash book?

- A. Bank charges and commission
- B. Cheques issued, presented and cashed
- C. Bank deposits
- D. Cash payments made by the firm
- E. Opening bank overdraft

34. In a petty cash book, the closing balance was ₦ 235, imprest ₦1,250 while the stationery expenses were ₦655. How much was paid for other general expenses?

- A. ₦360
- B. ₦355
- C. ₦350
- D. ₦305

35. A fund establish for the payment of minor expenses is _____

- A. Cash discount
- B. Cash flows
- C. Petty cash
- D. Accumulated fund
- E. Reserve

36. Which of the following is not part of the double entry system?

- A. Trading Account
- B. Profit and Loss Account
- C. Appropriation Account
- D. Balance Sheet

37. Which of the following entries is made when damaged goods are returned to the supplier?

- A. Supplier's account is debited and the purchaser's account credited.
- B. Returns outwards account is debited and the supplier's account credited.
- C. Purchaser's account is debited and the supplier's account credited.
- D. Supplier's account is debited and returns outwards account credited.

38. Joe limited paid its rent by cheque in excess of ₦600,000. The extra amount is to cover for the next six months of the following year. What accounts are involved?

- A. Cash and bank account
- B. Joe limited and rent account
- C. Rent account and rent prepaid account
- D. Bank account and rent prepayment account
- E. Joe limited and rent prepayment account

39. Which of the following will be included in the adjusted cash book?

- A. Opening bank overdraft
- B. Cash payments made by firm
- C. Bank deposit
- D. Cheques issued, presented and cashed
- E. Bank charges and commission

40. Which of the following best describes the path of a transaction?

- A. Source document - journal - ledger

- B. Source document - ledger - journal
- C. Journal - ledger - source document
- D. Journal - source document - ledger
- E. Ledger - Journal - source document

41. What should be his balance in the bank column of the cash book?

- A. ₦51,500 Debit
- B. ₦26,300 Credit
- C. ₦26,800 Debit
- D. ₦51,500 Credit
- E. ₦26,300 Debit

42. A list of balances extracted from the ledger is known as _____.

- A. balance sheet
- B. statement of affairs
- C. trading account
- D. profit and loss account
- E. trial balance

43. Which of the following accounts belongs to the Private Ledger?

- A. Drawings Account
- B. Premises Account
- C. Bank Account
- D. Debtors Account
- E. Rent and Rates Account

44. A cheque drawn for ₦1,200 was entered in the cash book as a receipt. The accounting entries are _____

- A. credit cash account, debit bank account with ₦1,200.
- B. debit cash account, credit bank account with ₦1,200.

- C. credit cash account, debit suspense account with ₦2,400.
- D. debit cash account, debit suspense account with ₦2,400.
- E. credit bank account, debit suspense account with ₦2,400.

45. The banker on whom a cheque is drawn is referred to as the _____

- A. drawer
- B. drawee
- C. payee
- D. recipient
- E. donor

46. The suspense account is used to correct errors where _____.

- A. the amount involved is quite significant
- B. there are differences in the books of accounts
- C. item involved is unknown.
- D. error does not affect the agreement of the trial balance.

47. The cost that changes according to activity level is known as _____

- A. variable cost
- B. mixed cost
- C. fixed cost
- D. opportunity cost
- E. total cost

48. The purchases of a typewriter for office use was debited to purchases account. This is an error of _____

- A. original entry
- B. commission
- C. principle
- D. ommission

E. reversal entry

49. The document making a public offer for the sale of a company's share is _____

- A. Memorandum of Association
- B. Articles of Association
- C. Prospectus
- D. Certificate of Registration

50. To correct an error, the purchases account was debited while the suspense account was credited. Which of the following was the cause of the error?

- A. Undercasting purchases
- B. Overcasting purchases
- C. Original entry
- D. Transportation of returns outwards
- E. Omission of creditor's balance

51. Given that the balance as per cash book after necessary adjustment was ₦4,315, unpresented cheques were ₦1,688 and the bank statement balance was ₦4,791, what was the balance of the uncredited cheques?

- A. ₦1,223
- B. ₦1,212
- C. ₦ 1,202
- D. ₦1,115

52. The account that shows both cash and bank transaction of an enterprise is _____

- A. appropriation account
- B. trading account
- C. profit and loss account
- D. cash book

E. control account

53. Which of the following does NOT appear in a bank statement?

- A. Dividend received on behalf of customers.
- B. Bank charges.
- C. Insurance premium paid on behalf of customers.
- D. Dishonored cheque
- E. Commission on turnover

54. What are the advantages of an imprest in petty cash ?

- (i) Cheques can be drawn easily
- (ii) A check on the use of cash
- (iii) Liability of the petty cashier is limited to the value of petty cash
- (iv) Losses through the petty cashier can be minimized.

- A. i, ii & iii only
- B. i, ii & iv only
- C. i, iii & iv only
- D. ii, iii & iv only

55. Which of the following best describes a source document?

- A. Accounts dealing with income and expenditure of a business
- B. Accounts which records visible and tangible things
- C. The primary document used to record business transactions immediately they take place
- D. documentary evidence that provides detail information for the preparation of the books

56. Antics Electronics Company recently bought a generator by cash. What are the accounting entries involved?

- A. Debit Fixed asset(generator) account and credit cash account
- B. Debit purchases account and credit cash account
- C. Debit cash account and credit purchases account

D. Debit cash account and credit fixed asset (generator) account

57. The payee of a cheque is _____

A. the maker or writer of a bill of exchange (check, draft, letter of credit, etc.) who directs the drawee (such as a bank) to pay the stated amount to a third party

B. a bank named in a letter of credit on whom drafts are to be drawn for payment

C. a person whose name appears on the cheque to receive the amount on the cheque

D. an administrative clerk who manages deposits and withdrawals, cashes checks, receives loan payments and sells relevant bank

E. the drawer for payment.

58. Which of these is not likely to cause discrepancy between the cash book balance and the balance as per bank statement?

A. error of principle

B. standing order

C. unpresented cheques

D. uncredited cheques

59. Which of the following in a classified form contains a permanent record of all transactions?

A. Sales day book

B. Cash book

C. Ledger

D. Journal

E. Purchases

60. The journal proper can be used for all of the following EXCEPT _____

A. recording of opening entries

B. recording of closing entries

C. correction of errors

- D. adjustment in accounts
- E. purchase of business

61. Which of the following is NOT a petty cash book item?

- A. Purchase of machinery.
- B. Purchase of stamps.
- C. Purchase of office pins.
- D. Purchase of milk.
- E. Purchase of typing paper

62. Which of the following is found in a Sales Ledger Account?

- A. Credit purchases
- B. Bill payable
- C. Discount received
- D. Discount allowed

63. The principle of double entry accounting says that, _____

- A. for every credit purchase, double the entry.
- B. for every credit sale, double the entry.
- C. for every transaction, record two entries.
- D. every debit entry must have a corresponding credit entry.
- E. each party to a transaction gives value.

64. A suspense account is used to _____

- A. agree the trial balance
- B. record sales
- C. record purchases
- D. disagree the trial balance
- E. prepare the balance sheet

65. A delivery van was bought on credit, the transaction would be entered first in the _____

- A. purchases day book
- B. sales day book
- C. returned inwards book
- D. returns outwards book
- E. journal proper

66. Which of the items below is not among the uses of a journal proper?

- A. Recording of opening entries
- B. Correction of errors
- C. Adjustment in accounts
- D. Recording of closing entries
- E. Purchase of business

67. The accounting equation is_____.

- A. assets and liabilities amount to capital.
- B. capital less assets amounts to profit.
- C. capital equals assets minus liabilities.
- D. capital and assets amount to liabilities.
- E. fixed assets and current liabilities amount to capital.

68. motor van purchase for ₦500,000 debited to office furniture account. This is an error of _____

- A. reversal entry
- B. principle
- C. omission
- D. compensation
- E. commission

69. Which of the following accounts belong to the Personal Ledger?

- A. Purchases Account
- B. Capital Account
- C. Machinery Account
- D. Depreciation Account
- E. V. Okafor's Account

70. Purchase of goods from Obi had been entered in Obike's account. This is an error of _____

- A. omission
- B. compensation
- C. comission
- D. original entry
- E. principle

71. The Petty Cash Book can have _____

- A. a debit balance only
- B. a credit balance only
- C. both debit and credit balances
- D. a debit or nil balance
- E. a nil balance only

72. _____ is a copy of the customer's account details in the bank.

- A. Statement of reserve
- B. Statement of affairs
- C. Statement of reconciliation
- D. Bank statement
- E. Cash statement

73. Which of the following are treated in the nominal ledger?

- (i) Wages
- (ii) Discount allowed
- (iii) Purchases

- A. i only
- B. ii only
- C. iii only
- D. i, ii and iii
- E. i and ii only

74. The following are subsidiary books EXCEPT

- A. purchases journal
- B. sales journal
- C. purchases return book
- D. cash journal
- E. journal proper

75. The balance as per adjusted cash book of Rock & son is a credit b/d of ₦12,560, Unpresented cheques are; Patrick ₦580; NEP plc ₦3,800 while Uncredited cheques are: James ₦420; Gold ₦700.

What is the balance as per bank statement ?

- A. ₦12,560 (overdraft)
- B. ₦12, 000
- C. ₦9,300(overdraft)
- D. ₦8,000
- E. ₦7,600(overdraft)

76. The journal serves the following purposes except _____

- A. recording of opening entries
- B. correction of errors

- C. adjustment of accounts
- D. purchase of business
- E. check on the arithmetical accuracy of the various personal accounts

77. The total of the discounts received column in the cash book is posted to the _____

- A. credit of the discounts received account.
- B. debit of the discounts allowed account.
- C. credit of the discounts allowed account.
- D. debit of the discounts allowed account.

78. Assigning revenues to the accounting period in which goods were sold or services rendered and expenses incurred is known as _____

- A. passing of entries
- B. consistency convention
- C. matching concept.
- D. adjustment for revenue.

79. The amount of money used to commence a business is called _____.

- A. revenue
- B. income
- C. capital
- D. loan
- E. cash

80. Prof. Bush who had two accounts with Olive Brothers agreed to have only one balance outstanding. By which of the following methods could this be effected?

- A. Journal entry
- B. Double entry
- C. Suspense account entry

- D. Adjustment entry
- E. Contra entry

81. Which of the following is a fictitious assets?

- A. Bank overdraft
- B. Reserves
- C. Raw material stock
- D. Cash in hand
- E. Debit balance of trading profit and loss statement

82. When is a petty cash account debited?

- A. When the fund is established and every time money is spent.
- B. When the fund is established and every time it is replenished.
- C. When the fund is established and when the size of the float is decreased.
- D. Every time money is drawn from the petty cash.

83. Adama's bank account showed an overdraft of ₦600 on 31st March. On going through the account, it was discovered that the ₦1, 080 paid into the account on 29th March, had not been credited. What should be the balance in Adama's bank account?

- A. ₦1,680 Debit
- B. ₦ 1,080 Credit
- C. ₦ 600 Debit
- D. ₦ 480 Credit

84. When a buyer is undercharged, the seller forwards _____

- A. undercast note
- B. consignment invoice
- C. purchase invoice
- D. debit note
- E. credit note

85. The accounting convention that states that "profit must not be recognized until realized while all losses should be adequately provided for" is termed _____

- A. materiality.
- B. objectivity.
- C. consistency.
- D. conservatism.
- E. profitability.

86. Which of the following has a debit balance at the end of the year?

- A. Rates prepaid account
- B. Bank loan account
- C. Income received in advance account
- D. Ordinary share Capital account
- E. Premium account

87. Which of the following options is TRUE regarding discounts _____.

- A. discount received has a debit balance and discount allowed has a credit balance.
- B. discount received is given to encourage sales and discount allowed is given to encourage purchases
- C. discount allowed has a debit balance and discount received has a credit balance
- D. the sum of total discount allowed and received is transferred to profit and loss account

88. Mallam Gambo bought a freezer for his shop costing ₦10,500. In recording, he debited office expenses account and credited the bank account. What book-keeping error has he committed?

- A. Error of commission.
- B. Error of reversal of entries.
- C. Error of principle.
- D. Compensating error.

89. Bank overdraft is treated as _____ in the balance sheet.

- A. fixed asset
- B. current asset
- C. intangible asset
- D. current liability
- E. capital

90. Which of the following is NOT an example of fictitious assets?

- A. Debit balance of profit and loss account
- B. Raw material stock
- C. Preliminary expenses of a limited company
- D. Expenditure of incorporation carried forward
- E. Expenditure on reserve

91. The amount allowed off the cost price of an article to stimulate patronage is called _____

- A. cash discount
- B. trade discount
- C. discount on debit
- D. discount on bills
- E. discount allowed

92. Which of the following will NOT affect the agreement of the cash book balance and bank statement balance?

- A. Bank charges
- B. Standing order
- C. Dishonored cheques
- D. Cash payment
- E. Unpresented cheques

93. When both debit and credit entries of a transaction are shown in the cash book, it is described as _____.

- A. reversal entry
- B. contra entry
- C. double entry
- D. single entry
- E. original entry

94. Which of the following belongs to the nominal ledger?

- A. Salaries account
- B. Fixtures account
- C. Debtors account
- D. Stock account
- E. Real account

95. Credit sales was debited to A. Akpan instead of B. Akpan. This is an error of_____

- A. principle
- B. original entry
- C. omission
- D. commission

96. An overdraft is usually shown as a _____

- A. credit balance in the loan
- B. a credit balance in the cash column of the cash book
- C. a debit balance in the cash column of the cash book
- D. a credit balance in the bank column of the cash book
- E. a debit balance in the bank column of the cash book

Use the following information to answer the question

Bank Statement

	Balance	Dr ₧	Cr ₧	
21/1/05	Balance b/d			2,000
3/1/06	23456	500		1,500
4/1/06	Deposit		1,000	2,500
5/1/06	Deposit		1,500	4,000
6/1/06	23457	3,000		1,000

97. Total withdrawal is _____

- A. ₧ 3,500
- B. ₧ 2,500
- C. ₧ 2,000
- D. ₧ 1,000

98. The general ledger is the ledger where _____ and _____ accounts are found.

- A. income and expenditure
- B. profit and loss
- C. receipt and payment
- D. land and building
- E. real and nominal

99. The use of the folio in the ledger is for _____

- A. reference purposes.
- B. particulars of the transaction.
- C. the account titles.
- D. only credit items.

100. When a proprietor withdraws cash for office use, the entries would be _____

- A. credit cash account and debit bank account
- B. debit cash account and credit bank account
- C. debit office account and credit bank account
- D. debit drawings account and credit bank account
- E. debit bank account and credit drawings account

101. Which of the following is a contra entry?

- A. Lodgment of cheques into bank account.
- B. Lodgment of cash in hand into bank account.
- C. Withdrawal of cash for private use.
- D. Treatment of discount recorded in the cash book.

102. What is the cardinal rule of the double entry system?

- A. Debit the increasing account and credit the decreasing account
- B. Debit the receiving account and credit the giving account
- C. Debit the asset account and credit the liability account
- D. Debit the revenue account and credit the expenditure account
- E. None of the above

103. The balance in a Sales Ledger Control Account indicates the _____

- A. difference between debtors and creditors
- B. total sales
- C. total purchases
- D. total debtors

104. The fixed amount of money set aside for petty cash expenses is called _____.

- A. ordinary fund
- B. accumulated fund Float
- C. petty cash
- D. imprest fund

105. A credit sale is not recorded in the cash account because _____

- A. It shall be recorded in the petty cash book
- B. It is too insignificant to consider
- C. It does not involve cash transactions
- D. It is not a balance sheet item

106. An overdraft is usually shown as a_____

- A. credit balance in the cash column of the cash book.
- B. debit balance in the cash column of the cash book.
- C. debit balance in the loan account.
- D. credit balance in the bank column of the cash book.
- E. debit balance in the bank column of the cash book.

107. Petty cash book is a subsidiary book where _____

- A. all cash transactions are recorded
- B. all cash related transactions are recorded
- C. all transactions that do not involve immediate payment of cash are received
- D. personal account are recorded
- E. minor expenses are recorded

108. Which of the following serves the same purpose as a trading account?

- A. Branch adjustment account
- B. Goods sent to branch account
- C. Branch stock account
- D. Branch debtors account
- E. Branch returns account

109. If incorrect entries on the debit side equal other incorrect entries on the credit side, the error is that of _____.

- A. original entry
- B. omission

- C. commission
- D. principle

110. When a sum of money appears on the credit side of the cash book, but not on the debit side of the bank statement, the sum is regarded as _____

- A. uncredited cheques.
- B. dishonored cheques.
- C. direct remittance to the bank.
- D. unpresented cheques.

