

SOUTHWESTERN UNIVERSITY NIGERIA

KM 20, SAGAMU-BENIN EXPRESSWAY, OKUN OWA, IJEBU-ODE, OGUN STATE.

FACULTY OF SOCIAL & MANAGEMENT SCIENCES

DEPARTMENT OF ACCOUNTANCY

HND TO BSC CONVERSION PROGRAMME

2018/2019 FOURTH SEMESTER EXAMINATIONS

COURSE CODE: ACC 416 COURSE TITLE: Accounting Theory

Instruction: Answer question 1, and any other 2 questions. **TIME:** 2Hrs

1. (a) Depending on the circumstances under which they are operating enterprises are free to select accounting policies which are best for them. However, it is generally agreed that selection of accounting policies is influenced by certain considerations.

Required: State and explain the consideration as recommended by SASI

(b) Distinguish and explain the inter-relationship between the following:
(i) Accounting methods
(ii) Accounting bases
(iii) Accounting policies
(iv) Fundamental accounting concepts

2. (a) What is the main purpose of establishing Nigeria accounting standard and board

(b) List the fifteen(15) members of Nigeria Accounting Standard board

(c) What do you understand as generally accepted accounting principles. Give an example of each principles

3. (a) What are the users of ratio analysis in an organisation.

(b) The following balance were extracted from the books of DJ Nig. Ltd as at 31st December 2012.

Ordinary	share	N	capital	150,000.00
6%			debentures	45,000.00
Freehold	premises	at	cost	127,500.00
Plant	and	machinary	at	cost 105,900.00
				N
Provision	for	depreciation:		
Plant	and		machinary	38,100.00
Retained			profits	65,903.00
Debtors	31,664.00			
Creditors	34,730.00			
Accrued			rent	2,440.00

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Bank and cash			22,890.00
Stock	48,219.00		

You are required to:

(a) Prepare a balance sheet as at 31 December 2012 (T-format is not required)

(b) Calculate the following ratio:

- (i) Working capital ratio
- (ii) Acid test ratio
- (iii) Return on capital employed
- (iv) Working capital

4. (a) With the aid of a diagram explain the operating cycle

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