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# UNIVERSITY OF IBADAN

UI, Post UTME Past Questions and Answers

UNIVERSITY OF IBADAN, IBADAN.  
POST-UTME PRACTICE QUESTIONS & ANSWERS  
**FINANCIAL ACCOUNTING**

1. A financial analyst needs accounts information to (a) maintain the production section of the business (b) know why transactions cause increases and decreases in asset (c) advice on how to manage the business (d) know how to record transactions in T account. C
2. Creditors use accounting information for the purpose of (A) planning sales to a company (B) controlling a company's affairs (C) investing in a company (D) assessing a company's liquidity. D
3. 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. C
4. One of the major features of bookkeeping is that it (a) provides permanent records for all financial transactions (b) is futuristic in nature (c) accepts responsibility for all wrong posting (d) does not give room for double entry procedure A
5. The accounting principle which states that for every debit entry, there is a corresponding credit entry is recognized as \_\_\_ concept. (A) realization (B) entity (C) going concern (D) duality D
6. The art of collecting, recording, presenting and interpreting accounting data is \_\_\_\_. (A) cost accounting (B) management accounting (C) financial accounting (D) data processing C
7. The assumption that a business has perpetual existence is recognized by \_\_\_\_. (A) entity concept (B) periodicity concept (C) going concern concept (D) realization concept C
8. The most important reason for studying accounting is that (A) the information provided by accounting 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. A
9. Which of the following accounting conventions suggests that accountants should use a method of valuation that understates rather than overstates results? (a) Conservatism (b) Historical (c) Monetary (d) Cost A
10. Which of the following concepts is expected to hold when a proprietor makes a drawing of goods or cash from the business? (A) Business entity (B) Realization (C) Going concern (D) Dual-aspect A
11. A payment of cash of N20 to John was entered on the receipt side of the cash book in error and credited to John's account. Which of the following journal entries can be used to correct the error? (A) John: N40 Dr, Cash: 40 Cr. (B) Cash: N40. (C) John: N20 Dr, Cash: N20 Cr. (D) Cash: 20 Dr, John: N20 Cr. A
12. A Sales Day Book is used for recording \_\_\_\_. (A) credit sales (B) sales returns (C) hire purchase (D) cash sales A
13. A trial balance is usually prepared by an accountant from account balances in the ledger for the purpose of (A) classifying in the ledger. (B) Testing arithmetical accuracies of the ledger B

- account balance (C) identifying the balance sheet items (D) providing a basis for establishing the accountant's competence.
14. Bola, UTC's regular customer, owed N1000 on account of a radio bought. If he sent in a cheque for N500, UTC would send him a (A) credit note (B) debit note (C) journal voucher (D) way bill. A
  15. Books of original entry are used for (A) recording business transactions (B) the adjustment of accounts (C) reminding the book keeper to post transactions in the ledger (D) informing the bookkeeper about the state of affairs. A
  16. If salary account is debited instead of stationery account, the error committed is that of (a) commission (b) omission (c) principle (d) compensation A
  17. Ledger account is mainly classified into (a) nominal, real and personal accounts (b) fixed and current accounts (c) management, financial and public sector accounting (d) bank and cash accounts A
  18. One major advantage of a ledger is that it (A) is a book of original entry (B) is only accessible to shareholders during distribution (C) removes the need for preparing a balance sheet after each transaction (D) can be used by any type of business. D
  19. Return inwards is also known as \_\_\_\_. (A) purchases returns (B) sales returns (C) goods on sale or return. (D) goods in transit B
  20. The account which refers to the tangible assets of a company that is of permanent nature is the (a) personal account (b) real account (c) nominal account (d) cash account B
  21. The document that is used to acknowledge the acceptance of the return of goods by the seller from the buyer is known as (A) credit note (B) debit note (C) invoice (D) voucher. A
  22. The effect of payment of a liability is that it (A) increases both assets and liabilities (B) increases assets and decreases liabilities (C) decreases assets and increases liabilities (D) decreases both assets and liabilities. D
  23. The term posting in accounting refers to (A) recording entries in the journal (B) transferring the balances in the ledger to the trial balance (C) tracing amounts from the journal to the ledger to find errors (D) transferring entries to the ledger from the journal. D
  24. Which of the following is not a real account? (A) Buildings account (B) Motor vehicle account (C) Patents account (D) Furniture account C
  25. Which of the following is not a revenue account? (A) Sales (B) Purchases (C) Discount received (D) Interest received B
  26. Which of the following is the basic accounting equation? (A) Assets = Capital + Liabilities (B) Capital = Assets + Liabilities (C) Liabilities = Assets + Capital (D) Assets = Liabilities – Equity A
  27. A system where a separate cash book is maintained for small payments is \_\_\_\_. (A) single entry (B) imprest (C) float (D) reimbursement B
  28. An analytical cash book is used to \_\_\_\_. (A) indicate sources of cash received (B) Categorise petty cash payment (C) separate cash and bank balance (D) analyse amounts due from debtors B
  29. The sum of money given to a petty cashier out of which small payments are made is called \_\_\_\_. (A) bonus (B) loan (C) advance (D) float D
  30. A rent of 250,000 was paid by John to his landlord by cheque. The double entry in John's books is \_\_\_\_. (A) debit Rent account, credit Bank account (B) debit Rent account, credit John's account (C) debit Bank account, credit Rent account (D) debit John's account, credit Rent account A
  31. Items in the bank statement of a business but not in the cash book before preparation of bank reconciliation statement do not include? (A) Bank charges (B) Standing order (C) presented cheque (D) interest on overdraft C
  32. The correct sequence in data processing is \_\_\_\_. (A) input → process → output (B) input → output → process (C) process → input → output (D) process → output → input A
  33. 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) dishonoured cheques D

