

**LEAD CITY UNIVERSITY, IBADAN**  
**FACULTY OF ENVIRONMENT, MANAGEMENT AND SOCIAL SCIENCES**  
**DEPARTMENT OF MANAGEMENT AND ACCOUNTING**  
**2017/2018 (SECOND SEMESTER)**

Course Code: ACC 211

Course Title: Financial Accounting II

Course Lecturers: Dr Oguntola & Onamusi B.A

Course Status: Compulsory

Contact hours in a week: 4 Hours

**Course Description:**

Financial accounting II is by extension continuation of principle of accounting. Students are introduced to international accounting standard and the preparation of special accounts.

**Course Objectives:**

- i. To ensure perfect understanding of the basic knowledge of accounting and the application of such knowledge in learning and in life situation
- ii. To ensure students know the components of a financial statement and the presentation of such financial statement when and where required

**Class Rules of Engagement**

- i. The University's dress code must be adhered to at all times
- ii. 15 minutes lateness is allowable to all students
- iii. Switch off all mobile phones or adopt silent mode
- iv. Lecture note, course work book, Ruler & Calculation is a must
- v. Fill attendance register before the end of each class
- vi. Any breach or misconduct will be treated officially

**Continuous Assessment                      40marks**

- i. Class attendance atleast 70%
- ii. Assignments including class presentation
- iii. Semester Test

**Semester Examination 6**

written & Calculations

**SECTION B**

**Teaching Plan**

WEEK 1	Revision of ACC 201	
WEEK 2-3	Consignment Account Questions & Exercise	-
WEEK 4-7	Company Account -Questions & Exercises	
WEEK 8-9	Account for Hire Purchase Business arrangement Questions & Exercises	
WEEK 10-11	Royalties Questions & Exercises	
WEEK 12	Branch Account Questions & Exercises	
WEEK 13	Bill of Exchange Questions & Exercises	
WEEK 14	REVISION	

### **Section C: Reading List**

1. Eno L. Inanga & Olatundun J. Adelegan (2013) Principles of Accounting. Third Edition
2. O.M Oyinlola (1999) Book Keeping made simple
3. S.F Akinbuli (2006) Financial Accounting: Principles and Application
4. A.R Anao (2004) An introduction to Financial Accounting
5. A.O Akinduko (2000) Basic Accounting
6. Femi Longe O (2002) Simplified Book Keeping and Account

*Welcome to Lead City University...*

## Section D: TUTORIAL QUESTIONS

1. Public and Private companies are both side of a coin. Discuss with respect to
  - i. Definition
  - ii. Similarities
  - iii. Differences

**b.** Consignment business arrangement is not the same as Hire purchase arrangement. Justify this statement.
  
2. Define the term Debenture  
**b.** Identify and discuss the types of Debentures
  
3. On March 15, 2003 Ebenezer consigned to his agent Benson 1,000 flowerpots which cost ₦1 each and insurance and freight amounted to ₦50. Benson immediately returned 100 flower pots which were slightly chipped and paid return freight and insurance of ₦10. Ebenezer, whose financial year ended on 31<sup>st</sup> July, 2003 received from Benson an account sales made up to that date; this shows that Benson had sold 600 flowerpots for ₦ 1,200 and had paid warehouse charges of ₦25 on the whole of the consignment and carriage on the flowerpots sold of ₦15. Benson sent a sight draft in settlement of the balance due, on which Ebenezer incurred bank charges of ₦5. Benson sold the remaining flowerpots for ₦400, incurring expenses of ₦10. he sent Ebenezer a second account sales made up to 31<sup>st</sup> October 2003, accompanied by a sight draft for balance due, on which Ebenezer paid bank charges of ₦3. In Ebenezer books, all purchases are debited to trading account.  
You are required to prepare the following, as they would appear in Ebenezer's books.
  - a. Consignment Account (b) Goods on Consignment Account
  - b. Benson's Personal Account.
  
4. Write short notes on the following;
  - A. Hire Purchase Interest Suspense Method
  - B. Consignment Relevant cost
  - C. Minimum Rent
  - D. Account Sales
  - E. Certificate of Incorporation
  - F. Memorandum of Association
  
5. Bonus Issue and Right Issue are possibilities when it comes to issuing of shares to existing shareholders of a company. Define each issue, identify their similarities and differences.

**b.** Identify the benefit Shoprite would derive from preparing a Departmental trading account.
  
6. Better choice Limited decided to increase its share by issuing 500,000 Ordinary share of ₦1 each at a discount of 20k. 50k is payable on application and allotment, 20k on first call and 10k on second and final call. All the money due were collected and the shares were fully subscribed.  
Prepare the journal, ledgers and balance sheet to record the above.
  