111. A deduction from the sale price of goods that is allowed if payment is made within a specified period of time is _____

- A. trade discount
- B. cash discount
- C. quantity discount
- D. rebate
- E. prince reduction

112. The bank column in the cash book shows a credit balance of ₦1,000. This means _____

- A. A total payment of ₦1,000
- B. A gross receipt of ₦1,000
- C. A left over of ₦1,000 in the bank
- D. An overdraft of ₦1,000
- E. A left over of ₦1,000 cash

113. The discount column of a three column cash book is not balanced off but periodically transferred to the discount accounts because discounts _____

- A. are not important in cash book.
- B. are cash items only.
- C. do not form part of double entry.

- D. are used for bank reconciliation.
- E. are not accounting items

114. In order to locate some of the errors in the trial balance, the following steps can be used EXCEPT _____

- A. check the addition to the trial balance
- B. check whether all creditors are debited
- C. check whether all the ledger accounts have been included and that they are on the correct side
- D. check whether the balances were copied correctly from the ledger
- E. look through the entries in the ledger and see if you can spot the difference

115. Where the cash book does not show credit balance in a bank reconciliation, unpresented cheques are;

- (i) Added to the cash book balance;
- (ii) Added to the bank statement balance;
- (iii) Deducted from the cash book balance

- A. i only
- B. ii only
- C. iii only
- D. i & ii only
- E. ii & iii only

116. The sales day book will show goods sold _____.

- A. on credit
- B. for cash
- C. to wholesalers
- D. for cash and credit
- E. to retailers

117. Which of the options is NOT a source document?

- A. Invoice
- B. Debit and credit notes
- C. Receipt
- D. Ledger
- E. Cheque stub

118. An amount set aside for a specific purpose is called _____

- A. provision
- B. reserve
- C. depreciation
- D. depletion
- E. capital

119. When a business sell goods on credit, what two accounts were involved?

- A. Credit and sales account
- B. Credit and goods account
- C. Sales and purchases account
- D. Sales and personal account
- E. Personal and purchases account

120. If the bank column in a Cash Book shows a credit balance of

₦180. This means _____

- A. a total payment of ₦180
- B. a gross receipt of ₦180
- C. a leftover of ₦180 in the bank
- D. an overdraft of ₦180
- E. a leftover of ₦180 cash

121. Mr. Meebari sets aside from his private fund ₦10,000 for business purpose. The ₦10,000 would be referred to as _____.

- A. capital
- B. loan
- C. reserve
- D. drawing
- E. profit

122. Suspense account is used to _____.

- A. record sales
- B. correct the difference in books
- C. record purchases
- D. prepare the balance sheet
- E. record returns

123. A subsidiary record is a book _____

- A. found in the ledger
- B. of subsidiary entries
- C. of original entry
- D. containing the final account
- E. of final entry

124. An asset is said to be fictitious when it _____

- A. does not exist
- B. is too costly
- C. is worthless
- D. cannot be sold for cash
- E. is not seen

125. Which of the following may have been recorded in the Cash Book and fail to appear in the Bank statement?

- A. Bank charges and commission
- B. unpresented cheques
- C. Bank lodgment credited
- D. Payments made by the bank on a standing order
- E. Opening bank overdraft

126. Cost of extension to a factory building is classified as _____

- A. capital receipt
- B. revenue expenditure
- C. capital expenditure
- D. revenue receipt

127. Abimbola ventures' trial balance shows a debit balance of ₦33,700 and a credit balance of ₦33,400. What will be the treatment of the difference?

- (i) Reverse the trial balance, adding back the difference to the credit side
- (ii) Open a suspense account placing the difference on the credit side
- (iii) adding back the difference on the adjusted cash book.

- A. i only
- B. ii only
- C. i and ii only
- D. i, ii and iii only
- E. i and iii only

128. When a buyer returns damaged goods to the seller the buyer receives a _____.

- A. proforma invoice
- B. credit note
- C. debit note
- D. consignment note

E. goods return note

129. Which of the following is the reason why a seller allows a customer cash discount?

- A. Agreement to become a regular customer
- B. Introducing a new customer to the seller
- C. Settlement of account within a state period
- D. Placing a larger order

130. Which of the following is not a source documents?

- A. Cheque stub
- B. Cash receipt
- C. Cash Book
- D. Sales invoice
- E. Credit note

131. Which of the following is TRUE of trade discounts?

- A. They are recorded in the ledger only.
- B. They are not different from cash discounts.
- C. They are recorded in the journals only.
- D. They are recorded in ledgers and journals.
- E. Each discount receives double entries.

132. Commission of ₦5,000 to sales representative is debited to salaries account. This is an error of _____

- A. reversal entry
- B. principle
- C. commission
- D. compensation
- E. double entry

133. A trial balance is a proof of _____

- A. arithmetical accuracy of postings only.
- B. accurate narration of the journal entries.
- C. accuracy of the debit entries.
- D. accuracy of the credit entries.
- E. accuracy of ledger entries.

134. Which of the following belongs to the nominal ledger?

- A. Creditors account
- B. Debtors account
- C. Salaries account
- D. Fixtures account
- E. Stock account

135. Assets which have no real value or physical existence is called _____

- A. current
- B. fixed
- C. long term
- D. equity
- E. fictitious

136. Which of the following is related to debtors account?

- A. Purchases ledger
- B. General ledger
- C. Nominal ledger
- D. Sales ledger
- E. Private ledger

137. The head office usually issue goods to the branch at _____.

- A. prime cost
- B. cost price
- C. production cost
- D. net realisable value
- E. selling price

138. A stale cheque is a cheque that _____

- A. had been refused by a banker
- B. may not be cashed over the counter
- C. has not been drawn for a longer period than six months
- D. has alteration made on them but are not initialed by the drawer
- E. bears a date later than then current

139. Cash discount received would be shown in the

- (i) Cash book.
 - (ii) Discount Received Account.
 - (iii) Supplier
- A. (i) & (iii) only
 - B. (i), (ii) & (iii)
 - C. (iii) only
 - D. (i) & (ii) only
 - E. (ii) & (iii) only

139. Cash discount received would be shown in the

- (i) Cash book.
 - (ii) Discount Received Account.
 - (iii) Supplier
- A. (i) & (iii) only
 - B. (i), (ii) & (iii)

- C. (iii) only
- D. (i) & (ii) only
- E. (ii) & (iii) only

140. The document sent by the seller to the buyer when goods are returned is _____

- A. credit note
- B. purchases invoice
- C. sales invoice
- D. bills receivable
- E. debit note

141. Real accounts include

- (i) expenditure on telephone
- (ii) motor vehicles
- (iii) expenses on repairs
- (iv) land and buildings

- A. i and ii only
- B. iii and iv only
- C. ii and iv only
- D. i,ii and iii only
- E. i,ii,iii and iv only

142. State national bank collected a note for Al-Makura Company. This collection, not yet recorded in Al-Makura's books, appears on the bank reconciliation as _____

- A. an addition to balance as per cash book.
- B. a deduction from balance as per bank statement.
- C. an addition to balance as per bank statement.
- D. a deduction from balance as per cash book.

143. Which of the following does not appear in a bank statement?

- A. Dividend received on behalf of customers
- B. Bank charges
- C. Insurance premium paid on behalf of customers
- D. Dishonoured cheque
- E. Uncredited charges

144. The books of accounts are opened by means of a _____

- A. sales journal.
- B. principal journal.
- C. purchases journal.
- D. returns Inward journal.
- E. returns Outward journal.

145. An allowance given to a customer by a supplier for prompt payment is called _____.

- A. cash debit
- B. cash discount
- C. trade discount
- D. discount received
- E. cash rebate

146. A ledger is a _____

- A. principal book of accounts
- B. book of original entry
- C. record of credit transactions
- D. summary of entries

147. Which of the following assets is the most liquid?

- A. Stock
- B. Work-in-progress

- C. Cash
- D. Debtors
- E. Prepayment

148. When cash is drawn from the firm for personal use, it is called _____.

- A. collection
- B. withdrawal
- C. drawings
- D. transfer
- E. allocation

149. A suspense account is used to _____.

- A. agree the trial balance.
- B. record sales.
- C. record purchases.
- D. correct errors.
- E. prepare the balance sheet.

150. Identify the odd one?

- A. Ledgers and subsidiary books
- B. Ledgers and principal books
- C. Folios and subsidiary books
- D. Ledgers and cash books
- E. Balance sheet and ledger

151. The following are errors that will not affect the balance in cash book EXCEPT _____.

- A. error of omission
- B. error of commission
- C. error of original entry

- D. error of single entry
- E. error of compensation

152. Which of the following is NOT a cause for the difference between bank statement balance and cash book balance?

- A. Bank charges
- B. Presented cheques
- C. Direct transfer
- D. Standing order
- E. Uncredited lodgments

153. The petty cash book has_____

- A. a debit balance only
- B. a credit balance only
- C. a nil balance only
- D. both debit and credit balances

154. the following are advantages of a ledger EXCEPT _____

- A. transactions in the ledger propagates the allocation and disbursment of a firm's shares and capital.
- B. It is the ledger through which successful application of double entry system of bookkeeping is ensured
- C. makes possible the ascertainment of values of different assets and liabilities and the true financial position at the year end through balance sheet.
- D. Transactions being recorded primarily in journal and thereafter finally in ledger, the possibility of errors and defalcations is remote
- E. Valuable information and statistics are collected from ledger and supplied to the management to enable them to run the concern efficiently

155. Which of the following has a debit balance at the end of year?

- A. Rates prepaid account
- B. Bank loan account

- C. Income received in advance account
- D. Ordinary share capital account
- E. Premium account

156. A list of all credit and debit balances from the ledger account is _____

- A. trial balance
- B. profit and loss statement
- C. balance sheet
- D. statement of affairs
- E. income and expenditure statement

157. A crossed cheque restricts the payee to _____

- A. endorse the cheque before it becomes transferable
- B. pay the amount into his bank account
- C. collect the cash over the counter
- D. cash the cheque in person
- E. cash the cheque without any endorsement

158. The purpose of preparing a bank statement is to _____

- A. reconcile the bank and cash balances and explain the reasons for the difference between them
- B. find out how much the business is indebted to the bank
- C. find out who are the creditors and how much is owed to them
- D. find out how much the bank is indebted to the business
- E. find out who are the debtors of the business and how much is owed by them

159. if Mr Okon buys motor van ₦60,000 paying by cheque, the credit entry goes to _____

- A. purchases account
- B. motor account
- C. bank account

- D. cash account
- E. customer's account

160. Which of the following are Personal Accounts?

- (i) Wages
 - (ii) Debtors
 - (iii) Creditors
 - (iv) Buildings
- A. i, ii and iii only
 - B. ii and iii only
 - C. ii and iv only
 - D. iii and iv only

TOPIC: RESERVES AND PROVISIONS

DIRECTION: Choose the correct answers from the lettered options.

1. When Reserve is created, the accounting entry is _____
 - A. Debit Capital and credit Reserves
 - B. Debit Reserves and Credit Profit and Loss
 - C. Debit Reserves and Credit Capital
 - D. Debit Profit and Loss and Credit Reserves

2. What is the accounting entry for Provision for Discount Allowed?
 - A. Debit Profit and Loss and Credit Provision for Discount Received
 - B. Debit Provision for Discount Received and Credit Profit and Loss account
 - C. Debit Profit and Loss account and Credit Discount Allowed
 - D. Debit Provision for Discount Allowed and Credit Provision for Discount Received

3. Provision is not a charge against profit. True or False?
 - A. True
 - B. False

4. _____ is set aside to strengthen the financial position of the business
 - A. Specific Reserves
 - B. General Reserves
 - C. Revenue Reserves
 - D. Capital Reserves

5. _____ is a reduction in profit for a proprietorship business
 - A. Provision
 - B. Reserves
 - C. Contingency Fund

D. taxation

6. _____ is a reserve created out of profit from trading activities.

- A. Provision reserve
- B. Capital reserve
- C. General reserve
- D. Revenue reserve

7. Bad debts are recoverable debts. True or False?

- A. True
- B. False

8. When Reserve is created, the accounting entry is to Credit Profit and Loss account and Debit Reserves. True or False?

- A. True
- B. False

9. Provisions cannot be determined with substantial accuracy. True or False?

- A. True
- B. False

10. When there is a provision for doubtful debts in existence, the difference between the old and new provision must be Debited to the Profit and Loss account. True or False?

- A. True
- B. False

11. Accounting entry for Provision for Discount received is _____

- A. Debit Provision for Discount Allowed and Credit Provision for Discount Received
- B. Debit Provision for Discount Received and Credit Provision for Discount Allowed
- C. Debit Profit and Loss account and Credit Provision for Discount Allowed

D. Debit Provision for Discount Received and Credit Profit and Loss account

12. ____ is an appropriation of a company's profit

- A. Reserves
- B. Provisions
- C. Capital
- D. Revenue

13. Reserves is a charge against profit

- A. TRUE
- B. FALSE

14. An estimated amount set aside for doubtful debts is called_____

- A. Capital provision for debts
- B. Provision for loan
- C. Provision for debts
- D. Provision for bad and doubtful debts

15. ____ is set aside to meet specific liabilities

- A. Reserves
- B. Revenue
- C. Provisions
- D. Capital

16. _____ is set aside to meet specific liabilities

- A. Reserves
- B. contingency Fund
- C. Provisions

D. Profit

17. _____ is the amount set aside out of profit which are NOT available for distribution as dividend

- A. General Reserve
- B. Revenue Reserve
- C. Capital Reserve
- D. Provision Reserve

18. Provisions are made for depreciation. True or False?

- A. True
- B. False

19. The two types of Revenue Reserves are _____ and _____

- A. General and Contingency Reserves
- B. General and Capital Reserves
- C. General and Specific Reserves
- D. Specific and Capital Reserves

20. ____ is not an example of Capital Reserve

- A. Capital redemption surplus
- B. Capital redemption fund
- C. Premium on shares and debentures
- D. Profit on redemption of debentures

21. The allocations of fund usually to build up the financial strength of the company by retaining funds to work in the business instead of their being distributed as dividend is known as _____

- A. Provisions
- B. Reserves

- C. Profit
- D. Capital

22. Provisions must be charged to Profit and Loss as revenue/income. True or False?

- A. True
- B. False

23. _____ is a charge against profit

- A. debts
- B. Stocks
- C. Provisions
- D. Capital

24. ____ and ____ are the two types of Reserves

- A. Provision Reserves and Capital Reserves
- B. Capital Reserves and General Reserves
- C. General Reserves and Revenue Reserves
- D. Capital Reserves and Revenue Reserves

25. _____ is set aside for a specific purpose

- A. Specific Reserves
- B. General Reserves
- C. Revenue Reserves
- D. Capital Reserves

26. _____ cannot be determined with substantial accuracy

- A. Provisions
- B. Reserves
- C. Profit

D. Capital

27. _____ is set aside for specific purpose

A. Reserves

B. Profit

C. Capital

D. Provision

28. The part of profit that is being set aside for a specific purpose is known as _____

A. Capital

B. General Reserve

C. Reserve

D. Provision

29. _____ is set aside to meet certain liability

A. Provision

B. Reserves

C. Contingency Fund

D. Profit

30. Provisions are always in profit and loss as expense. True or False?

A. True

B. False

31. A provision can be defined as part of the profit that is set aside for a general purpose. True or False?

A. True

B. False

TOPIC: SUBSIDIARY BOOKS AND SOURCE DOCUMENTS

DIRECTION: Choose the correct answers from the lettered options.

1. Which of the following books of original entry is used to record all payment and receipts by cash and cheque?

- A. Sales day book
- B. Cash book
- C. Purchase day book
- D. General Journal

ANSWERS

TOPIC: CONCEPTS AND CONVENTIONS OF ACCOUNTING

DIRECTION: Choose the correct answers from the lettered options.

1. Which of the following is not an accounting concept?

- A. Entity
- B. Going-concern
- C. Consistency
- D. Historical cost
- E. Dual aspect

The correct answer is option [C] consistency is not a concept but a convention. The convention of consistency means that same accounting principles should be used for preparing financial statements for different periods. It enables the management to draw important conclusions regarding the working of the concern over a longer period.

2. The accounting concept which allows the use of a particular method for treating a transaction for a reasonable number of years is _____

- A. consistency
- B. cost
- C. accrual
- D. conservatism
- E. prudence

The correct answer is option [A]

3. The accounting concepts that supports the application of double entry book-keeping is _____

- A. going-concern
- B. historical cost
- C. consistency
- D. prudence
- E. dual aspect

The correct answer is option [E]

4. "Accountant do not count their chicken before they are hatched," this is the concept of _____

- A. materiality
- B. realisation
- C. materiality
- D. going-concern
- E. prudence

The correct answer is option [B]

5. Money received from a customer is recorded in the customer's account and bank account; The accounting concept applied is _____

- A. business entity
- B. dual aspect
- C. going-concern
- D. money measurement

The correct answer is option[B].