- (C) direct remittance to the bank. (D) unrepresented cheques.
34. Which of the following is not a data processing method? (A) Manual (B) Mechanical (C) Electronic (D) Formatting D
  35. Fatima withdraws goods from the business for personal use. The accounting treatment is to debit (a) stock account and credit profit and loss account (b) drawings account and credit stock account (c) Profit and loss account and credit drawings account (d) Stock account and credit drawings account B
  36. Given N - Net Profit 25,000, Cost of sales 25,000, Sales 85,000, Determine the total expenses (A) N45,000 (B) N35,000 (C) N25,000 (D) N15,000 B
  37. The objective of a trading account is to establish the (a) cost of goods sold (b) gross profit (c) manufacturing profit (d) net profit B
  38. The process of allocating the cost of an intangible asset over its useful life is known as (A) depreciation (B) extraction (C) depletion (D) amortization. D
  39. The profit of a sole trader increases his \_\_\_\_. (A) stock (B) asset (C) liability (D) capital D
  40. The recording of wages due but not yet paid is an example of, an adjustment for (A) apportionment of revenue between two periods (B) recognizing accrued expenses (C) recognizing unaccounted revenue (D) recognizing prepaid expenses. B
  41. The trial balance showed wages, N2,500 and a note stated that N500 wages were due but unpaid. When preparing final accounts and balance sheet, it is required to debit profit and loss account with (A) N3,000 and show wages accrued N500 in the balance sheet (B) N2,000 and show wages accrued N500 in the balanced sheet. (C) N3,000 and show wages prepaid N500 in the balance sheet. (D) N2,000 and show wages paid in advance N500 in the balance sheet. A
  42. Which of the following is the effect of an increase in the provision for discount allowed? (A) Increase in net profit (B) Decrease in gross profit (C) Decrease in net profit (D) Increase in gross profit C
  43. Why are adjustments in the profit loss account necessary? (A) To cover some expenses of the following year. (B) To ascertain the actual expenses during the year. (C) To show the provisions made during the year. (D) To show the total expenses paid and income received during the year. B
  44. A seller of vegetables and fruits should be encouraged to value his stock at the end of a period using the (a) weighted average method (b) simple average method (c) FIFO method (d) LIFO method C
  45. Stock valuation is useful because it informs the sales department on the (a) prices of the competing goods (b) prices that will affect profitability (c) number of goods to produce (d) number of goods to sell B
  46. Which of the following stock valuation methods is suitable under inflationary conditions? (A) FIFO (B) LIFO (C) Simple average (D) Weighted average. A
  47. In the absence of a sales day book or sales account, credit sales can be computed from (A) creditor control account (B) debtors' control account (C) opening figures of the balance sheet (D) closing figures of the balance sheet. B
  48. Sales ledger control account contains the total amount in respect of (A) Creditors (B) Debtors (C) Investors (D) Shareholders. B
  49. The difference in the sales ledger control account is transferred to the (a) profit and loss account (b) sales account (c) balance sheet (d) trading account B
  50. The following represents extracts from the trading account of a retail outlet for a given month: Opening stock 2,400 Closing stock 6,400 Other expenses 2,000 Sales 11,000 Profit 900 What is the purchase figure for the month? (A) N13,000 (B) N12, 100 (C) N12,000 (D) N11 ,200 B
  51. The objective of the purchases ledger control account is to establish the (a) credit purchases (b) net profit (c) total purchase (d) gross profit A

