KITH & KIN INTERNATIONAL COLLEGE

7/11 Kaoli Olusanya Street, Owode Ibeshe, Ikorodu, Lagos State.

FIRST TERM EXAMINATION 2025/2026 ACADEMIC SESSION

NAME					
SUBJECT	ACCOUNTING	CLASS	SSS 2	DURATION	2 HOURS

INSTRUCTION: Answer all questions in Part A and five questions in Part B
PART A (MULTIPLE CHOICE- 20 MARKS)

1. The main purpose of a control account is to:
A. Record details of individual customers and suppliers
B. Act as a check on the accuracy of ledger balances
C. Replace subsidiary ledgers
D. Record petty cash

2. The purchases ledger control account records:
A. Only cash purchases
B. Only credit purchases
C. Both credit and cash purchases
D. Total sales

3. Which of the following will reduce the balance on the sales ledger control account?
A. Credit sales
B. Dishonoured cheques
C. Returns inwards
D. Sales on credit

4. A credit balance in the sales ledger control account signifies:
A. Customers owe the business
B. Business owes the customers
C. Cash received in advance
D. An error in the control account

5. If a total from the purchases day book is overcast, the effect is:
A. Control account balance understated
B. Control account balance overstated
C. No effect
D. Sales account affected

6. Capital at the end can be determined by:
A. Assets – Liabilities
B. Assets + Liabilities
C. Expenses – Income
D. Assets × Liabilities

7. Depreciation can best be described as:
A. A provision for replacement of assets
B. An attempt to show assets at current market value
C. A systematic allocation of the cost of an asset over its useful life
D. Writing off assets immediately after purchase

8. Which of the following is not a cause of depreciation?
A. Wear and tear
B. Passage of time
C. Increase in market value
D. Obsolescence

9. The provision for depreciation account is classified as:
A. Asset
B. Liability
C. Reserve
D. Contra-asset

10. Which accounting principle requires depreciation of fixed assets?
A. Prudence
B. Consistency
C. Matching concept
D. Going concern

11. Which of the following methods of depreciation charges equal amount each year?
A. Straight-line
B. Reducing balance
C. Revaluation
D. Sum-of-digits
12. A motor van was bought for ₦500,000 on 1st January 2020. Its expected life is 5 years with no scrap value.
Using the straight-line method, the annual depreciation is:
A. ₦50,000
B. ₦100,000
C. ₦125,000
D. ₦200,000

13. Straight-line method is suitable when ___
A. Repairs are heavy in early years
B. Asset gives equal benefits yearly
C. Asset increases in value
D. Useful life cannot be estimated

14. Reducing balance method charges:
A. Constant amount annually
B. Decreasing amount annually
C. Increasing amount annually
D. Equal amount each year

15. Which of the following best describes the revaluation method?
A. Asset is revalued at the end of each year and the difference treated as depreciation
B. Assets are written off completely at once
C. Assets are valued only when sold
D. No depreciation is charged

16. An asset costing ₦120,000 is depreciated at 20% per annum on reducing balance. Depreciation in the first year is:
A. ₦20,000
B. ₦24,000
C. ₦30,000
D. ₦40,000

17. If an asset's scrap value is considered, the straight-line method will charge:
A. Cost ÷ Useful life
B. Cost – Scrap value ÷ Useful life
C. Scrap value ÷ Useful life
D. Cost + Scrap value ÷ Useful life

18.

Year.	Value at start	Depreciation @ 10% RB	Value at end
1.	200,000	?	180,000

The missing depreciation is:
A. 10,000
B. 15,000
C. 18,000
D. 20,000

19. Adjustments in final accounts are made to:
A. Inflate profits
B. Avoid double-entry
C. Show true profit and financial position
D. Increase sales

20. Which of the following is an adjustment item?
A. Wages paid
B. Rent prepaid
C. Purchases of goods
D. Sales of goods

21. The accounting principle requiring adjustments is:
A. Consistency
B. Matching concept
C. Materiality
D. Entity

22. If closing stock is understated, the effect is:
A. Profit understated
B. Profit overstated
C. No effect
D. Liabilities understated

23. Provision for doubtful debts is created to:
A. Reduce the profit
B. Show debtors at realizable value
C. Increase creditors
D. Adjust stock values
24. Which of the following is used to ascertain profit under single entry?