6. Which of the following is not an accounting concept?

- A. Entity
- B. Going-concern
- C. Consistency
- D. Historical cost
- E. Dual aspect

The correct answer is option [C]

7. Which of the following is not an advantage of the cash basis of accounting?

- A. It facilitates the matching concept.
- B. It is simple to operate and easy to understand.

- C. It helps in the comparison of performance.
- D. It is factual.
- E. It helps in the evaluation of actual performance.

The correct answer is option[A]

The matching concept is an accounting principle that requires the identification and recording of expenses associated with revenue earned and recognized during the same accounting period. Accordingly, under the matching concept the expenses of a particular accounting period are the costs of the assets used to earn the revenue that is recognized in that period. It follows, therefore, that when expenses in a period are matched with the revenues generated for the same period, the result is the net income or loss for that period.

8. The amount for which a business is sold is called _____

- A. purchase consideration
- B. premium
- C. capital reserve
- D. goodwill
- E. working capital

The correct answer is option [A]

9. The going concern concept in accounting emphasises that _____

- A. a business operation has limited life span
- B. every entity is established to make profit
- C. an organisation has to cease operation after executing all available job
- D. a business is seen to exist and continue operations into the foreseeable future
- E. every form of business has an unlimited life span

The correct answer is option [D]

10. A trader paid ₦15,000 on rent for 15 Months but charged ₦12,000 to the profit and loss account for the year. The ₦3,000 is called_____.

- A. prepayments
- B. prudence
- C. materiality

- D. accruals
- E. going-Concern

The correct answer is option [A]

11. The accounting concept which assumes that the business will continue to be in existence into the foreseeable future is _____

- A. dual aspect
- B. business entity
- C. accrual
- D. going-concern

The correct answer is option[D].

12. Which of the accounting concepts places emphasis on the recognition of profit when goods are sold?

- A. Realization
- B. Matching
- C. Going Concern
- D. Entity
- E. Periodicity

The correct answer is option [A]

13. Which of the accounting concepts/principle separates the owner from the business?

- A. Materiality
- B. Entity
- C. Matching
- D. Consistency
- E. Objectivity

The correct answer is option [B]

14. The entity concept states that _____.

- A. a company once formed belongs to the owners
- B. a company is separate and distinct from its owners once it is formed
- C. a company is entitled to receive all that is due to it
- D. a company's expenses should be matched against its expenditure for the period
- E. the assets of a business entity must be matched against all liabilities for the period

The correct answer is option [B]

15. Profit is recognised when goods are sold, what concept is this?

- A. Going concern
- B. Realisation
- C. Matching
- D. Periodicity
- E. Objectivity

The correct answer is option [B]

16. "Financial statements do not disclose all information users need to know about a firm." This is the concept of _____

- A. consistency
- B. money measurement
- C. dual aspect
- D. materiality

The correct answer is option [D].

17. Which of the following is the basis of accounting in the civil service?

- A. Accrual
- B. Cash
- C. Income
- D. Expenditure
- E. Profit

The correct answer is option [B]

18. What does the historical cost concept state?

- A. Financial accounting records must be based on facts or cost incurred in the past.
- B. Cost is not used as a basis for the recording of assets and liabilities
- C. That income and expenses must be brought into the accounting period they relate to whether received, paid for or not.
- D. That all cost recorded in the books of account must relate to the current cost
- E. That cost is the basis for income generation

The correct answer is option [A]

19. Which of the accounting concepts focuses on the monetary value of transaction rather than the discussion relating to the transaction?

- A. Consistency
- B. Objectivity
- C. Conservatism
- D. Money measurement
- E. Realisation

The correct answer is option [D]

Topic: CONTROL ACCOUNTS AND SELF - BALANCING LEDGERS

DIRECTION: Choose the correct answers from the lettered options.

1. One of the advantages of Control Account is that _____
- A. all errors are localized thus reducing delays in balancing accounts.
 - B. all errors are generalized thus reducing delays in balancing accounts.
 - C. book keepers cannot make mistakes.
 - D. all errors are posted into the accounts.
 - E. all cash transactions are posted into the accounts.

The correct answer is option [A].

Use the information to answer the question.

2.

Sales Ledger Control Account					
1986		=N=	1986		=N=
Jan 1	Balance b/d	1,300	Jan 1	Balance b/d	86
	Sales	7,630		Bank	6,555
	Dishonoured cheques	250		Discounts	345
	Stopped cheques	100		Returns	130
	Balance c/d	92		Purchases ledger	360
		9,372		Balance c/d	1,896
					9,372
Feb. 1	Balance b/d	1,896	Feb 1	Balance b/d	92

The balance of ₦1,896 represents

- (i) The sum required to balance the account.
- (ii) Amount due to the customers.
- (iii) Amount due from the customers

- A. i only
- B. ii only
- C. iii only

D. i & ii only

E. i & iii

The correct answer is option [E].

3. Which of these does not constitute share holders fund?

A. Ordinary share capital

B. Debenture

C. Retained profit

D. Share premium

E. Preference share capital

The correct answer is option [B].

Use the following information to answer the question

On 1/7/07, a trader owed wages Le 2,000. During the year ended 30/6/08, wages of Le 2,400 were owed and Le 8,000 were paid.

4. The wages of the year ended 30/6/08, is_____

A. Le 12,400

B. Le 8,400

C. Le 8,000

D. Le 3,600

The correct answer is option[D]

5. The principal function of a sales ledger control account is to _____

A. serve as internal check and provide quick information for the preparation of interim financial statements.

B. serve as external check and provide quick information for the preparation of interim financial statements.

C. provide quick information for the preparation of customer's statements.

D. provide information for the control of salesmen's activities.

The correct answer is option [C].

6. The balance of the sales ledger control account represents _____

- A. total sales
- B. total credit sales
- C. total creditors
- D. total debtors

The correct answer is option[D].

7. Which of the following is a self-balancing account?

- A. Trading Account
- B. Appropriation Account
- C. Assets Account
- D. Control Account

The correct answer is option[D].

8. In which ledger is the control account prepared?

- A. Normal ledger
- B. General ledger
- C. Sales ledger
- D. Purchase ledger
- E. None of the above

The correct answer is option [A].

Use the following information to answer the question

On 1/7/07, a trader owed wages Le 2,000. During the year ended 30/6/08, wages of Le 2,400 were owed and Le 8,000 were paid.

9. Wages recorded in the balance sheet as at 30/6/08 is _____

- A. Le 8,000
- B. Le 6,000
- C. Le 2,400

D. Le 2,000

The correct answer is option [C].

Use the information to answer the question.

10.

Sales Ledger Control Account

1986		=N=	1986		=N=
Jan 1	Balance b/d	1,300	Jan 1	Balance b/d	86
	Sales	7,630		Bank	6,555
	Dishonoured cheques	250		Discounts	345
	Stopped cheques	100		Returns	130
	Balance c/d	92		Purchases ledger	360
		9,372		Balance c/d	1,896
					9,372
Feb. 1	Balance b/d	1,896	Feb 1	Balance b/d	92

The amount of ₦7,630 represents _____

- A. total credit sales.
- B. total of all the debtors of the firms.
- C. the total sales for the month.
- D. cash sales only.
- E. the double entry for the total sales account.

The correct answer is option [A].

Use the information to answer the question.

11.

Sales Ledger Control Account

1986		=N=	1986		=N=
Jan 1	Balance b/d	1,300	Jan 1	Balance b/d	86
	Sales	7,630		Bank	6,555
	Dishonoured cheques	250		Discounts	345
	Stopped cheques	100		Returns	130
	Balance c/d	92		Purchases ledger	360
		9,372		Balance c/d	1,896
					9,372
Feb. 1	Balance b/d	1,896	Feb 1	Balance b/d	92

The item 'Purchases Ledger ₦360' means

- (i) Cash purchases during the period.
- (ii) Credit purchases during the period.
- (iii) Trade debtors set off against debts on purchases.

- A. i only
- B. ii only
- C. iii only
- D. i & ii only
- E. iil & iii only

The correct answer is option [C].

12 From which of the following Sources are creditors' control account most likely to be posted?

- A. Supplier's invoices

- B. Cash disbursements journal
- C. Subsidiary debtors ledger
- D. Purchases journal

The correct answer is option [D].

13. The purchases ledger control account of a company had an opening balance of ₦45,600 and a closing balance of ₦72,600 credit. The company made payments of ₦437,000 to credit supplies during the period; and had discount received of ₦18,600.

What is the credit purchases made during the period?

- A. ₦509,600
- B. ₦482,600
- C. ₦428,600
- D. ₦418,400

The correct answer is option [B].

14. What are the entries of posting credit purchases into the Purchases Ledger Control Account?

- A. Debit Purchases Ledger Control Account only
- B. Debit both Purchases Account and Purchases Ledger Control Account
- C. Credit Purchases Account, Debit Purchases Ledger Control Account
- D. Credit both Purchases Ledger Control Account and the Purchases Account
- E. Debit Purchases Account, Credit Purchases Ledger Control Account

The correct answer is option [E]. The entry is a double entry so the answer will not be option [A]. Options [B], [C] and [D] are wrong because the purchase account is receiving the credit purchases while the purchases ledger control account is giving

15. The powerful instrument of control over both the sales ledger and the clerk whose duty is to post the ledger is the _____

- A. total debtors account.
- B. purchases day book.
- C. sales day book.
- D. cash book.

E. purchases day book

The correct answer is option [C].

Use the information to answer the question.

16.

Feb. 1	Credit balances	=N=	40,000
	Debit balances		1,000
Feb. 28	Purchases journal totals		500,000
	Returns outwards journal totals		50,000
	Cheques paid to suppliers		400,000
	Promissory notes sent to suppliers		30,000
	Discount received from suppliers		8,000
	Credit balance in the purchased ledger set off against debit balances in the sales ledger		2,000

Aminu and Sons credit purchases [Extract] as at February 1996. What is the total for the purchases ledger control account?

- A. ₦480,000
- B. ₦490,000
- C. ₦500,000
- D. ₦540,000

The correct answer is option [D].

17. The principal use of control accounts is to _____

- A. localize errors within the ledgers.
- B. prevent fraud.
- C. increase sales.
- D. record assets and liabilities.

The correct answer is option [A].

Use the information to answer the question.

18. The balance of ₦92 represents

- (i) Amount necessary to balance the account.
 (ii) Sum due to the customers.
 (iii) Amount due from the customers.

Sales Ledger Control Account

1986	=N=	1986	=N=		
Jan 1	Balance b/d	1,300	Jan 1	Balance b/d	86
	Sales	7,630		Bank	6,555
	Dishonoured cheques	250		Discounts	345
	Stopped cheques	100		Returns	130
	Balance c/d	92		Purchases ledger	360
		9,372		Balance c/d	1,896
					9,372
Feb. 1	Balance b/d	1,896	Feb 1	Balance b/d	92

- A. i only
 B. ii only
 C. iii only
 D. i & ii only
 E. i & iii only

The correct answer is option [D].

19. In which ledger is the control account prepared?

- A. Nominal ledger
 B. General ledger
 C. Sales ledger
 D. Purchases ledger
 E. Trial ledger

The correct answer is option [B]

20. Which of the following is not a debit entry in the Bought Ledger?

- A. Cash

- B. Discount received
- C. Purchases
- D. Returns outwards
- E. Bills payable

The correct answer is option [B].

Use the information to answer the question.

21. Aminu and Sons credit purchases [Extract] as at February 1996. What is the balance c\nd in the purchases ledger control account?

		=N=
Feb. 1	Credit balances	40,000
	Debit balances	1,000
Feb. 28	Purchases journal totals	500,000
	Returns outwards journal totals	50,000
	Cheques paid to suppliers	400,000
	Promissory notes sent to suppliers	30,000
	Discount recieved from suppliers	8,000
	Credit balance in the purchased ledger set off against debit balances in the sales ledger	2,000

- A. ₦2,000
- B. ₦8,000
- C. ₦400,000
- D. ₦49,000

The correct answer is option [D].

22. Discount allowed would appear on the _____

- A. debit side of Sales Control Account and the credit side of Purchases Control Account.
- B. debit side of Sales Ledger Control Account only.
- C. debit side of Purchases Ledger Control Account.

- D. credit side of the Sales Ledger Control Account.
- E. credit side of the Purchases Ledger Control Account.

The correct answer is option [D].

23. The purchases ledger control account is also referred to as _____

- A. total creditors account
- B. total debtors account
- C. cash account
- D. Personal account
- E. real account

The correct answer is option [A]

Given: Sales Ledger Control Account (Extracts)

24. Determine the sales returns.

	=N=
Balance b/f	10,600
Total cash payments by debtors	32,275
Total credit sales	59,193
Discount received	9,700
Balance c/f	20,751
Discount allowed	2,890

- A. N24,577
- B. N13,877
- C. N7,067
- D. N2,890
- E. N2,576

The correct answer is option [B].

25. Suppliers personal accounts are found in the _____

- A. purchases ledger
- B. sales ledger
- C. purchases Account
- D. sales Account
- E. sales Journal

The correct answer is option [A]

26. Suppliers personal account are found in the _____

- A. purchases ledger
- B. sales Account
- C. purchases Account
- D. sales ledger
- E. sales journal

The correct answer is option [A]

27. The sum of ₦6,555 described as 'Bank' represents _____

Sales Ledger Control Account

1986	=N=	1986	=N=		
Jan 1	Balance b/d	1,300	Jan 1	Balance b/d	86
	Sales	7,630		Bank	6,555
	Dishonoured cheques	250		Discounts	345
	Stopped cheques	100		Returns	130
	Balance c/d	92		Purchases ledger	360
		9,372		Balance c/d	1,896
					9,372
Feb. 1	Balance b/d	1,896	Feb 1	Balance b/d	92

- A. cash sales for the month, including discounts.
- B. cash sales for the month, excluding discounts.
- C. receipts from trade debtors only.

- D. receipts from all the debtors of the business.
- E. takings from both cash and credit sales.

The correct answer is option [C].

28. The system of control accounts is utilised to prove _____

- A. the arithmetic accuracy of a particular ledger
- B. the arithmetical accuracy of the book keeping entries in all the books
- C. the arithmetic accuracy of all books of account in an organization.
- D. the viability of an intended business venture
- E. none of the above

The correct answer is option [A].

the system of control accounts is utilised to prove the arithmetic accuracy of a particular ledger in the same way that a trial balance is used to prove the arithmetical accuracy of the book keeping entries in all the books.

TOPIC: FINAL ACCOUNTS

DIRECTION: Choose the correct answers from the lettered options.

1. _____ represents a reduction in the price of goods given to special classes of customers

- A. trade discount
- B. discount on customers
- C. allowance off price list.
- D. discount on creditors.
- E. discount on purchases

The correct answer is option [A].

2. S. Sule sets aside from his private funds ₦20,000 for business purposes. The ₦20,000 is referred to as _____

- A. drawings
- B. capital
- C. loan
- D. profit

The correct answer is option[B].

3. Carriage inwards is shown on the _____

- A. debit side of the trading account
- B. credits side of the trading account
- C. credit side of the profit and loss account
- D. debit side of the profit and loss account

The correct answer is option[A].

Use the following information to answer the question

4. What is the amount of the new provision for bad debts if Lagbaja is the debtor?

1/1/06 Debtors D2,600

1/1/06 Provision for bad debts D00

31/12/06 Bad debt D00

31/12/08 Sold goods to Lagbaja on credit 5% o debtors

A. D130

B. D127

C. D124

D. D120

The correct answer is option[A].

5. Sales was D12,500, total expenses was D2,500 and net profit is 10% of sales. What is the gross profit?

A. D11,250

B. D8,750

C. D3,750

D. D1,250

The correct answer is option[C].

6. Opening Stock ₦40,000;

Purchases ₦130,000;

Closing Stock ₦32,000;

Sales ₦180,000

What is cost of goods sold?

- A. ₦170,000
- B. ₦136,000
- C. ₦130,000
- D. ₦127,000
- E. ₦138,000

The correct answer is option [E] $\text{Cost of goods sold} = \text{Opening Stock} + \text{Purchases} - \text{Closing Stock}$

7. What is the value of goods available for sale?

Stock in hand	=N=
	4,000
Purchases for resale	5,000
Sales	3,500
Margin	20%

- A. ₦ 4,200
- B. ₦ 9,000
- C. ₦ 8,500
- D. ₦ 5,700
- E. ₦ 5,500

The correct answer is option [B]

8. A provision is _____

- A. an expense of business to be paid for in cash
- B. an amount for in loss from trading activities
- C. a loss in value of all business assets
- D. an expenses, the amount of which is not certain
- E. an set out of profit for other uses

The correct answer is option[D]

9. Emi Nwankwe, a trader, had 200 packets of goods valued at ₦50 per packet at the beginning of the year. During the year, he had purchased 500 packets valued at the same rate. If he made a gross profit of ₦10,000 without a closing stock. What is his cost of goods sold?