52. The principal use of control accounts is to (A) localise errors within the ledgers (B) prevent fraud (C) Increase Sales (D) record assets and liabilities. A
53. The purchases ledger control account of a company had an opening balance of N45 600 and closing balance of N72600 credit. The company made payments of N437 000 to credit suppliers during the period; and had discount received of N18 600 on this account. What were the credit purchases for the period? (A) N509 600 (B) N482 600 (C) N428 600 (D) N418 400 B
54. The total of the creditors at the beginning of the year was N4600 and at the end of the year N5250. During the year, N26500 was paid to suppliers and N130 was received in discounts from these suppliers. The purchases for the year Would be (A) N26630 (B) N27 038 (C) N27 150 (D) N27 280 D
55. Tunde purchased goods from Femi by cash worth ₦1,000 with 10% cash discount Tunde's purchases ledger control account it to be (a) debit by ₦100 (b) credited by ₦100 (c) credited by ₦1,000 (d) debited by ₦1,000 A
56. Which of the following conditions best represents the net effect of discount allowed on credit sales on the accounts of a business? (A) Decrease in the closing balance of sales ledger control account (B) Increase in net profit. (C) Increase in the value of sales. (D) Decrease in the value of purchases in the trading account. A
57. Given: N - Capital at the beginning 20,000, Drawings 3,000, Capital at end 30,000, New capital introduced 8,000. What is the profit for the period? (A) N4,000 (B) N5,000 (C) N6,000 (D) 8,000 B
58. Sundry debtors in the balance sheet of Onoja Bakery and Sons totaled ₦800,000. A provision of 2% was made for discount and 5% provision for bad and doubtful debts. Find the amount for sundry debtors after provision. (a) ₦760,000 (b) ₦744,800 (c) ₦744,000 (d) ₦784,000 B
59. The starting point for the production of accounts from incomplete records is to \_\_ (A) ascertain the total sales. (B) compute the opening stock of goods sold. (C) verify the total purchases (D) prepare an opening statement of affairs. D
60. A factory cost excluding prime cost is \_\_. (A) overhead (B) material cost (C) fixed cost (D) administration cost A
61. Given: N - Prime cost 220,000, Factory cost 32,000, Work in progress at beginning 25,000, Work In progress at close 19,000, Administrative expenses 21,000, Determine the production cost (A) N296,000 (B) N277,000 (C) N258,000 (D) N246,000 C
62. Given: N - Direct material 10,000, Direct labour 5,000, Direct expenses 2,000, Factory overhead 4,000. What is the prime cost? (A) N21,000 (B) N17,000 (C) N15,000 (D) N6,000 B
63. The difference between a trading account and a manufacturing account is that while manufacturing account (A) has no particular period, the trading account has (B) does not consider cost of goods involved, the trading account does (C) is concerned with the cost of production, the trading account is not. (D) is not concerned with stock of raw materials, the trading account is. C
64. The factory cost of goods produced is made up of (A) prime cost and factory overhead (B) prime cost and office overhead (C) raw materials consumed and fixed cost (D) raw materials and administrative overhead. A
65. The following information is provided for Amusa Company Ltd a manufacturer: N- Prime cost 999,000, Manufacturing overhead 132,000, Closing work in progress 75,000, Value of finished goods- Transferred to the Trading Account 11 16000, If included in the manufacturing overhead were rents of 5,000 paid in advance, what is the opening work in progress for the period? (A) N85,000 (B) N80,000 (C) N70,000 (D) N65,000 D
66. The manufacturing account is prepared to determine the cost of \_\_. (A) trading (B) production (C) factory overhead (D) raw materials used B
67. Subscription in arrears are (A) credited to the income and expenditure account and shown as a liability in the balance sheet (B) debited to the income and expenditure account and shown as an asset in the balance sheet (C) credited to the income and expenditure account and shown

as an asset in the balance sheet (D) debited to the income and expenditure account and shown as a liability in the balance sheet.