A. Trading account only
B. Conversion method
C. Statement of affairs
D. Cash book

25. The purpose of a manufacturing account is to ascertain:
A. Cost of sales
B. Cost of production
C. Prime cost only
D. Gross profit

26. Which of the following is classified as factory overhead?
A. Raw materials consumed
B. Indirect wages
C. Carriage inwards on raw materials
D. Direct labour

27. Work-in-progress appears in:
A. Trading account
B. Balance sheet only
C. Manufacturing account
D. Profit and loss account

28. Factory rent is debited to:
A. Trading account
B. Manufacturing account
C. Profit and loss account
D. Balance sheet

29. Prime cost is equal to:
A. Direct materials + Direct labour + Direct expenses
B. Direct expenses + Factory overheads
C. Raw materials consumed + Indirect wages
D. Total cost – Gross profit

30.

Items	₦
Opening stock of RM	10,000
Purchases of RM	25,000
Closing stock of RM	5,000

Raw materials consumed is:
A. ₦25,000
B. ₦30,000
C. ₦35,000
D. ₦40,000

31. When goods are transferred from factory to trading account at market value, the difference between cost and market value is:
A. Factory profit
B. Gross profit
C. Net profit
D. Reserve

32. Factory profit is usually credited to:
A. Profit and loss account
B. Manufacturing account
C. Trading account
D. Balance sheet

33. Transfer of goods from manufacturing to trading account is recorded at:
A. Cost only
B. Market value only
C. Either cost or market value
D. Net realizable value

34. The purpose of charging factory profit is to:
A. Hide true profits
B. Encourage efficiency
C. Inflate expenses
D. Avoid depreciation

35. If transfer is made at cost, then:
A. No factory profit is recognized
B. Factory profit is overstated
C. Gross profit is overstated
D. Net profit is understated

36.

Items	₦
Cost of goods	100,000
Transfer price	120,000

Factory profit is:
A. ₦10,000
B. ₦15,000
C. ₦20,000
D. ₦25,000

37. Gross profit is the difference between:
A. Sales and Purchases
B. Sales and Cost of sales
C. Cost of sales and Net profit
D. Sales and Net profit

38. Net profit is transferred to:
A. Manufacturing account
B. Capital account
C. Cash book
D. Control account

39. The balance sheet shows:
A. Profit and loss
B. Assets and liabilities
C. Expenses and income
D. Sales and purchases

40. In the trading account, carriage inwards is added to:
A. Sales
B. Purchases
C. Expenses
D. Closing stock

41. Which of the following appears in the profit and loss account?
A. Closing stock
B. Rent received
C. Raw materials
D. Work-in-progress

42.

Particulars	₦
Sales	500,000
Cost of sales.	350,000

Gross profit is:
A. ₦100,000
B. ₦150,000
C. ₦200,000
D. ₦250,000

43. Current ratio is calculated as:
A. Current liabilities ÷ Current assets
B. Current assets ÷ Current liabilities
C. Fixed assets ÷ Current assets
D. Current assets ÷ Capital employed

44. Acid-test ratio excludes:
A. Stock
B. Debtors
C. Cash
D. Creditors

45. Gross profit margin is expressed as:
A. Gross profit ÷ Sales × 100
B. Gross profit ÷ Cost of sales × 100
C. Sales ÷ Gross profit × 100
D. Net profit ÷ Sales × 100

46. Return on capital employed measures:
A. Efficiency of using assets
B. Efficiency of using liabilities
C. Efficiency of sales
D. Efficiency of creditors

47. A high debt-equity ratio implies:
A. Low financial risk
B. High financial risk
C. No liabilities
D. High liquidity

48.

