ACC203 - INTRODUCTION TO FINANCIAL ACCOUNTING I

The earliest known originator of book keeping system was _____
Rev. Father Lucas Pacioli

Rev. Father Lucas Pacioli was a _____and mathematician
Clergyman

_____ is the originator of book keeping system
Rev. Father Lucas Pacioli

Rev. Father Lucas Pacioli was a clergyman and _____
Mathematician

_____ consists of the process in designing and operating an efficient accounting information system for collection, recording, measuring, summarising, analysing and communicating the results of financial transactions for a particular period to users of financial information for them to make informed decisions.
Accounting

_____ is a discipline involved with the recording, classification and interpretation of financial information for both trading and non-trading organisations about the economic activities of an organisation so that accurate decisions can be made based on the accounting information provided.
Accounting

_____ can be defined as the process of collecting, recording, presenting, analysing and interpreting financial information for the users of financial statements.
Accounting

_____ involves accurate book-keeping, records, measuring and interpreting the financial results of the business by the preparation of accounting ratios and communicating these results to management and other interested parties or users.
Accounting

A _____ is a known career that requires an identified path for the acquisition of specialised and/or formal education or training before rendering any service.
Profession

Accounting is a body of _____ that was developed with the advent of formal trade many centuries ago.
Knowledge

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Accounting is a body of knowledge that was developed with the advent of formal _____many centuries ago.
Trade

_____ is a body of knowledge that was developed with the advent of formal trade many centuries ago.
Accounting

Accounting as a profession enables people to make_____
A career in accounting at different levels

The professional accounting bodies in Nigeria are_____
Institute of Chartered Accountants of Nigeria (ICAN) and Association of National Accountants of Nigeria (ANAN)

ICAN means_____
Chartered Accountants of Nigeria

ANAN means_____
Association of National Accountants of Nigeria

_____ is a means of communication.
Language

Language is a means of_____
Communication

Accounting is usually referred to as the language of business because_____
It is used in reporting and communicating financial information about organizations

_____produces information that individuals and organisations can use to create wealth
Accounting

Accounting produces _____that individuals and organisations can use to create wealth.
Information

Accounting produces information that individuals and organisations can use to create_____.
Wealth

Accounting is a science because
It follows a systematic and organised body of knowledge

The qualities of good accounting information include

- Relevance
- Objectivity
- Completeness

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- Timeliness
- Comparable
- Clarity
- Accuracy
- Flexible

The branches of accounting are the following
- Financial accounting
- Cost accounting
- Management accounting
- Auditing
- Public sector accounting

_____ is a branch of accounting that is concerned with how to find out the cost of goods produced or services rendered in an organisation.
Cost accounting

_____ is a branch of accounting that uses different quantitative analysis tools to project for the future of an organisation.
Management accounting

_____ is an independent examination of the books of accounts, records and financial statement of an organisation by an independent person called an auditor.
Auditing

_____ refers to accounting services carried out at the local, state and federal government ministries and parastatals.
Public sector accounting

Public sector accounting is also called _____
Government accounting

_____ is the process of recognising and recording government generated revenue and disbursed expenditure in the appropriate books of accounts.
Public sector accounting

There are _____ professional accounting bodies in Nigeria.
Two

An _____ can be defined from broad perspective as a person who carries out accounting functions for or within an organisation.
Accountant

_____ are those with necessary professional accounting qualifications who have been certified as fit and qualified to practice accounting by government approved accounting professional bodies.
Accountants

_____ render their services to business organisations.

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Accountants

Accountants render their _____to business organisations.
Services

Accountants render their services to _____organisations.
Business

_____ is the satisfaction derived from consuming a particular product or accepting a service.
Utility

The satisfaction derived from consuming a particular product or accepting a service is called_____
Utility

The followings are the essential features of a business organization

- The need to make profit and ensure adequate return for the owners no matter how small it may be.
- There is an element of risk.
- Business is done with the sole aim of continuity.
- Where business is involved, there must be an exchange between the parties.