- A. ₦35,000
- B. ₦40,000
- C. ₦30,000
- D. ₦10,000
- E. ₦25,000

The correct answer is option [A]

10. Net current asset is _____

- A. current assets less current liabilities
- B. current assets less stock and prepayments
- C. current assets less long term liabilities
- D. current assets less accrued prepayments alone
- E. long term liabilities less current liabilities

The correct answer is option [A]

11. A machine cost ₦12,000 and has a useful life of 4 years and an expected disposal value of ₦400. Using the straight line method, the annual depreciation is

- A. ₦3,100
- B. ₦3,000
- C. ₦2,900
- D. ₦2,300

The correct answer is option [C].

Straight line method = $\frac{\text{Original cost} - \text{Salvage value}}{\text{No. of years or life span}}$

$$= \frac{=N= 12,000 - =N= 400}{\cdot 4}$$

$$= =N= 2900$$

E. ₦2,000

12. Given the following;

Gross profit ₦ 60,000

Cost of goods sold ₦ 15,000

Insurance ₦3,000

Advertising ₦2,000

Return inwards ₦ 5,000

Director's remuneration ₦ 15,000

Required: Calculate Net profit

A. ₦ 15,000

B. ₦ 25,000

C. ₦ 40,000

D. ₦ 38,000

The correct answer is option[C].

13. Fixed Assets are those assets that are fixed for a particular period of time

A. TRUE

B. FALSE

The correct answer is option [A].

Use the information to answer the question.

14. The following balances were extracted from the books of XYZ Co. Ltd. What is the current ratio?

	=N=
Goodwill	20,000
Other Fixed Assets	400,000
Stock	10,000
Debtors	30,000
Provision for bad debts	5,000
Bank balance	10,000
Subdry Creditors	25,000
Accrued expenses	5,000
Bills payable	2,000
Provision for depreciation	90,000

- A. 2 : 1
- B. 1.8 : 1
- C. 1.4 : 1
- D. 1.3 : 1
- E. 1.2 : 1

The correct answer is option [C].

15. Assets are shown at cost

- A. TRUE
- B. FALSE

The correct answer is option [A].

16. The gross profit of a business is _____

- A. excess of sales over all the trading expenses
- B. difference between sales and purchases
- C. excess of sales over cost of goods sold

- D. difference between discount received and discount allowed
- E. excess of purchases over excess of net profit

The correct answer is option [C]

Use the information to answer the question.

17. A machine cost ₦12,000 and has a useful life of 4 years and an expected disposal value of ₦400. Using the reducing balance method, what will be the depreciation charge for year 2 at 20% (ignore residual value)?

- A. ₦3,000
- B. ₦2,900
- C. ₦2,400
- D. ₦1,920
- E. ₦1,536

The correct answer is option [D].

formular for reducing balance method is

$$r = 1 - \sqrt[n]{s/c}$$

18. Which of the following does not belong to the trading, profit and loss account?

- A. Dividend received
- B. Prepaid rates
- C. Accrued rates
- D. Interest on loan
- E. Loan from United Bank for Africa

The correct answer is option [E]

19. A difference between the debit and credit total in a Trial Balance is placed in _____

- A. bank reconcialiation statement
- B. profit and loss account
- C. suspense account

D. appropriation account

The correct answer is option[C].

Use the following information to answer the question

Jan 1#

1/1/08 Capital introduction by cash	50,000
2/1/08 Bought goods for retail by cash	10,000
3/1/08 Bought fixtures by cash	5,000
4/1/08 Sold goods to Lagbaja on credit	3,000
5/1/08 Bought on credit from Tamedu	8,000

20. Balance in Purchases Account at 5/1/08 is _____

- A. ₦ 23,000
- B. ₦ 18,000
- C. ₦ 10,000
- D. ₦ 8,000

The correct answer is option[C]. The other credit purchases of 8,000 will be posted to the purchases journal.(creditor) The only item of purchases that will be posted to the purchases account will be the cash purchases of 10,000

21. _____ is the temporary reserve which can be used to pay dividend in the future

- A. Equity
- B. revenue reserve
- C. Working capital
- D. Capital employed

The correct answer is option[B].

22. The reserve which is kept on long term is known as _____

- A. capital employed
- B. shares

- C. loan reserve
- D. capital reserve

The correct answer is option [D]

23. Opening stock + Purchases + Carriage inwards is equal to _____

- A. total sales.
- B. cost of goods sold.
- C. gross profit.
- D. cost of goods available for sale.
- E. net profit.

the correct answer is option [D]

Use the information to answer the question: manufacturing cost of finished goods N75,000; selling and distribution expenses N5,000; mark-up 25%.

24. Sales value for the year is _____

- A. ₦93,750
- B. ₦56,250
- C. ₦18,750
- D. ₦17500
- E. ₦13,750

The correct answer is option [A] $75,000 * 25\% = 93,750$ (which is the sales)

25. When a buyer returns damaged goods to the seller, the buyer receives a _____

- A. proforma invoice
- B. credit note
- C. debit note
- D. consignment note
- E. goods return note

The correct answer is option [B].

Use the information to answer the question: Manufacturing Cost of Finished goods N75,000; Selling and Distribution expenses N5,000; Mark-up 25%.

26. Gross profit for the year is _____

- A. ₦93,750
- B. ₦56,250
- C. ₦18,750
- D. ₦17,500
- E. ₦13,750

The correct answer is option[C] $75,000 * 25\% = 93,750$ (which is the sales)
gross profit = $93,750 - 75,000 = 18,750$

27. The net profit or loss for the year is determined in profit and loss account after_____

- A. deducting purchases from sales.
- B. deducting cost of goods sold from sales adding administrative expenses.
- C. adding commissions recorded to gross profit.
- D. eliminating all expenses from gross profit and adding any other income.

The correct answer is option [D].

28. The debit (Dr) side of the Balance sheet has the following

- (i) Intangible Assets
 - (ii) Authorised share capital
 - (iii) Revenue reserved
 - (iv) All of the above
- A. (i), (ii) and (iii)
 - B. (ii) and (iii) only
 - C. (i) and (iii) only
 - D. (iv) only

The correct answer is option[B].

29. Assets are shown at cost _____

- A. TRUE
- B. FALSE

The correct answer is option [A].

30. The heading of a balance sheet statement must include as at year ended 31 Dec _____

- A. False
- B. True

The correct answer is option [B].

31. Purchases in Accounting refers to goods bought for _____

- A. repairs.
- B. owner's use.
- C. resale.
- D. decorating offices.
- E. permanent use.

The correct answer is option [C].

Use the information extracted from TOM's book to answer the question.

32. Calculate the percentage of net profit in sales.

	=N=
Stock at 1st Jan., 1901	6,500
" " 31st Dec., "	5,500
Creditors 1st Jan., "	4,000
" 31st Dec., "	5,000
Cash paid for goods during the year	20,000
Gross Profit - 25% on cost	
Admin. & Selling expenses	2,750

- A. 25%

- B. 22%
- C. 21%
- D. 20%
- E. 12%

The correct answer is option [E].

33. Accounting equation is _____

- A. Assets = Liability + Capital
- B. Assets = Income + Revenue
- C. Assets = Liability - Capital
- D. Assets = Income - Expenses
- E. Assets = Expenses + Income

The Correct Answer is option [A]

34. Which is the correct descending order for current assets?

- A. Stock, debtor, bank, cash
- B. Cash, bank, debtors, stock
- C. Debtors, stock, bank, cash
- D. stock, debtors, cash, bank

The correct answer is option [A]

35. _____ is the total assets less the current liabilities

- A. Capital employed
- B. Loan capital
- C. Capital reserve
- D. Working capital

The correct answer is option[A].

36. The cost of goods sold is ₦32,000; the gross profit is 25% on cost. What is the value of sales?

- A. ₦42,500
- B. ₦40,500
- C. ₦40,000
- D. ₦38,000
- E. ₦32,000

The correct answer is option [C] To Cost of sales = 25% of the cost of goods sold = $\frac{25}{100} \times 32,000 = 8,000$ cost of sales = $8,000 + 32,000 = 40,000$

37. Which of the following does not belong to the group?

- A. discount allowed
- B. salaries and wages
- C. sundry expenses
- D. rates and rents
- E. return inwards

The correct answer is option [E].

[A] to [D] are expenses in the profit and loss account while [E] is a returns to sales and is in the trading account.

38. _____ is the temporary reserve which can be used to pay dividend in the future.

- A. Equity
- B. Capital reserve
- C. Revenue reserve
- D. Capital employed

The correct answer is option [C].

39. Which of the following does not belong to the group?

- A. Straight line
- B. Insurance policy
- C. Diminishing balance

- D. Reducing balance
- E. Accumulated depreciation

The correct answer is option [B].

40. Which of these best describe the rate of turnover?

- A. Cost of goods sold/Average stock
- B. Average stock/Cost of sales
- C. Opening stock+closing stock/2
- D. Gross profit + sales x 100
- E. Cost of goods sold/2(Average stock)

The correct answer is option [A]

41. Yinka bought goods worth ₦800.00 and sold at a margin of 20% on selling price. How much did she sell the goods?

- A. ₦1,000
- B. ₦960
- C. ₦933
- D. ₦820

The correct answer is option [A].

Purchase price is N800 representing 80%

Profit margin is 20%

Sales = 80% + 20% = 100%

$800/0.8 = N1,000$

Ltd.

42. Which of the following may cause depreciation?

- (i) Wear & tear.
- (ii) Obsolescence & passage of time.
- (iii) Fluctuation in prices

- A. i, ii & iii

- B. i & ii only
- C. i & iii only
- D. ii & iii only
- E. iii only

The correct answer is option [B].

43. Income received in advance is shown in the balance sheet as _____

- A. current assets
- B. intangible assets
- C. tangible
- D. long term liability
- E. current liability

The correct answer is option[E]

44. The result of adding opening stock + purchases + wages in the trading profit loss account of a company is _____

- A. closing stock
- B. cost of sales
- C. cost of good sold
- D. prime cost
- E. cost of goods available for sale

The correct answer is option [E]

Use the following information to answer the question

45. Accumulated depreciation on the asset as at 31/12/81 was _____

- A. ₦ 2,487,500
- B. ₦ 2,736,250
- C. ₦ 2,238,750

MACHINERY	
Historical Cost	=N= 5,000,000
Estimated Useful Life	20 years
Residual Value	=N= 25,000
Date of acquisition	1/1/71
Depreciation Method	Straight line

D. ₦ 2,263,750

The correct answer is option [A].

46. Which of these best defines working capital?

- A. The amount of money borrowed to run a business
- B. The value of current assets available in the period
- C. The amount available to meet the day to day running of the business
- D. The amount available to settle creditors
- E. The value of the company's total assets

the correct answer is option [C]

47. An article costs ₦1,800 and is sold at a profit of 20% . What is the selling price?

- A. ₦ 2,250
- B. ₦ 2,160
- C. ₦ 1,800
- D. ₦ 1,440

The correct answer is option[B].

48. If a bad debt previously written off is subsequently repaid, the amount collected is recorded as an _____

- A. income in the profit and loss account.
- B. income in the balance sheet.
- C. additional cash in the balance sheet.
- D. expenditure in the profit and loss account.

The correct answer is option [A].

49. Given the following

Fixed Assets ₦30,000

Current Assets ₦20,000

Current liabilities ₦15,500

Longterm liabilities ₦15,000

Required: Compute working capital

- A. ₦20,000
- B. ₦ 15,000
- C. ₦ 10,000
- D. ₦4,500

The correct answer is option[D].

50. The total debtors account of a trading concern is ₦ 13,000. Out of this 2% is irrecoverable. 5% of the balance is not likely to be collected.

What is the provision for doubtful debts?

- A. ₦ 910
- B. ₦897
- C. ₦ 637
- D. ₦ 260

The correct answer is option[B].

Use the information to answer the question.

51. The following balances were extracted from the books of XYZ Co. Ltd. What is the working capital?

	=N=
Goodwill	20,000
Other Fixed Assets	400,000
Stock	10,000
Debtors	30,000
Provision for bad debts	5,000
Bank balance	10,000
Subdry Creditors	25,000
Accrued expenses	5,000
Bills payable	2,000
Provision for depreciation	90,000

- A. ₦45,000
- B. ₦32,000

- C. ₦25,000
- D. ₦18,000
- E. ₦13,000

The correct answer is option [E].

52. The heading of a balance sheet statement must include as at

- A. TRUE
- B. FALSE

The correct answer is option [A].

53. The cost of goods sold is ₦32,000. The gross profit is 25% on cost. Returns inwards amount to ₦2000. What is the value of sales?

- A. ₦42,500
- B. ₦40,500
- C. ₦40,000
- D. ₦38,000
- E. ₦32,000

The correct answer is option [D]

Use the information extracted from TOM's book to answer the question.

54. What is the purchases for the year?

	=N=
Stock at 1st Jan., 1901	6,500
" " 31st Dec., "	5,500
Creditors 1st Jan., "	4,000
" 31st Dec., "	5,000

Cash paid for goods during the year	20,000
Gross Profit - 25% on cost	
Admin. & Selling expenses	2,750

- A. ₦20,000

- B. ₦21,000
- C. ₦22,000
- D. ₦24,000
- E. ₦25,000

The correct answer is option [B].

55. Which of the following is not found in a trial balance?

- A. Opening stock
- B. Closing stock
- C. Capital
- D. Rent paid

The correct answer is option [C].

56 Use the information extracted from TOM's book to answer the question.

. What is the amount charged in the Profit and Loss Account?

	=N=
Stock at 1st Jan., 1901	6,500
" " 31st Dec., "	5,500
Creditors 1st Jan., "	4,000
" 31st Dec., "	5,000
Cash paid for goods during the year	20,000
Gross Profit - 25% on cost	
Admin. & Selling expenses	2,750

- A. ₦6,500
- B. ₦5,500
- C. ₦5,000
- D. ₦4,000
- E. ₦2,750

The correct answer is option [E].

57. Which of the following statements is NOT correct?

- A. Sales less cost of good sold is equal to gross profit
- B. Profit increases capital
- C. Losses reduces capital
- D. Drawings reduces capital
- E. Drawings increases capital

The correct answer is option [E]

58. The accounting principle that state that insignificant expenditures are not to be taken into account _____

- A. realization concept
- B. materiality convention
- C. marching concept
- D. consistency convention

The correct answer is option[B].

59. A trial balance is prepared to _____

- A. detect fraud
- B. ascertain losses in a trading period
- C. determine opening capital
- D. test arithmetical accuracy of ledger entries

The correct answer is option[D].

60. What is Mark-up?

- A. Gross profit expressed as a percentage of sales
- B. Gross profit expressed as a percentage of cost of sales
- C. Net profit expressed as a sales
- D. Steps taken to increase your gross profit
- E. Measures taken to increase your net profit

The correct answer is option[B]

61. Opening Stock ₦40,000;
Purchases ₦130,000;
Closing Stock ₦32,000;
Sales ₦180,000.

What is the Gross Profit?

- A. ₦58,000
- B. ₦50,000
- C. ₦42,000
- D. ₦10,000
- E. ₦57,000

The correct answer is option [C] $\text{Gross Profit} = \text{Sales} - \text{Cost of goods sold}$

62. ____ and ____ are the two types of goodwill

- A. Tangible and intangible goodwill
- B. Invisible and invisible goodwill
- C. Positive and negative goodwill
- D. Positive and negative patent

The correct answer is option [C].

63. _____ is not a fixed asset

- A. Motor vehicle
- B. Land
- C. Building
- D. Goodwill

The correct answer is option[D].

64. Which of the accounts of a company shows the financial position of the accounting entity on a specific date?

- A. Balance sheet
- B. Cash flow statement
- C. Value added statement
- D. Profit and loss account
- E. Trial balance

The correct answer is option [A]

Use the information to answer the question

65. A machine cost ₦12,000 and has a useful life of 4 years and an expected disposal value of ₦400. Using the reducing balance method, what is the net book value at the end of year 2 (ignore residual value)?

- A. ₦10,480
- B. ₦10,080
- C. ₦9,680
- D. ₦9,600
- E. ₦7,680

The correct answer is option [E].

formular for reducing balance method is

$$r = 1 - \sqrt[n]{s/c}$$

Use the following information to answer the question

1/1/06 Debtors	D2,600
1/1/06 Provision for bad debts	D00
31/12/06 Bad debt	D00
31/12/8 Sold goods to Lagbaja on credit	5% on debtors

66. The provision for bad debts in the profit and loss account is

- A. D187
- B. D127
- C. D67
- D. D0

The correct answer is option[D].