Current Assets	₦
Stock	30,000
Debtors	20,000
Cash	10,000
Current Liab.	20,000

Current ratio is:
A. 2:1
B. 3:1
C. 2.5:1
D. 1.5:1

49. Single entry system is mainly used by:
A. Large companies
B. Government agencies
C. Small businesses
D. Banks

50. The major limitation of single entry is:
A. Too many accounts
B. Lack of double-entry principle
C. Too expensive
D. Too detailed

PART B: THEORY (40 Marks)

INSTRUCTIONS: ANSWER ANY FIVE (5) FROM THIS SECTION

SECTION A: Answer two questions from this section

1. State four purposes of preparing a control account. 4 marks

1b. Distinguish between sales ledger control account and purchases ledger control account. 2 marks

2a. Differentiate between straight-line and reducing balance methods of depreciation. 2 marks
2b. Explain two causes of depreciation. 2 marks
2c. State three reasons for providing depreciation. 2 amrks

3a. List four examples of adjustment items in final accounts.2 marks
3b. State four items that appear in a manufacturing account but not in a trading account. 2 marks
3c. Explain the difference between gross profit and net profit.2 marks

4a. Mention and explain three types of profitability ratios. 3 marks
4b. State two limitations of incomplete records. 1 mark
4c. Explain two methods of determining profit under single entry. 2 narks

SECTION B

Answer three questions from this section

5. The following information was extracted from the books of Ayoola.

	#
Sales	45000
Opening Stock	20000
Closing Stock	30000
Expenses.	15000
Purchases.	25000

Calculate the following:
a. Cost of goods sold
b. Net profit
c. Net profit percentage
d. Gross profit percentage
e. Stock turnover SSCE. 9 marks

6. Inter-Regional Trading Company operates self-balancing ledgers. Extracts for the year ended 31st January, 2000

			₦
Sales ledger balances 1/1/00		Dr.	2,450
		Cr.	390
Purchases ledger balances	1/1/00	Dr.	217
		Cr.	1,847

Credit purchases	15,800
Cash sales	20,000
Credit sales	37,600
Bad debts	188
Provision for doubtful debts	245
Discounts received	683
Discounts allowed	168
Returns inwards	207
Returns outwards	175
Cheques from debtors	22,150
Cash from debtors	14,000
Cheques drawn for creditors	15,000
Sales ledger balances 31/12/ 2000	470
Purchases ledger balances 31/12/2000	240

You are required to prepare:

I. Sales ledger control account

II. Purchases ledger control account. 9 marks

7. A textile manufacturing company has the following machines in the factory on 1 January 1979.

Machine model	Cost	Depreciation written off to date
	#	#
Machine A.	3600.	1440
Machine B.	2400	960
Machine C.	3000	810

During the year ended 31st Dec. 1979 the following machines were bought on the dates shown.

Machine model	Cost	Cost
	#	#
Machine D	1 February	4200

Machine E.	31 March	4800
Machine F.	1 August	6000
Machine G.	1 December.	7200

On 30 June 1979 machine C was sold for #1,800.

Depreciation is written off at the rate of 12l% per annum on cost, new machines being depreciation from the date of purchase any machine disposed of us depreciated up to the date of sale.

a. You are required to prepare a statement showing the depreciation on each machine for the year ended 31st December 1979

b. Calculate:

I. The total depreciation for the year.

II. The profit or loss on the disposal of machine. SSCE JUNE 1980

8a. Enter the following transactions in the necessary accounts.

Dec 1. Started business with #80

Dec 2. Paid insurance by cheque #150

Dec 3. Received refund of rent #50 cash

Dec 4. Bought furniture by cheque #500

Dec 5. Took #500 from cash and paid into the bank

Dec 6. Cash drawings #115

Dec 9. Withdraw goods #300 for use

8b. Classifying the following into assets and liabilities:

Bank draft

Machinery

Debtors

Loan

A farm house

Furniture and fittings

Stocks of goods

A Austin car

Creditors