7. Okeke Limited whose authorised share capital is 100,000 of ₦1 per share issued the whole of its capital to the public at a premium of 10k per share payable as follows: On application and allotment 60k per share (including premium) and First call of 10k per share. The application and allotment money were receive in full, but members holding 10,000 share failed to pay the call of 10k and made consequently, the share were fortified.

You are required to write up the following ledgers

- (i) Bank account
- (ii) Application and Allotment account
- (iii) Share capital account
- (iv) Share premium account
- (v) First call account
- (vi) Fortified share account
- (vii) Call in Arrears account

8. Grace Limited acquired right to extract coal from Big Limited at Enugu on January 1, 1995. Royalties are payable at uniform rate of ₦50 per kg, and due for payment on 31<sup>st</sup> December. Minimum rent is ₦16,000 with a right to recoup short working without any time lag. Details of coal extracted are as follows:

Year	kg
1995	200
1996	300
1997	400
1998	250
1999	475

Prepare the above transaction in the book of Grace Limited. Payments are made as at when due.

9. Akeem of Ketu, Lagos State on 1<sup>st</sup> April 20X8 consigned 40 cases of goods to his agents Ahmed of Kano at a pro-forma invoice price of ₦1,500 per case and drew a bill of exchange at 3 months for 60% of the value of the goods. Hakeem incurred haulage charges of ₦4,000.

On 31<sup>st</sup> July 20X8, Hakeem received an Accounts Sales from Ahmed showing that 30 cases had been sold at ₦2,000 each and 10 cases at ₦3,000 each. The agent sent a bank draft for the balance due to the consignor after deducting the following:

Insurance	₦700	Transportation charges	₦1,500
Storage	₦1,800	Selling expenses	₦3,000
Agreed commission at 5% on sales			

You are required to show the relevant ledger accounts in the books of the consignor. Hakeem

10. Mercantile Company Limited has an authorised share capital of ₦500,000 all in ordinary share of ₦1 each. On 1<sup>st</sup> January, 20X6 the company offered for sale ₦300,000 ordinary shares at ₦1.50 each payable as follows:

On application	₦0.30
On allotment	₦0.60(including the premium)
On 1 <sup>st</sup> call	₦0.25
On 2 <sup>nd</sup> call	₦0.20
On 3 <sup>rd</sup> call	₦0.15

When the applications register was closed, application had been received for 500,000 shares. The directors dealt with the situation as follows:

- (a) Rejected 50,000 applications
- (b) Gave full allotment to applications for 200,000 shares
- (c) Allotment the rest pro-rata, using excess application monies to off-set part of the amount due on allotment

All fees expected were received on allotment. On 1<sup>st</sup> call, three shareholders holding in total 10,000 shares did not paid their call fees. On 2<sup>nd</sup> call, fees on another 5,000 shares were not received. Before the 3<sup>rd</sup> call was due, the directors decided to forfeit the holding of the 10,000 shares and these were

immediately reissued for ₦1,10 each. This was equally paid for. All fees expected on 3<sup>rd</sup> call were received with the exception of fees on the 5,000 shares mentioned above. You are required to show:

- (a) The ledger accounts to record these transactions
- (b) The abridged Balance sheet after the 3<sup>rd</sup> call.

11. X Limited purchased an office equipment on 1<sup>st</sup> January 20X1 from Y Limited on hire purchase term under which X Limited paid a deposit of ₦61,505 to be followed by four annual instalments of ₦50,000 each payable on 31<sup>st</sup> December. Interest is charged on outstanding balance at 10% per annum. The cash price of the equipment is ₦220,000. The accounting year of both companies ends on 31<sup>st</sup> December. Depreciation on the equipment is at 20% per annum on straight line basis. All the sums due were paid on the due dates.

You are required to:

Show the relevant ledger entries in the books X Limited and balance sheet extract at December 20X3.

12. Mr, Kolly Bee holds the patents right for a new writing pen known as 'Inflow'. On 1<sup>st</sup> January 20x1, Mr, Kolly Bee granted a Licence to Elegant Limited to manufacture and sell the pens in return for a royalty of ₦2 per pen sold subject to a minimum payment of ₦140,000 payable annually on 31<sup>st</sup> December, the accounting year –end of Mr, Kolly Bee. Should the royalty calculated on actual quantity of pens sold be less than ₦1,400,000 in any year, the shortfall could be set off against royalties in excess of the minimum within the next two years.

The quantities of pens sold were as follows for the first 5 years:

20X1	420,000units
20X2	760,000units
20X3	580,000units
20X4	600,000units
20X5	850,000units

The sums due to Mr, Kolly Bee were all paid at the due dates.

You are required to shows the ledger entries in the books of Mr, Kolly Bee, the Lessor.