68. Where a non-profit organization prepares the accounts using accruals basis of reporting, the statement showing how well the organization is doing is the (A) appropriation account (B) balance sheet (C) income and expenditure account. (D) receipt and payment account. C
69. Departmental accounts are maintained to ascertain the (A) profits of the entire organization (B) contribution of each department (C) expenses of each department (D) sales of each department. B
70. The gross profit disclosed in the branch stock adjustment account represents (a) Head office profit (b) unrealized profit (c) estimated profit (d) branch profit D
71. A partnership on admitting a new member, revalued the business' land and building from N30 000 to N70 000. The difference of N40 000 should be (A) credited to land and building account (B) debited to asset revaluation account (C) credited to asset revaluation account (D) credited to profit and loss appropriate account. C
72. Adamu, Babaji and Chukwu are in a partnership and they share profit and losses on ratio 3:2:1. Their respective capitals are N20,000, N15,000, N5,000 on which they are entitled to interest at 5% per annum. The profit for the year before charging interest on capital amounts to N5,500. Calculate the profit for Adamu (A) N583 (B) N1,000 (C) N1,167 (D) N1,750 D
73. In a partnership business, the net profit serves as opening figure for \_\_\_\_. (A) trading account (B) profit and loss account (C) current account (D) appropriation account D
74. In the absence of a partnership agreement, profits and losses are shared \_\_\_\_. (A) in the ratio of capital (B) equally (C) in the ratio of drawings (D) according to services rendered B

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75. Interest on a partner's drawings is debited to the (A) partner's current account and credited to the profit and loss appropriate account (B) profit and loss appropriation account and credited to the partner's current account (C) profit and loss account and credited to the partner's account (D) partner's current account and credited to the profit and loss account. A
76. Partners' share of profit is credited to (a) a partner's current account (b) a partner's capital account (c) the profit and loss account (d) the profit and loss appropriation account A
77. Which of the following is a strong feature of partnership? (A) The life of the partnership is generally assumed to be indefinite. (B) The owners are liable personally for all debts of the business. The transfer of ownership interest is frequent and easy to accomplish (D) The partnership is complex to form because of many legal and reporting requirements. B
78. A bond, acknowledging a loan to a company under the company's seal, bearing a fixed rate of interest is known as? (A) certificate (B) agreement (C) bank loan (D) debenture D
79. Alabede (Nig.) Limited issued 50,000 ordinary shares of 1 each at a market value of N2.50 each. The share premium is (A) N125,000 (B) N100,000 (C) N75,000 (D) N50,000. C
80. All but one of the following are examples of capital reserves. (A) Share premium (B) Revaluation surplus (C) Pre-incorporation profit (D) debenture premium D
81. Holders of ordinary shares do not have the right to \_\_\_\_. (A) participate in additional issue of shares (B) vote at annual general meetings (C) elect the board of directors (D) receive dividend at a predetermined rate D

82. In company accounts, profit after tax is shared in the \_\_\_ account. (A) appropriation (B) revaluation (C) current (D) profit realization A
83. The amount set aside out of profits earned by a company which is not meant for liability or contingency are \_\_\_. (A) dividends (B) provisions (C) retained profits (D) reserves D
84. Which of the following attracts a fixed rate of dividend? (A) Ordinary shares (B) Founders' shares (C) Preference shares (D) Deferred shares C
85. Which Of the following ratios gives an idea of the liquidity of a firm? (A) Turnover ratio (B) Quick ratio (C) Debt ratio (D) Dividend yield. B
86. A pension granted to any past president or vice-president shall be charged to the (a) consolidated revenue fund (b) special pension fund (c) contingency fund (d) development fund B
87. Public sector accounting is practiced in \_\_\_\_. A. public limited companies (B) government organizations (C) profit making organizations (D) public trading companies B
88. The basis of accounting which eliminates debtors and creditors is \_\_\_\_. (A) cash basis (B) accrual basis (C) fund basis (D) commitment basis A
89. Which of the following is a source of revenue to a local government authority? (A) Poll tax (B) Excise duty (C) PAYE tax (D) Value added tax A
90. Adama's bank account showed an overdraft of N600 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 cash accounts. (A) N1,680 Dr. (B) N1,080 Cr. (C) N600 Dr. (D) N480 Cr. D