67. The term bad debt is used to describe _____.

- A. an over charge on a debtor's account
- B. a debit owed by a former employee
- C. a debit that is long over due
- D. a debit that will be paid in future
- E. a debit that cannot be recovered

The correct answer is option [E]

Use the following information to answer the question

Jan 1#

1/1/08 Capital introduction by cash	50,000
2/1/08 Bought goods for retail by cash	10,000
3/1/08 Bought fixtures by cash	5,000

4/1/08 Sold goods to Lagbaja on credit	3,000
5/1/08 Bought on credit from Tamedu	8,000

68. Cash balance at 5/1/08 is _____

- A. ₦ 50,000
- B. ₦ 40,000
- C. ₦ 35,000
- D. ₦ 30,000

The correct answer is option[C].

69. Which of the following statement is NOT valid?

- A. Provision to bad debt is deducted from total debtor in the balance sheet
- B. An increase in the provision for bad debt appears on the credit side of the profit and loss account and on the balance sheet
- C. A decrease in the provision for bad debt appears on the credit side of profit and loss account
- D. The bad debt account is closed to the debit side of the profit and loss account
- E. Bad debt is deducted from total debtors after making provision for bad and doubtful debts

The correct answer is option[C]

70. The purpose of trading account is to ascertain _____

- A. carriage outwards.
- B. gross profit.
- C. distribution expenses.
- D. net profit.

The correct answer is option [B].

71. Calculate the adjusted salaries and wages to be posted to profit and loss account given the following:

salaries & wages ₦6,000

Accrued salary of supervisor for 3 months ₦1,500

- A. ₦7,500
- B. ₦ 4,500
- C. ₦ 6,000
- D. ₦1,500

The correct answer is option[A].

In adjusting for salaries and wages, the accrued sum is added to the charges for the year. Hence $N(6,000 + 1,500) = N7,500$

72. What is the gross profit for the year?

Use the information extracted from TOM's book to answer the question.

	=N=
Stock at 1st Jan., 1901	6,500
" " 31st Dec., "	5,500
Creditors 1st Jan., "	4,000
" 31st Dec., "	5,000
Cash paid for goods during the year	20,000
Gross Profit - 25% on cost	
Admin. & Selling expenses	2,750

- A. ₦6,625
- B. ₦6,250
- C. ₦6,000
- D. ₦5,250
- E. ₦5,000

The correct answer is option [B].

73. An expense is termed an 'accrual' because it _____

- A. is yet to be paid for
- B. is a profit and loss account item
- C. must appear in the balance sheet
- D. is a trading account item

The correct answer is option[A].

74. Which of the following option is the best definition of balance sheet?

- A. A financial listing that summerises a company's assets,creditors and debtors at a specific point in time.
- B. A list of assets and liabilities of a company that shows the profit of a company at a specific point in time
- C. A financial statement that summarizes a company's assets, liabilities and shareholders' equity at a specific point in time.
- D. A listing of drawings

The correct answer is option [C]

75. Working capital = current assets - current liabilities

- A. TRUE
- B. FALSE

The correct answer is option [A]

76. A balance sheet is a _____

- A. form of trading account.
- B. proof of arithmetical accuracy of postings.
- C. statement showing profits at a certain date.
- D. statement showing assets and liabilities at a certain date.

The correct answer is option [D]. Ltd

77. Which of the following does not appear in a bank statement?

- A. Dividend received
- B. Bank charges
- C. Uncredited cheque
- D. Cheques presented and cashed

The correct answer is option[C].

78. Which of the following is the least liquid?

- A. Stock
- B. Debtors
- C. Bills receivable
- D. Prepayments

The correct answer is option [A]

79. The following are the final account financial statement of a company EXCEPT_____

- A. Journals
- B. Balance sheet
- C. Notes on the accounts
- D. Profit and loss account

The correct answer is option[A].

80. An expense becomes an accrual because it _____

- A. is due for payment
- B. is a profit and loss account item
- C. is a trading account item
- D. is to be paid within the next one year
- E. must appear in the balance sheet

The correct answer is option[A]

81. Trial balance can be constructed by two means namely _____ and _____

- A. total and brought down
- B. carried and balances
- C. brought down and carried down
- D. balance and brought down
- E. total and balances

The correct answer is option[E]

82. The final account of a sole trader is divided into _____ and _____ account

- A. profit and loss
- B. trading, profit and loss and balance sheet
- C. profit and trading
- D. loss and trading
- E. None of the above

The correct answer is option[B]

Use the information in the creditors ledger to answer the question.

83. What is the value of purchases?

Balance brought forward	=N= 500Cr
Amount paid to suppliers	1,200
Returns outwards	150
Balance carried forward	650Cr

- A. ₦2,000
- B. ₦1,700
- C. ₦200
- D. ₦9,000
- E. ₦1,500

The correct answer is option [E].

84. The excess of current assets over liabilities is _____

- A. fixed capital.
- B. registered capital
- C. nominal capital.
- D. paid-up capital.
- E. working capital.

The correct answer is option [E].

85. Which of the following transactions will increase the working capital of a business?

- A. Payment in cash to a creditor
- B. Payment by cheque to a creditor
- C. Sale of fixed asset in cash
- D. Cash received from debtors

The correct answer is option [C].

86. In the preparation of bank reconciliation statement uncredited cheques are _____

- A. added to the balance as per bank statement
- B. deducted from the balance as per bank statement
- C. added to the balance as per cash book
- D. ignored totally

The correct answer is option [B].

87. A service which a firm has enjoyed, but which has not yet been paid for is _____

- A. accrued expense
- B. preliminary expense
- C. prepaid expense
- D. overhead expense

The correct answer is option[A].

88. If stock is ₦ 200 at start and ₦320 at close. Purchases ₦ 2,055 and Sales ₦3,186. Find the cost of goods sold.

- A. ₦3,186
- B. ₦ 2,866
- C. ₦2,255
- D. ₦2,175
- E. ₦1,935

The correct answer is option [E].

Use the table to answer the question.

89. The book value of the asset as at 31/12/86 was _____

MACHINERY	
Historical Cost	=N= 5,000,000
Estimated Useful Life	20 years
Residual Value	=N= 25,000
Date of acquisition	1/1/71
Depreciation Method	Straight line

- A. ₦ 1,200,250
- B. ₦ 21,517,500
- C. ₦1,268,750
- D. ₦1,020,000

The correct answer is option [C].

Use the following information to answer the question

Jan 1#

1/1/08 Capital introduction by cash	50,000
2/1/08 Bought goods for retail by cash	10,000
3/1/08 Bought fixtures by cash	5,000
4/1/08 Sold goods to Lagbaja on credit	3,000
5/1/08 Bought on credit from Tamedu	8,000

90. Cash balance in the Capital Account at 5/1/08 is _____

- A. ₦ 60,000
- B. ₦ 40,000
- C. ₦ 35,000
- D. ₦ 5,000

The correct answer is option[C].

91. Bad debts written off is shown below as _____

- A. debit in the sales ledger
- B. debit in the purchase ledger
- C. credit in the sales ledger
- D. credit in the purchases ledger

The correct answer is option[A].

92. Blessing Okoro, a trader, had 200 packets of goods valued at N50 per packet at the beginning of the year. During the year, he had purchased 500 packets valued at the same rate. If he made a gross profit of N10,000 without a closing stock. What is his sales value?

- A. N35,000
- B. N45,000
- C. N25,000
- D. N20,000
- E. N55,000

The correct answer is option [B]

93. Sales less cost of goods sold is equal to _____

- A. Net profit
- B. Goods available for sale
- C. Gross profit
- D. Return inwards

The correct answer is option[C].

94. The trial balance is that in which the _____

- A. total amount on the debit side is equal to the total amount on the credit side
- B. total amount on the debit side is less than the total amount on the credit side
- C. the total amount on the credit side is different from the total amount on the debit side
- D. None of the above
- E. All of the above

The correct answer is option[A]

The trial balance is a worksheet wherein all the balances of each ledger are entered in two columns, namely debit and credit. Trial balance is prepared in each financial period as a summary of the closing of the previous ledger. The total of the debit side should always be equal to the total of the credit side, which proves the arithmetic accuracy of the ledger entry. Often credits will be represented as a negative leading the total of the trial balance to be 0. So the trial balance is also a tool to detect any errors, which may have occurred during the double-entry system of the ledger. However, a balanced trial balance does not necessarily guarantee that there is no error. For example, a transaction could have been removed from the ledger account, a journal entry might have been posted in the wrong ledger, or debit and credit entries could have been transposed: One feature of the double entry system that often confuses users, is that the terms 'credit' and 'debit' are used in the opposite way to the perspective taken, e.g., in typical bank account statements. Mistakes due to such misunderstandings are not apparent in the trial balance. Trial balances help maintain organization.

95. A business when established becomes separated from its owners. Which of the accounting concepts explains this?

- A. Accrual
- B. Entity
- C. Matching
- D. Consistency
- E. Business separation concept

The correct answer is option [B]

96. Why are adjustments in the profit and loss account necessary?

- A. To cover some expenses of the following year.
- B. To ascertain the actual expenses incurred & income earned during the year.
- C. To show the provisions made during the year.
- D. To show the total expenses paid and income record in the previous year.

The correct answer is option [B].

97. The balance of profit and Loss Account of a limited company is added or deducted from the company's capital

- A. TRUE
- B. FALSE

The correct answer is option [A].

98. What is the value of closing stock, if average stock is ₦2,540 and opening stock is ₦2,950

- A. ₦5,080
- B. ₦410
- C. ₦5,490
- D. ₦2,130
- E. ₦2,950

The correct answer is option [D]

99. Given the following

Fixed Assets ₦30,000

Current Assets ₦20,000

Current liabilities ₦15,500

Longterm liabilities ₦10,800

Required: Compute capital employed

A. ₦ 34,500

B. ₦ 30,000

C. ₦ 60,000

D. ₦ 45,000

The correct answer is option[A].

100. Carriage outwards is accounting term for amount spent on _____.

A. goods purchased

B. goods sold

C. excess stock

D. good for production

E. goods returned to stock

The correct answer is option [B]

101. The following are examples of current liabilities EXCEPT _____

A. Trade debtors

B. Trade creditors

C. Bank loan

D. Proposed dividend

The correct answer is option[A].

102. Subscriptions in arrears is treated in the balance sheet of a club as _____

A. current liability

B. intangible asset

- C. fictitious asset
- D. current asset
- E. fixed asset

The correct answer is option [D]

103. Mr Paul recorded sales of ₦25,000 for the first quarter of his trading year. If his margin is 20%, what is his cost of sales?

- A. ₦50, 000
- B. ₦62,000
- C. ₦200,000
- D. ₦120,000
- E. ₦112,500

The correct answer is option[C]

104. What is the accounting term used to describe the excess of current assets over current liabilities?

- A. Share capital
- B. Net current asset
- C. Subscribed capital
- D. Reserve capital
- E. Loan capital

The correct answer is option [B]

105. Which of the following is not a liability?

- A. Accrued wages
- B. Creditor
- C. Prepayment
- D. Insurance due
- E. Rent Arrears

The correct answer is option [C]

106. Net profit is calculated in the _____

- A. trading account
- B. profit and loss account
- C. trial balance
- D. balance sheet

The correct answer is option [B]

107. The basic accounting equation is _____

- A. assets = liabilities - capital
- B. capital = assets + liabilities
- C. assets = equity + liability
- D. equity = fixed assets + current liabilities
- E. liabilities = capital + assets

The correct answer is option [C]

108. Rent receivable is a _____

- A. current asset
- B. current liability
- C. contingent liability
- D. fictitious assets
- E. provision

The correct answer is option [A]

109. The two types of investments are quoted and unquoted

- A. TRUE
- B. FALSE

The correct answer is option [A].

Use the information extracted from TOM's book to answer the question.

110. What is the turnover for the year?

A. ₦27,500

	=N=
Stock at 1st Jan., 1901	6,500
" " 31st Dec., "	5,500
Creditors 1st Jan., "	4,000
" 31st Dec., "	5,000

Cash paid for goods during the year	20,000
Gross Profit - 25% on cost	
Admin. & Selling expenses	2,750

B. ₦28,250

C. ₦25,500

D. ₦24,500

E. ₦22,000

The correct answer is option [B].

Use the information extracted from TOM's book to answer the question.

111. What is the stock turn-over rate?

	=N=
Stock at 1st Jan., 1901	6,500
" " 31st Dec., "	5,500
Creditors 1st Jan., "	4,000
" 31st Dec., "	5,000
Cash paid for goods during the year	20,000
Gross Profit - 25% on cost	
Admin. & Selling expenses	2,750

- A. 3 times
- B. 3.3 times
- C. 3.5 times
- D. 3.7 times
- E. 4 times

The correct answer is option [D].

112. Gross profit less expenses is equal to _____

- A. net profit
- B. cost goods available for sales
- C. cost of goods available for sale
- D. net profit after tax
- E. operating expenses

The correct answer is option [A]

Use this information to answer the question

Abu, a debtor to Dania, owed ₺ 10,500 at the start of the month. he paid cash of ₺ 40,005 during the month and received additional credit sales of ₺ 20,000.

116. Abu's balance at the end of the month is _____

- A. ₺ 30,505 cr
- B. ₺ 9,505cr
- C. ₺ 9,505 dr
- D. ₺ 30,500 dr

The correct answer is option[B].

113. The term 'bad debts' means debts _____

- A. recorded in wrong accounts.
- B. owned by an employee.
- C. paid with fake currency.
- D. that cannot be collected.
- E. owned by a supplier.

The correct answer is option [D].

114. Which of the following is an intangible assets?

- A. Goodwill
- B. Furniture and fittings
- C. Cash in hand
- D. Proprietors capital
- E. Fixed deposits

The correct answer is option [A]

115. Sales less cost of goods sold is _____

- A. margin profit
- B. purchases profit
- C. net profit
- D. sales profit
- E. gross profit

The correct answer is option [E]

116. Which of the following is added to the proprietor's capital?

- A. Net profit
- B. Gross profit

- C. Net sales
- D. Gross sales

The correct answer is option[A].

117. Prepayment is treated in the balance sheet of a firm as a_____

- A. fixed asset
- B. long-term liability
- C. current asset
- D. current liability

The correct answer is option[C].

Use the information to answer the question.

118. The following balances were extracted from the books of XYZ Co. Ltd. What is the net asset?

	=N=
Goodwill	20,000
Other Fixed Assets	400,000
Stock	10,000
Debtors	30,000
Provision for bad debts	5,000
Bank balance	10,000
Subdry Creditors	25,000
Accrued expenses	5,000
Bills payable	2,000
Provision for depreciation	90,000

- A. ₦ 465,000
- B. ₦ 433,000
- C. ₦ 375,000
- D. ₦ 348,000
- E. ₦ 343,000

The correct answer is option [E].

119. Given: Motor van ₦ 3,600, Premises ₦ 5,000, Loan from R. Nwaeke ₦1,000, Cash at bank ₦ 1,650, Stock of goods ₦ 4,800, Creditors ₦2,560, Cash in hand ₦ 250 and Debtors ₦6,910. Calculate the capital figure.

- A. ₦19,650
- B. ₦ 18,650
- C. ₦ 17,850
- D. ₦ 16,850

The correct answer is option [B].

Capital = Assets - Liabilities

120. Trial Balance is the _____

- A. narration of all transactions and accounts.
- B. debit balances of the accounts.
- C. list of all balances extracted from the ledger.
- D. list of all credit balances in the ledger.

The correct answer is option [C]. Ltd

121. Issued shared capital, revenue and capital reserves make up _____ of a company

- A. bonus issue
- B. revenue reserve
- C. loan capital
- D. equity

The correct answer is option[D].

Use the information in the extract to answer the question.

122. What is the cost of goods sold?

Given:

	=N=
Purchases	20,000
Sales	40,000
Carriage inwards	5,000
Carriage outwards	5,000
Opening stock	10,000
Closing stock	5,000

- A. ₦30,000
- B. ₦25,000
- C. ₦20,000
- D. ₦15,000
- E. ₦12,575

The correct answer is option [B]. Ltd

Use the information to answer the question.

123. A machine cost ₦12,000 and has a useful life of 4 years and an expected disposal value of ₦400. The accumulated depreciation at the end of year 3 using the straight line method is

-
- A. ₦9,300
 - B. ₦9,000
 - C. ₦8,700
 - D. ₦6,900
 - E. ₦6,000

The correct answer is option [C].

Straight line method = original cost - salvage value/life span which is 2,900 as the annual depreciation each year. To arrive at the accumulated depreciation for year 3, it will be 2,900 * 3 which is 8,700

124. A Suspense Account is used to _____

- A. correct errors
- B. record differences detected until corrected

- C. prepare the balance sheet
- D. extract the trial balance

The correct answer is option[B].

125. In the balance sheet, the balance on the Provision for Depreciation Account is show as _____

- A. addition to fixed assets
- B. deduction from fixed assets
- C. addition to capital
- D. deduction from current liabilities

The correct answer is option[B].

126. Outstanding rent of ₦300 is paid by the proprietor. The effect on the balance sheet is that _____

- A. both the liability and asset are increased.
- B. both the liability and asset are decreased.
- C. liability is increased while the asset is decreased.
- D. liability is decreased while the asset is increased.
- E. both liability and asset remain unchanged.

The correct answer is option [B]. This is because the liability of rent unpaid is decreased and the asset of cash or bank used to pay for the rent is decreased.

127. _____ is total assets less current liabilities.

- A. Capital employed
- B. Loan capital
- C. Capital reserve
- D. working capital

The correct answer is option [A].

128. _____ account shows the performance of an organisation during a given year period

- A. Revaluation account
- B. Trading account
- C. Trading and profit and loss account
- D. Profit and loss account
- E. Balance Sheet

The correct answer is option [C].

TOPIC: INTRODUCTION TO ACCOUNTING

DIRECTION: Choose the correct answers from the lettered options.

1. An effective accounting system should provide information _____
- A. on new products and methods in an organisation.
 - B. for customer feedback and requirement.
 - C. on internal and external financial reporting for managers and third parties.
 - D. for promoters, directors, labor unions and distributors.

The correct answer is option [C].

2. Creditors use accounting information for the purpose of _____
- A. planning sales of a company.
 - B. controlling a company's affairs.
 - C. investing in a company.
 - D. accessing a company's liquidity.

The correct answer is option [D].

3. The main objective of book-keeping is to record _____
- A. transactions systematically for routine managerial decision-making.
 - B. events clearly to ensure adequate checks and balances.
 - C. events clearly to facilitate strategic managerial decision-making.
 - D. transactions systematically to ascertain the financial position of a business.

The correct answer is option [D].

4. Which of the following factors has aided the development of Accounting?
- A. The emergence of nation states
 - B. The discovery of mineral resources in commercial quantity
 - C. The growth in size of businesses and the separation of ownership and management
 - D. The development and management of a sophisticated monetary system.

The correct answer is option [C].

5. The most important reason for studying Accounting is that _____

- A. the information provided is useful in making decisions.
- B. accounting plays an important role in a society.
- C. the study of accounting leads to a challenging career.
- D. accounting provides gross profit information.

The correct answer is option [A].

6. Accounting information is used by investors and creditors of a company to predict _____

- A. future cash flows of the company.
- B. future tax payments of the company.
- C. potential merger candidates for the company.
- D. appropriate remuneration's for the company's staff.

The correct answer is option [A]. Options [B], [C] & [D], are not concerns of investors and creditors of a company.

7. The basis of accounting which eliminates debtors and creditors is _____

- A. cash
- B. accrual
- C. fund
- D. commitment
- E. modified accrual

The correct answer is option [A]

8. The need for changes in accounting theory in Nigeria was influenced by the _____

- A. dynamics of commercialization and privatization policies.
- B. growth in size of business units.
- C. introduction of the Structural Adjustment Programme.
- D. inconvertibility of the nation's currency.

The correct answer is option [B].

9. Cost accounting entails the provision of information _____

- A. for investment purposes.
- B. for decision making.
- C. to shareholders.
- D. to stockholders.

The correct answer is option [B].

10. In Nigeria, the Accounting profession is regulated by _____

- A. ICAN
- B. SEC
- C. CBN
- D. NSE

The correct answer is option [A].

11. Which of the following is not an external user of accounting information?

- A. Management
- B. Creditors
- C. Shareholders
- D. Government

The correct answer is option [A].

12. The basic role of accounting is _____.

- A. to detect fraud.
- B. to provide information for decision making.
- C. to prevent fraud
- D. to protect shareholders interest
- E. None of the above

The correct answer is option [B].

13. In preparing accounting records, the owners of a business and the business are treated as _____

- A. the same person.
- B. having business relationship.
- C. separate legal entities.
- D. partners.

The correct answer is option [C] This is the business entity concept of accounting.

14. The main objective of accounting report is to provide information about _____

- A. a company's shareholding.
- B. an entity's management.
- C. the efficacy of assets.
- D. a company's financial resources.

The correct answer is option [D].

15. The term "accounting period" is used to refer to the _____

- A. time span during which taxes are paid to the Inland Revenue Board
- B. budget period, usually a year, relied on by the accountant
- C. time span, usually one year, covered by financial statements
- D. period within which debtors are expected to settle accounts.

The correct answer is option [C]. One of the main objectives of accounting is to show the result of business transactions, that is, whether a business has made any profit or loss for a specified time which is usually 12 months.

TOPIC: PRINCIPLES AND PRACTICE OF DOUBLE ENTRY

DIRECTION: Choose the correct answers from the lettered options.

1. Use the information to answer the question; Emeka ventures bought goods in cash; paid rent for office premises and sold goods on credit to Chief Ozioma.

How many transaction took place from the above statement?

- A. One
- B. Two
- C. Three
- D. Four
- E. Five

The correct answer is option[C]

2. When preparing a bank reconciliation statement, which of the following is deducted from the balance per bank statement?

- A. Bank charges
- B. Uncleared cheques
- C. Returned cheques
- D. Unpresented cheques

The correct answer is option [D].

3. The most convenient cash book used by a petty trader operating in an area where there is no banking facility is _____.

- A. four column.
- B. three column.
- C. single column.
- D. two column.

The correct answer is option [C].

4. Use the information to answer the question; Emeka ventures bought goods in cash; paid rent for office premises and sold goods on credit to Chief Ozioma.

When the business paid rent for its premises, what two accounts were involved?

- A. Cash and rent account
- B. Cash and office premises account
- C. Rent and office premises account
- D. Office premises and rent account
- E. Rent and bank account

The correct answer is option[A]

5. Patent and trade mark are classified as _____assets

- A. intangible
- B. current
- C. fixed
- D. wasting
- E. gross

The correct answer is option [A]

6. If opening creditors was ₦65,000; Closing creditors was ₦41,000. Credit purchases was ₦200,000 and Discount received was ₦3,000. How much was paid to creditors?

- A. ₦262,000
- B. ₦224,000
- C. ₦221,000
- D. ₦176,000
- E. ₦220,000

The correct answer is option [C]

7. Is petty cash book included in the trial balance?

- A. true
- B. false

The correct answer is option [A]

8. Which of the following concepts stipulates that accounting profit is the difference between revenue and expenses?

- A. Accrual Concept
- B. Conservation Concept
- C. Prudence Concept
- D. Materiality Concept

The correct answer is option [A].

9. Which of the following accounting records are source documents?

- A. Journals & ledgers.
- B. Sales invoice & cash book.
- C. Cash book and debit note.
- D. Sales invoice & debit note.
- E. All of the above

The correct answer is option [D].

10. Mr. Sun established a business and invested ₦10,000 in cash, what two accounts are involved?

- A. Cash/Sun
- B. Sun/Capital
- C. Capital/Company
- D. Capital/Cash
- E. Cash/Company

The correct answer is option [D]

11. A sale of goods to Audu was not posted. This is an error of _____

- A. omission.
- B. compensation.
- C. commission.
- D. principle.

The correct answer is option [A]. Ltd

12. Which of the following are on the bank statement before reconciliation?

- (i) Standing order
- (ii) Payment to an employee
- (iii) Receipt from a debtor
- (iv) Uncredited cheques
- (v) Unpresented cheques.

- A. i & v only
- B. i & ii only
- C. i & iii only
- D. i & iv only
- E. i, iv & v only

The correct answer is option [C]. IV & V are the things that are absent and thus cause the reconciliation of the bank statement.

13. A company purchased motor vehicle for the business for ₦5,000 and paid cash. Which account should be debited?

- A. Cash
- B. Company
- C. Motor vehicle
- D. Purchases
- E. Sales

The correct answer is option [C]

14. Which of the following is a fictitious assets?

- A. Overdraft
- B. Reserves
- C. Raw material stock
- D. Cash in hand
- E. Preliminary expenses

The correct answer is option [E]

15. The amount of money that is given to the petty cashier for daily payments is called _____

- A. imprest
- B. cash
- C. revenue
- D. capital
- E. loan

The correct answer is option [A]

16. Which of the following will be on the bank statement before reconciliation?

- (i) Standing order
 - (ii) Payment to a creditor
 - (iii) Receipt from a debtor
 - (iv) Uncredited cheque
 - (v) Unpresented cheque
- A. i and v only
 - B. i and ii only
 - C. i, ii and iii only
 - D. i and iv only
 - E. i, iv and v only

The correct answer is option [C]

17. Which of the following is found in the general ledger?

- A. Capital Accounts
- B. Sales Accounts
- C. Loan Accounts
- D. Drawings Accounts

The correct answer is option[B].

18. The principal book of account is called _____

- A. debit
- B. credit
- C. ledger
- D. bookkeeping
- E. teller

The correct answer is option [C]

19. Where the head office maintains all books of account, goods sent to branch is credited to _____ account

- A. goods sent to branch
- B. branch stock
- C. branch stock adjustment
- D. head office
- E. branch final Account

The correct answer is option[A]

20. A real account is the account of _____.

- A. expenses or losses.
- B. gains or income.
- C. physical tangible items.
- D. current liabilities.

The correct answer is option [C]. A real account refers to accounts in which property like land and building

21. How is contra entry treated in the cash book?

- A. Debited only
- B. Credited only
- C. Neither debited nor credited
- D. Not entered at all
- E. Recorded on both sides of the cash book

The correct answer is option [E]

22. The journal serves the following purposes EXCEPT _____

- A. recording of opening entries
- B. correction of errors
- C. adjustment in accounts
- D. purchase of business
- E. check on the arithmetical accuracy of the various personal accounts

The correct answer is option[D]

23. Sales return book is also referred to as _____

- A. return on sales day book
- B. return outwards day book
- C. return inwards day book
- D. goods return day book
- E. None of the above

The correct answer is option[C]

24. When a business incurs labour cost in installing a fixed asset, the cost is treated as _____

- A. additional cost to the asset.

- B. business wages and salaries.
- C. installation cost of the asset.
- D. business cost of the asset.
- E. All of the above

The correct answer is option [A].

25. A three column Cash Book contains columns for _____, _____ and _____

- A. Cash, Assets and liabilities
- B. Bank, Cash and Assets
- C. Cash, Bank and Returns
- D. Discount, Cash and Bank

The correct answer is option[D].

26. A ledger is a _____.

- A. principal book of accounts.
- B. summary of entries.
- C. book of original entry.
- D. double entry posting.
- E. recording of credit transaction.

The correct answer is option [A].

27. In which ledger is the account, Mr Rabi a debtor found?

- A. Nominal ledger
- B. Purchases ledger
- C. General ledger
- D. Sales ledger
- E. Cash Book

The correct answer is option [C]

28. Purchases in accounting refers to goods bought for _____

- A. repairs
- B. owner's use
- C. resale
- D. decorating office
- E. permanent use

The correct answer is option [C]

29. Which account is used to determine the cost of goods sent on consignment?

- A. Consignment account
- B. Agents personal account
- C. Agents debtors account
- D. Goods sent on consignment account
- E. Agents cash account

The correct answer is option [D]

30. In which of the following books will trade discount be recorded?

- A. Cash book
- B. General ledger
- C. purchases day book
- D. Invoices
- E. Journal voucher

The correct answer is option [C].

31. A cash book had opening balance ₦15,200, closing balance of ₦18,400 and total cash received during the period

₦36,000. What was the amount of cash paid out during the same period?

- A. ₦17,800
- B. ₦19,600
- C. ₦ 29,200

D. ₦32,800

The correct answer is option [D].

Opening bal + Cash received - Closing bal (N15200 + N36000 - N18400) = N32,800

32. The concept of double entry book-keeping states that _____

- A. one person pays and another receives.
- B. there must be a buyer for every seller.
- C. sales and purchases are stated separately.
- D. if you receive goods on credit the seller becomes your creditor.
- E. for every debit entry there must be a corresponding credit entry and for every credit entry there must be a corresponding debit entry.

The correct answer is option [E]

33. Which of the following should be included in the adjusted cash book?

- A. Bank charges and commission
- B. Cheques issued, presented and cashed
- C. Bank deposits
- D. Cash payments made by the firm
- E. Opening bank overdraft

The correct answer is option [A]. Because bank charges and commissions were not originally recorded in the cash book so they have to be adjusted for

34. In a petty cash book, the closing balance was ₦ 235, imprest ₦1,250 while the stationery expenses were ₦655. How much was paid for other general expenses?

- A. ₦360
- B. ₦355
- C. ₦350
- D. ₦305

The correct answer is option [A].

N1250 - (N235 + N655)

$N1250 - N890 = N360$

35. A fund established for the payment of minor expenses is _____

- A. Cash discount
- B. Cash flows
- C. Petty cash
- D. Accumulated fund
- E. Reserve

The correct answer is option [C]

36. Which of the following is not part of the double entry system?

- A. Trading Account
- B. Profit and Loss Account
- C. Appropriation Account
- D. Balance Sheet

The correct answer is option [D].

37. Which of the following entries is made when damaged goods are returned to the supplier?

- A. Supplier's account is debited and the purchaser's account credited.
- B. Returns outwards account is debited and the supplier's account credited.
- C. Purchaser's account is debited and the supplier's account credited.
- D. Supplier's account is debited and returns outwards account credited.

The correct answer is option [D]. Ltd

38. Joe limited paid its rent by cheque in excess of ₦600,000. The extra amount is to cover for the next six months of the following year. What accounts are involved?

- A. Cash and bank account
- B. Joe limited and rent account
- C. Rent account and rent prepaid account

- D. Bank account and rent prepayment account
- E. Joe limited and rent prepayment account

The correct answer is option [D]

39. Which of the following will be included in the adjusted cash book?

- A. Opening bank overdraft
- B. Cash payments made by firm
- C. Bank deposit
- D. Cheques issued, presented and cashed
- E. Bank charges and commission

The correct answer is option [E]

40. Which of the following best describes the path of a transaction?

- A. Source document - journal - ledger
- B. Source document - ledger - journal
- C. Journal - ledger - source document
- D. Journal - source document - ledger
- E. Ledger - Journal - source document

The correct answer is option[A]

Bolanle started a small business with N80,000 on 1/1/88 and paid it into the bank. His transaction for the rest of the month are as follows: 5/1/88; Purchases by cheque N27,300; 6/1/88; Credit Purchases N25, 200; Electricity paid by cheque N500; Rent by cheque N700

41. What should be his balance in the bank column of the cash book?

- A. ₦51,500 Debit
- B. ₦26,300 Credit
- C. ₦26,800 Debit
- D. ₦51,500 Credit
- E. ₦26,300 Debit

The correct answer is option [A]

42. A list of balances extracted from the ledger is known as _____.

- A. balance sheet
- B. statement of affairs
- C. trading account
- D. profit and loss account
- E. trial balance

The correct answer is option [E].

43. Which of the following accounts belongs to the Private Ledger?

- A. Drawings Account
- B. Premises Account
- C. Bank Account
- D. Debtors Account
- E. Rent and Rates Account

The correct answer is option [A]

44. A cheque drawn for ₦1,200 was entered in the cash book as a receipt. The accounting entries are _____

- A. credit cash account, debit bank account with ₦1,200.
- B. debit cash account, credit bank account with ₦1,200.
- C. credit cash account, debit suspense account with ₦2,400.
- D. debit cash account, debit suspense account with ₦2,400.
- E. credit bank account, debit suspense account with ₦2,400.

The correct answer is option [E].

45. The banker on whom a cheque is drawn is referred to as the _____

- A. drawer
- B. drawee

- C. payee
- D. recipient
- E. donor

The correct answer is option [B]

46. The suspense account is used to correct errors where _____.

- A. the amount involved is quite significant
- B. there are differences in the books of accounts
- C. item involved is unknown.
- D. error does not affect the agreement of the trial balance.

The correct answer is option [B]

47. The cost that changes according to activity level is known as _____

- A. variable cost
- B. mixed cost
- C. fixed cost
- D. opportunity cost
- E. total cost

The correct answer is option [A].

48. The purchases of a typewriter for office use was debited to purchases account. This is an error of _____

- A. original entry
- B. commission
- C. principle
- D. omission
- E. reversal entry

The correct answer is option [C]

49. The document making a public offer for the sale of a company's share is _____

- A. Memorandum of Association
- B. Articles of Association
- C. Prospectus
- D. Certificate of Registration

The correct answer is option [C].

50. To correct an error, the purchases account was debited while the suspense account was credited. Which of the following was the cause of the error?

- A. Undercasting purchases
- B. Overcasting purchases
- C. Original entry
- D. Transportation of returns outwards
- E. Omission of creditor's balance

The correct answer is option [A]

51. Given that the balance as per cash book after necessary adjustment was ₦4,315, unpresented cheques were ₦1,688 and the bank statement balance was ₦4,791, what was the balance of the uncredited cheques?

- A. ₦1,223
- B. ₦1,212
- C. ₦ 1,202
- D. ₦1,115

The correct answer is option [B].

52. The account that shows both cash and bank transaction of an enterprise is _____

- A. appropriation account
- B. trading account
- C. profit and loss account
- D. cash book

E. control account

The correct answer is option [D]

53. Which of the following does NOT appear in a bank statement?

- A. Dividend received on behalf of customers.
- B. Bank charges.
- C. Insurance premium paid on behalf of customers.
- D. Dishonored cheque
- E. Commission on turnover

The correct answer is option [D].

54. What are the advantages of an imprest in petty cash ?

- (i) Cheques can be drawn easily
 - (ii) A check on the use of cash
 - (iii) Liability of the petty cashier is limited to the value of petty cash
 - (iv) Losses through the petty cashier can be minimized.
- A. i, ii & iii only
 - B. i, ii & iv only
 - C. i, iii & iv only
 - D. ii, iii & iv only

The correct answer is option [D].

55. Which of the following best describes a source document?

- A. Accounts dealing with income and expenditure of a business
- B. Accounts which records visible and tangible things
- C. The primary document used to record business transactions immediately they take place
- D. documentary evidence that provides detail information for the preparation of the books

The correct answer is option [D]

56. Antics Electronics Company recently bought a generator by cash. What are the accounting entries involved?

- A. Debit Fixed asset(generator) account and credit cash account
- B. Debit purchases account and credit cash account
- C. Debit cash account and credit purchases account
- D. Debit cash account and credit fixed asset (generator) account

The correct answer is option [A].

The company does not buy and sell generators but electronics. Hence the acquisition of a generator increases its fixed assets.

57. The payee of a cheque is _____

- A. the maker or writer of a bill of exchange (check, draft, letter of credit, etc.) who directs the drawee (such as a bank) to pay the stated amount to a third party
- B. a bank named in a letter of credit on whom drafts are to be drawn for payment
- C. a person whose name appears on the cheque to receive the amount on the cheque
- D. an administrative clerk who manages deposits and withdrawals, cashes checks, receives loan payments and sells relevant bank
- E. the drawer for payment.

The correct answer is option [C]

58. Which of these is not likely to cause discrepancy between the cash book balance and the balance as per bank statement?

- A. error of principle
- B. standing order
- C. unpresented cheques
- D. uncredited cheques

The correct answer is option [A].

59. Which of the following in a classified form contains a permanent record of all transactions?

- A. Sales day book
- B. Cash book
- C. Ledger
- D. Journal
- E. Purchases

The correct answer is option [D]

60. The journal proper can be used for all of the following EXCEPT _____

- A. recording of opening entries
- B. recording of closing entries
- C. correction of errors
- D. adjustment in accounts
- E. purchase of business

The correct answer is option [B]

61. Which of the following is NOT a petty cash book item?

- A. Purchase of machinery.
- B. Purchase of stamps.
- C. Purchase of office pins.
- D. Purchase of milk.
- E. Purchase of typing paper

The correct answer is option [A].

62. Which of the following is found in a Sales Ledger Account?

- A. Credit purchases
- B. Bill payable
- C. Discount received
- D. Discount allowed

The correct answer is option [D].

63. The principle of double entry accounting says that, _____

- A. for every credit purchase, double the entry.
- B. for every credit sale, double the entry.
- C. for every transaction, record two entries.
- D. every debit entry must have a corresponding credit entry.
- E. each party to a transaction gives value.

The correct answer is option [D].

64. A suspense account is used to _____

- A. agree the trial balance
- B. record sales
- C. record purchases
- D. disagree the trial balance
- E. prepare the balance sheet

The correct answer is option [A]

65. A delivery van was bought on credit, the transaction would be entered first in the _____

- A. purchases day book
- B. sales day book
- C. returned inwards book
- D. returns outwards book
- E. journal proper

The correct answer is option [E]

66. Which of the items below is not among the uses of a journal proper?

- A. Recording of opening entries
- B. Correction of errors
- C. Adjustment in accounts

- D. Recording of closing entries
- E. Purchase of business

The correct answer is option [D]

67. The accounting equation is_____.

- A. assets and liabilities amount to capital.
- B. capital less assets amounts to profit.
- C. capital equals assets minus liabilities.
- D. capital and assets amount to liabilities.
- E. fixed assets and current liabilities amount to capital.

The correct answer is option [C].

68. motor van purchase for ₦500,000 debited to office furniture account. This is an error of _____

- A. reversal entry
- B. principle
- C. omission
- D. compensation
- E. commission

The correct answer is option [B]

69. Which of the following accounts belong to the Personal Ledger?

- A. Purchases Account
- B. Capital Account
- C. Machinery Account
- D. Depreciation Account
- E. V. Okafor's Account

The correct answer is option [E]. [A], [B], [C], and [D], belong to the impersonal ledger.

70. Purchase of goods from Obi had been entered in Obike's account. This is an error of _____

- A. omission
- B. compensation
- C. comission
- D. original entry
- E. principle

The correct answer is option[C]

71. The Petty Cash Book can have _____

- A. a debit balance only
- B. a credit balance only
- C. both debit and credit balances
- D. a debit or nil balance
- E. a nil balance only

The correct answer is option [D].

Because expenditures are made only when funds (cash) are available.

72. _____ is a copy of the customer's account details in the bank.

- A. Statement of reserve
- B. Statement of affairs
- C. Statement of reconciliation
- D. Bank statement
- E. Cash statement

The correct answer is option[D]

73. Which of the following are treated in the nominal ledger?

- (i) Wages
- (ii) Discount allowed
- (iii) Purchases

- A. i only
- B. ii only
- C. iii only
- D. i, ii and iii
- E. i and ii only

The correct answer is option [D]

74. The following are subsidiary books EXCEPT

- A. purchases journal
- B. sales journal
- C. purchases return book
- D. cash journal
- E. journal proper

The correct answer is option [D]

75. The balance as per adjusted cash book of Rock & son is a credit b/d of ₦12,560, Unpresented cheques are; Patrick ₦580; NEP plc ₦3,800 while Uncredited cheques are: James ₦420; Gold ₦700.

What is the balance as per bank statement ?

- A. ₦12,560 (overdraft)
- B. ₦12, 000
- C. ₦9,300(overdraft)
- D. ₦8,000
- E. ₦7,600(overdraft)

The correct answer is option [C]

76. The journal serves the following purposes except _____

- A. recording of opening entries
- B. correction of errors
- C. adjustment of accounts

- D. purchase of business
- E. check on the arithmetical accuracy of the various personal accounts

The correct answer is option [E]

77. The total of the discounts received column in the cash book is posted to the _____

- A. credit of the discounts received account.
- B. debit of the discounts allowed account.
- C. credit of the discounts allowed account.
- D. debit of the discounts allowed account.

The correct answer is option [D].

78. Assigning revenues to the accounting period in which goods were sold or services rendered and expenses incurred is known as _____

- A. passing of entries
- B. consistency convention
- C. matching concept.
- D. adjustment for revenue.

The correct answer is option [C].

79. The amount of money used to commence a business is called _____.

- A. revenue
- B. income
- C. capital
- D. loan
- E. cash

The Correct Answer is option [C]

80. Prof. Bush who had two accounts with Olive Brothers agreed to have only one balance outstanding. By which of the following methods could this be effected?

- A. Journal entry

- B. Double entry
- C. Suspense account entry
- D. Adjustment entry
- E. Contra entry

The correct answer is option [A].

81. Which of the following is a fictitious assets?

- A. Bank overdraft
- B. Reserves
- C. Raw material stock
- D. Cash in hand
- E. Debit balance of trading profit and loss statement

The Correct answer is option [E]

82. When is a petty cash account debited?

- A. When the fund is established and every time money is spent.
- B. When the fund is established and every time it is replenished.
- C. When the fund is established and when the size of the float is decreased.
- D. Every time money is drawn from the petty cash.

The correct answer is option [B].

83. Adama's bank account showed an overdraft of ₦600 on 31st March. On going through the account, it was discovered that the ₦1, 080 paid into the account on 29th March, had not been credited. What should be the balance in Adama's bank account?

- A. ₦1,680 Debit
- B. ₦ 1,080 Credit
- C. ₦ 600 Debit
- D. ₦ 480 Credit

The correct answer is option [D].

84. When a buyer is undercharged, the seller forwards _____

- A. undercast note
- B. consignment invoice
- C. purchase invoice
- D. debit note
- E. credit note

The correct answer is option[D]

85. The accounting convention that states that "profit must not be recognized until realized while all losses should be adequately provided for" is termed _____

- A. materiality.
- B. objectivity.
- C. consistency.
- D. conservatism.
- E. profitability.

The correct answer is option [D].

86. Which of the following has a debit balance at the end of the year?

- A. Rates prepaid account
- B. Bank loan account
- C. Income received in advance account
- D. Ordinary share Capital account
- E. Premium account

The correct answer is option [A]

87. Which of the following options is TRUE regarding discounts _____.

- A. discount received has a debit balance and discount allowed has a credit balance.
- B. discount received is given to encourage sales and discount allowed is given to encourage purchases
- C. discount allowed has a debit balance and discount received has a credit balance

D. the sum of total discount allowed and received is transferred to profit and loss account

The correct answer is option [C].

88. Mallam Gambo bought a freezer for his shop costing ₦10,500. In recording, he debited office expenses account and credited the bank account. What book-keeping error has he committed?

- A. Error of commission.
- B. Error of reversal of entries.
- C. Error of principle.
- D. Compensating error.

The correct answer is option [C].

89. Bank overdraft is treated as _____ in the balance sheet.

- A. fixed asset
- B. current asset
- C. intangible asset
- D. current liability
- E. capital

The correct answer is option [D]

90. Which of the following is NOT an example of fictitious assets?

- A. Debit balance of profit and loss account
- B. Raw material stock
- C. Preliminary expenses of a limited company
- D. Expenditure of incorporation carried forward
- E. Expenditure on reserve

The correct answer is option [B]

91. The amount allowed off the cost price of an article to stimulate patronage is called _____

- A. cash discount
- B. trade discount
- C. discount on debit
- D. discount on bills
- E. discount allowed

The correct answer is option[B]

92. Which of the following will NOT affect the agreement of the cash book balance and bank statement balance?

- A. Bank charges
- B. Standing order
- C. Dishonored cheques
- D. Cash payment
- E. Unpresented cheques

The correct answer is option [D].

93. When both debit and credit entries of a transaction are shown in the cash book, it is described as _____.

- A. reversal entry
- B. contra entry
- C. double entry
- D. single entry
- E. original entry

The correct answer is option [B]

94. Which of the following belongs to the nominal ledger?

- A. Salaries account
- B. Fixtures account
- C. Debtors account
- D. Stock account

E. Real account

The correct answer is option [A]

95. Credit sales was debited to A. Akpan instead of B. Akpan. This is an error of _____

- A. principle
- B. original entry
- C. omission
- D. commission

The correct answer is option [D].

96. An overdraft is usually shown as a _____

- A. credit balance in the loan
- B. a credit balance in the cash column of the cash book
- C. a debit balance in the cash column of the cash book
- D. a credit balance in the bank column of the cash book
- E. a debit balance in the bank column of the cash book

The correct answer is option [D]

Use the following information to answer the question

Bank Statement

	Balance	Dr ₦	Cr ₦	
21/1/05	Balance b/d			2,000
3/1/06	23456	500		1,500
4/1/06	Deposit		1,000	2,500
5/1/06	Deposit		1,500	4,000
6/1/06	23457	3,000		1,000

97. Total withdrawal is _____

- A. ₦ 3,500
- B. ₦ 2,500
- C. ₦ 2,000

D. \neq 1,000

The correct answer is option [A]

98. The general ledger is the ledger where _____ and _____ accounts are found.

- A. income and expenditure
- B. profit and loss
- C. receipt and payment
- D. land and building
- E. real and nominal

The correct answer is option [E]

99. The use of the folio in the ledger is for _____

- A. reference purposes.
- B. particulars of the transaction.
- C. the account titles.
- D. only credit items.

The correct answer is option [A].

100. When a proprietor withdraws cash for office use, the entries would be _____

- A. credit cash account and debit bank account
- B. debit cash account and credit bank account
- C. debit office account and credit bank account
- D. debit drawings account and credit bank account
- E. debit bank account and credit drawings account

The correct answer is option [D]

101. Which of the following is a contra entry?

- A. Lodgment of cheques into bank account.
- B. Lodgment of cash in hand into bank account.

- C. Withdrawal of cash for private use.
- D. Treatment of discount recorded in the cash book.

The correct answer is option [B]

102. What is the cardinal rule of the double entry system?

- A. Debit the increasing account and credit the decreasing account
- B. Debit the receiving account and credit the giving account
- C. Debit the asset account and credit the liability account
- D. Debit the revenue account and credit the expenditure account
- E. None of the above

The correct answer is option [B].

103. The balance in a Sales Ledger Control Account indicates the _____

- A. difference between debtors and creditors
- B. total sales
- C. total purchases
- D. total debtors

The correct answer is option [D].

104. The fixed amount of money set aside for petty cash expenses is called _____.

- A. ordinary fund
- B. accumulated fund Float
- C. petty cash
- D. imprest fund

The correct answer is option [D].

105. A credit sale is not recorded in the cash account because _____

- A. It shall be recorded in the petty cash book
- B. It is too insignificant to consider

- C. It does not involve cash transactions
- D. It is not a balance sheet item

The correct answer is option [C].

106. An overdraft is usually shown as a_____

- A. credit balance in the cash column of the cash book.
- B. debit balance in the cash column of the cash book.
- C. debit balance in the loan account.
- D. credit balance in the bank column of the cash book.
- E. debit balance in the bank column of the cash book.

The correct answer is option [D].

107. Petty cash book is a subsidiary book where _____

- A. all cash transactions are recorded
- B. all cash related transactions are recorded
- C. all transactions that do not involve immediate payment of cash are received
- D. personal account are recorded
- E. minor expenses are recorded

The correct answer is option[E]

108. Which of the following serves the same purpose as a trading account?

- A. Branch adjustment account
- B. Goods sent to branch account
- C. Branch stock account
- D. Branch debtors account
- E. Branch returns account

The correct answer is option[C]

109. If incorrect entries on the debit side equal other incorrect entries on the credit side, the error is that of _____.

- A. original entry
- B. omission
- C. commission
- D. principle

The correct answer is option [A].

110. When a sum of money appears on the credit side of the cash book, but not on the debit side of the bank statement, the sum is regarded as _____

- A. uncredited cheques.
- B. dishonored cheques.
- C. direct remittance to the bank.
- D. unpresented cheques.

The correct answer is option [D].

Option [A], [B] & [C], do not appear as the bank statement

111. A deduction from the sale price of goods that is allowed if payment is made within a specified period of time is _____

- A. trade discount
- B. cash discount
- C. quantity discount
- D. rebate
- E. price reduction

The correct answer is option [A]

112. The bank column in the cash book shows a credit balance of ₦1,000. This means _____

- A. A total payment of ₦1,000
- B. A gross receipt of ₦1,000
- C. A left over of ₦1,000 in the bank
- D. An overdraft of ₦1,000

E. A left over of ₦1,000 cash

The correct answer is option [D]

113. The discount column of a three column cash book is not balanced off but periodically transferred to the discount accounts because discounts_____

- A. are not important in cash book.
- B. are cash items only.
- C. do not form part of double entry.
- D. are used for bank reconciliation.
- E. are not accounting items

The correct answer is option [C].

114. In order to locate some of the errors in the trial balance, the following steps can be used EXCEPT _____

- A. check the addition to the trial balance
- B. check whether all creditors are debited
- C. check whether all the ledger accounts have been included and that they are on the correct side
- D. check whether the balances were copied correctly from the ledger
- E. look through the entries in the ledger and see if you can spot the difference

The correct answer is option [B]

115. Where the cash book does not show credit balance in a bank reconciliation, un-presented cheques are;

- (i) Added to the cash book balance;
- (ii) Added to the bank statement balance;
- (iii) Deducted from the cash book balance

- A. i only
- B. ii only
- C. iii only
- D. i & ii only

E. ii & iii only

The correct answer is option [C].

116. The sales day book will show goods sold _____.

- A. on credit
- B. for cash
- C. to wholesalers
- D. for cash and credit
- E. to retailers

The correct answer is option [A]

117. Which of the options is NOT a source document?

- A. Invoice
- B. Debit and credit notes
- C. Receipt
- D. Ledger
- E. Cheque stub

The correct answer is option [D]

118. An amount set aside for a specific purpose is called _____

- A. provision
- B. reserve
- C. depreciation
- D. depletion
- E. capital

The correct answer is option [A]

119. When a business sell goods on credit, what two accounts were involved?

- A. Credit and sales account

- B. Credit and goods account
- C. Sales and purchases account
- D. Sales and personal account
- E. Personal and purchases account

The correct answer is option [D]

120. If the bank column in a Cash Book shows a credit balance of ₦180. This means _____

- A. a total payment of ₦180
- B. a gross receipt of ₦180
- C. a leftover of ₦180 in the bank
- D. an overdraft of ₦180
- E. a leftover of ₦180 cash

The correct answer is option [D].

121. Mr. Meebari sets aside from his private fund ₦10,000 for business purpose. The ₦10,000 would be referred to as _____.

- A. capital
- B. loan
- C. reserve
- D. drawing
- E. profit

The correct answer is option [A]

122. Suspense account is used to _____.

- A. record sales
- B. correct the difference in books
- C. record purchases
- D. prepare the balance sheet
- E. record returns

The correct answer is option [B]

123. A subsidiary record is a book _____

- A. found in the ledger
- B. of subsidiary entries
- C. of original entry
- D. containing the final account
- E. of final entry

The correct answer is option [C]

124. An asset is said to be fictitious when it _____

- A. does not exist
- B. is too costly
- C. is worthless
- D. cannot be sold for cash
- E. is not seen

The correct answer is option [E]

125. Which of the following may have been recorded in the Cash Book and fail to appear in the Bank statement?

- A. Bank charges and commission
- B. unpresented cheques
- C. Bank lodgment credited
- D. Payments made by the bank on a standing order
- E. Opening bank overdraft

The correct answer is option [B]

126. Cost of extension to a factory building is classified as _____

- A. capital receipt
- B. revenue expenditure

- C. capital expenditure
- D. revenue receipt

The correct answer is option [C].

127. Abimbola ventures' trial balance shows a debit balance of ₦33,700 and a credit balance of ₦33,400. What will be the treatment of the difference?

- (i) Reverse the trial balance, adding back the difference to the credit side
- (ii) Open a suspense account placing the difference on the credit side
- (iii) adding back the difference on the adjusted cash book.

- A. i only
- B. ii only
- C. i and ii only
- D. i, ii and iii only
- E. i and iii only

The correct answer is option [C]

128. When a buyer returns damaged goods to the seller the buyer receives a _____.

- A. proforma invoice
- B. credit note
- C. debit note
- D. consignment note
- E. goods return note

The correct answer is option [B]

129. Which of the following is the reason why a seller allows a customer cash discount?

- A. Agreement to become a regular customer
- B. Introducing a new customer to the seller
- C. Settlement of account within a state period
- D. Placing a larger order

The correct answer is option [D].

130. Which of the following is not a source documents?

- A. Cheque stub
- B. Cash receipt
- C. Cash Book
- D. Sales invoice
- E. Credit note

The correct answer is option [C]

131. Which of the following is TRUE of trade discounts?

- A. They are recorded in the ledger only.
- B. They are not different from cash discounts.
- C. They are recorded in the journals only.
- D. They are recorded in ledgers and journals.
- E. Each discount receives double entries.

The correct answer is option [C].

132. Commission of ₦5,000 to sales representative is debited to salaries account. This is an error of _____

- A. reversal entry
- B. principle
- C. commission
- D. compensation
- E. double entry

The correct answer is option [B]

133. A trial balance is a proof of _____

- A. arithmetical accuracy of postings only.
- B. accurate narration of the journal entries.
- C. accuracy of the debt entries.

- D. accuracy of the credit entries.
- E. accuracy of ledger entries.

The correct answer is option [A].

134. Which of the following belongs to the nominal ledger?

- A. Creditors account
- B. Debtors account
- C. Salaries account
- D. Fixtures account
- E. Stock account

The correct answer is option [C]

135. Assets which have no real value or physical existence is called _____

- A. current
- B. fixed
- C. long term
- D. equity
- E. fictitious

The correct answer is option [E]

136. Which of the following is related to debtors account?

- A. Purchases ledger
- B. General ledger
- C. Nominal ledger
- D. Sales ledger
- E. Private ledger

The correct answer is option [D].

137. The head office usually issue goods to the branch at _____.

- A. prime cost
- B. cost price
- C. production cost
- D. net realisable value
- E. selling price

The correct answer is option [B]

138. A stale cheque is a cheque that _____

- A. had been refused by a banker
- B. may not be cashed over the counter
- C. has not been drawn for a longer period than six months
- D. has alteration made on them but are not initialed by the drawer
- E. bears a date later than then current

The correct answer is option [C]

139. Cash discount received would be shown in the

- (i) Cash book.
 - (ii) Discount Received Account.
 - (iii) Supplier
- A. (i) & (iii) only
 - B. (i), (ii) & (iii)
 - C. (iii) only
 - D. (i) & (ii) only
 - E. (ii) & (iii) only

The correct answer is option [D].

139. Cash discount received would be shown in the

- (i) Cash book.
- (ii) Discount Received Account.

(iii) Supplier

- A. (i) & (iii) only
- B. (i), (ii) & (iii)
- C. (iii) only
- D. (i) & (ii) only
- E. (ii) & (iii) only

The correct answer is option [D].

140. The document sent by the seller to the buyer when goods are returned is _____

- A. credit note
- B. purchases invoice
- C. sales invoice
- D. bills receivable
- E. debit note

The correct answer is option [A]

141. Real accounts include

- (i) expenditure on telephone
- (ii) motor vehicles
- (iii) expenses on repairs
- (iv) land and buildings

- A. i and ii only
- B. iii and iv only
- C. ii and iv only
- D. i,ii and iii only
- E. i,ii,iii and iv only

The correct answer is option [C]

142. State national bank collected a note for Al-Makura Company. This collection, not yet recorded in Al-Makura's books, appears on the bank reconciliation as _____

- A. an addition to balance as per cash book.
- B. a deduction from balance as per bank statement.
- C. an addition to balance as per bank statement.
- D. a deduction from balance as per cash book.

The correct answer is option [A]. The collection not yet recorded is an addition to the balance of the cash book.

143. Which of the following does not appear in a bank statement?

- A. Dividend received on behalf of customers
- B. Bank charges
- C. Insurance premium paid on behalf of customers
- D. Dishonoured cheque
- E. Uncredited charges

The correct answer is option [D]

144. The books of accounts are opened by means of a _____

- A. sales journal.
- B. principal journal.
- C. purchases journal.
- D. returns Inward journal.
- E. returns Outward journal.

The correct answer is option [B].

145. An allowance given to a customer by a supplier for prompt payment is called _____.

- A. cash debit
- B. cash discount
- C. trade discount
- D. discount received
- E. cash rebate

The correct answer is option [B]

146. A ledger is a _____

- A. principal book of accounts
- B. book of original entry
- C. record of credit transactions
- D. summary of entries

The correct answer is option[A].

147. Which of the following assets is the most liquid?

- A. Stock
- B. Work-in-progress
- C. Cash
- D. Debtors
- E. Prepayment

The correct answer is option [C]

148. When cash is drawn from the firm for personal use, it is called _____.

- A. collection
- B. withdrawal
- C. drawings
- D. transfer
- E. allocation

The correct answer is option [C]

149. A suspense account is used to _____.

- A. agree the trial balance.
- B. record sales.
- C. record purchases.
- D. correct errors.

E. prepare the balance sheet.

The correct answer is option [D].

150. Identify the odd one?

A. Ledgers and subsidiary books

B. Ledgers and principal books

C. Folios and subsidiary books

D. Ledgers and cash books

E. Balance sheet and ledger

The correct answer is option [C]

151. The following are errors that will not affect the balance in cash book EXCEPT _____.

A. error of omission

B. error of commission

C. error of original entry

D. error of single entry

E. error of compensation

The correct answer is option [D]

152. Which of the following is NOT a cause for the difference between bank statement balance and cash book balance?

A. Bank charges

B. Presented cheques

C. Direct transfer

D. Standing order

E. Uncredited lodgments

The correct answer is option [E].

153. The petty cash book has _____

A. a debit balance only

- B. a credit balance only
- C. a nil balance only
- D. both debit and credit balances

The correct answer is option[D].

154. The following are advantages of a ledger EXCEPT _____

- A. transactions in the ledger propagates the allocation and disbursement of a firm's shares and capital.
- B. It is the ledger through which successful application of double entry system of bookkeeping is ensured
- C. makes possible the ascertainment of values of different assets and liabilities and the true financial position at the year-end through balance sheet.
- D. Transactions being recorded primarily in journal and thereafter finally in ledger, the possibility of errors and defalcations is remote
- E. Valuable information and statistics are collected from ledger and supplied to the management to enable them to run the concern efficiently

The correct answer is option [A].

155. Which of the following has a debit balance at the end of year?

- A. Rates prepaid account
- B. Bank loan account
- C. Income received in advance account
- D. Ordinary share capital account
- E. Premium account

The correct answer is option [A]

156. A list of all credit and debit balances from the ledger account is _____

- A. trial balance
- B. profit and loss statement
- C. balance sheet
- D. statement of affairs

E. income and expenditure statement

The correct answer is option [A]

157. A crossed cheque restricts the payee to _____

A. endorse the cheque before it becomes transferable

B. pay the amount into his bank account

C. collect the cash over the counter

D. cash the cheque in person

E. cash the cheque without any endorsement

The correct answer is option [B]

158. The purpose of preparing a bank statement is to _____

A. reconcile the bank and cash balances and explain the reasons for the difference between them

B. find out how much the business is indebted to the bank

C. find out who are the creditors and how much is owed to them

D. find out how much the bank is indebted to the business

E. find out who are the debtors of the business and how much is owed by them

The correct answer is option [A]

When the balances of our Cash Book and Pass Book do not agree, we prepare a Bank Reconciliation Statement. A Bank Reconciliation Statement is prepared periodically to reconcile the two balances and explain the reasons for the difference between them.

It shows the items and the errors causing the difference as on a particular date.

It is just a statement and not a part of the books of Accounts

159. if Mr Okon buys motor van ₦60,000 paying by cheque, the credit entry goes to _____

A. purchases account

B. motor account

C. bank account

D. cash account

E. customer's account

The correct answer is option [C]

160. Which of the following are Personal Accounts?

- (i) Wages
 - (ii) Debtors
 - (iii) Creditors
 - (iv) Buildings
- A. i, ii and iii only
- B. ii and iii only
- C. ii and iv only
- D. iii and iv only

The correct answer is option[B].

TOPIC: RESERVES AND PROVISIONS

DIRECTION: Choose the correct answers from the lettered options.

1. When Reserve is created, the accounting entry is _____

- A. Debit Capital and credit Reserves
- B. Debit Reserves and Credit Profit and Loss
- C. Debit Reserves and Credit Capital
- D. Debit Profit and Loss and Credit Reserves

The correct answer is option [D].

2. What is the accounting entry for Provision for Discount Allowed?

- A. Debit Profit and Loss and Credit Provision for Discount Received
- B. Debit Provision for Discount Received and Credit Profit and Loss account
- C. Debit Profit and Loss account and Credit Discount Allowed
- D. Debit Provision for Discount Allowed and Credit Provision for Discount Received

The correct answer is option [C]

3. Provision is not a charge against profit. True or False?

- A. True
- B. False

The correct answer is option [B]

4. _____ is set aside to strengthen the financial position of the business

- A. Specific Reserves
- B. General Reserves
- C. Revenue Reserves
- D. Capital Reserves

The correct answer is option [B].

5. _____ is a reduction in profit for a proprietorship business

- A. Provision
- B. Reserves
- C. Contingency Fund
- D. taxation

The correct answer is option [D].

6. _____ is a reserve created out of profit from trading activities.

- A. Provision reserve
- B. Capital reserve
- C. General reserve
- D. Revenue reserve

The correct answer is option [D].

7. Bad debts are recoverable debts. True or False?

- A. True
- B. False

The correct answer is option [B].

8. When Reserve is created, the accounting entry is to Credit Profit and Loss account and Debit Reserves. True or False?

- A. True
- B. False

The correct answer is option [B].

9. Provisions cannot be determined with substantial accuracy. True or False?

- A. True
- B. False

The correct answer is option [A].

10. When there is a provision for doubtful debts in existence, the difference between the old and new provision must be Debited to the Profit and Loss account. True or False?

- A. True
- B. False

The correct answer is option [A]

11. Accounting entry for Provision for Discount received is _____

- A. Debit Provision for Discount Allowed and Credit Provision for Discount Received
- B. Debit Provision for Discount Received and Credit Provision for Discount Allowed
- C. Debit Profit and Loss account and Credit Provision for Discount Allowed
- D. Debit Provision for Discount Received and Credit Profit and Loss account

The correct answer is option [D]

12. _____ is an appropriation of a company's profit

- A. Reserves
- B. Provisions
- C. Capital
- D. Revenue

The correct answer is option [A].

13. Reserves is a charge against profit

- A. TRUE
- B. FALSE

The correct answer is option [B]. profit are transfered to reserve

14. An estimated amount set aside for doubtful debts is called_____

- A. Capital provision for debts
- B. Provision for loan
- C. Provision for debts

D. Provision for bad and doubtful debts

The correct answer is option [D].

15. ____ is set aside to meet specific liabilities

- A. Reserves
- B. Revenue
- C. Provisions
- D. Capital

The correct answer is option [C].

16. _____ is set aside to meet specific liabilities

- A. Reserves
- B. contingency Fund
- C. Provisions
- D. Profit

The correct answer is option [C].

17. _____ is the amount set aside out of profit which are NOT available for distribution as dividend

- A. General Reserve
- B. Revenue Reserve
- C. Capital Reserve
- D. Provision Reserve

The correct answer is option [C].

18. Provisions are made for depreciation. True or False?

- A. True
- B. False

The correct answer is option [A].

19. The two types of Revenue Reserves are_____ and _____

- A. General and Contingency Reserves
- B. General and Capital Reserves
- C. General and Specific Reserves
- D. Specific and Capital Reserves

The correct answer is option [C].

20. ____ is not an example of Capital Reserve

- A. Capital redemption surplus
- B. Capital redemption fund
- C. Premium on shares and debentures
- D. Profit on redemption of debentures

The correct answer is option [A].

21. The allocations of fund usually to build up the financial strength of the company by retaining funds to work in the business instead of their being distributed as dividend is known as _____

- A. Provisions
- B. Reserves
- C. Profit
- D. Capital

The correct answer is option [B].

22. Provisions must be charged to Profit and Loss as revenue/income. True or False?

- A. True
- B. False

The correct answer is option [B].

23. _____ is a charge against profit

- A. debts

- B. Stocks
- C. Provisions
- D. Capital

The correct answer is option [C].

24. ____ and ____ are the two types of Reserves

- A. Provision Reserves and Capital Reserves
- B. Capital Reserves and General Reserves
- C. General Reserves and Revenue Reserves
- D. Capital Reserves and Revenue Reserves

The correct answer is option [D].

25. _____ is set aside for a specific purpose

- A. Specific Reserves
- B. General Reserves
- C. Revenue Reserves
- D. Capital Reserves

The correct answer is option [A].

26. _____ cannot be determined with substantial accuracy

- A. Provisions
- B. Reserves
- C. Profit
- D. Capital

The correct answer is option [A].

27. _____ is set aside for specific purpose

- A. Reserves
- B. Profit

- C. Capital
- D. Provision

The correct answer is option [D].

28. The part of profit that is being set aside for a specific purpose is known as _____

- A. Capital
- B. General Reserve
- C. Reserve
- D. Provision

The correct answer is option [D].

29. _____ is set aside to meet certain liability

- A. Provision
- B. Reserves
- C. Contingency Fund
- D. Profit

The correct answer is option [B].

30. Provisions are always in profit and loss as expense. True or False?

- A. True
- B. False

The correct answer is option [A]

31. A provision can be defined as part of the profit that is set aside for a general purpose. True or False?

- A. True
- B. False

The correct answer is option [B].

TOPIC: SUBSIDIARY BOOKS AND SOURCE DOCUMENTS

DIRECTION: Choose the correct answers from the lettered options.

1. Which of the following books of original entry is used to record all payment and receipts by cash and cheque?

- A. Sales day book
- B. Cash book
- C. Purchase day book
- D. General Journal

The correct answer is option[B].