Nigeria is a _____ country where private sector participant is allowed in selling of goods and provision of services in addition to public enterprises.
mixed economy

The functions of accountants in a business organization are the following

- Maintenance of books of accounts
- Preparation of financial statements
- Interpretation of financial statements
- Statutory audit
- Assets safeguarding
- Tax services
- Financial advisory services
- Management advisory services
- Investigation services

Auditing is a branch of accounting that can be auditing carried out to meet stated laws and regulation which is referred to as_____
Statutory audit

_____ is a person who carries out accounting functions for or within an organisation.
An accountant

_____ reports on the true and fair view of an organisation's financial statements.
The Auditor

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Every business organisation is expected to keep its _____ accurately and in an orderly manner.
financial records

The functions of accounting as it relates to the information system of an organisation include

- Decision making
- Recording
- Measurement
- Control
- Forecasting
- Government regulation
- Classifying
- Summarising
- Interpreting
- Assets safeguarding
- Tax services

The users of accounting information can be grouped into two categories: **direct users and indirect users**

The _____ are members of the organisation that relied on the accounting information to make daily, routine and other decisions.
direct users

The _____ are the third party to the organisation who relate with the company either directly
indirect users

_____ are the owners of a company who are interested in the performance of the company
Shareholders

The main users of accounting information are the following

- Shareholders
- Government
- Employees
- Investors
- Loan providers
- Suppliers

The government is interested in _____ information to determine the company income tax to be paid, compliance with government rules and regulations governing the operation of the business.
Accounting

The _____ is interested in accounting information to determine the company income tax to be paid

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Government

The aim of _____ is to be sure of continuous existence of the organisation which will guarantee their employment.
Employee

_____ use the financial statement to compare their remuneration in total with other comparable companies in the same industry.
Employee

_____ are those who intend to invest in a company
Investors

Those who intend to invest in a company are called_____
Investors

_____ are banks and other financial institutions.
Loan providers

The _____ position of a company is derived from the accounting information.
Liquidity

The liquidity position of a company is derived from the _____ information.
Accounting

Companies rely on _____ for different input such as raw materials, work-in-progress and finished goods on credit.
Suppliers

The following are the uses of accounting information
i. Accounting information is useful to predict and evaluate company's cash flows which creditors, loan providers and those in similar category can relied on.

ii. The use of accounting information helps in business analysis especially when there is need to predict, evaluate and compare financial performance of a company

iii. Accounting information provides the required essential financial information that is useful for making economic decisions at different levels for individuals and organisations.

iv. Accounting information is used to determine financial ability of company's management.

iv. Accounting information is used to determine financial ability of company's management.

v. Accounting information is used by the government to determining the tax payable by companies on their profits, and for individuals such as pay as you earn, and other tax payable such as VAT.

vi. Accounting information is used by company's management for daily and routine planning and control of the company's resources to achieve the company's objectives.

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vii. The activities of organisation as it affects the public are reported using accounting information.

viii. Investment decisions by shareholders and future investors are based on accounting information provided at a particular period of time.

_____ are principles upon which preparation of accounting records are based which are universally acceptable.
Accounting concepts

The rules of the game which accountants have generally come to accept and use over the years is called_____
Accounting concepts

The rules that lay down the way for recording business activities is _____
Accounting concepts

The preparation of accounting records for any organisation must follow the principles set out in the_____.
Accounting concepts

These are the different accounting concept

- Entity concept
- Going concern concept
- Dual aspect concept or double entity concept
- Cost concept
- Accrual concept
- Money measurement concept
- Matching concept

The _____ sees an organisation as a legal entity, separate and distinct from its owners.
entity concept

The _____ states that when recording the account of a business organisation, it should be assumed that the business will be in existence for a very long period of time without any intention to close the company later.
going concern concept

The _____ states that in recording the value of a company's assets, the value should be stated or recorded at cost price or the original cost
cost concept

The _____ state that profit should not be anticipated when recognising profit to be recorded in financial statement, but the profit should be based on actual profit earned or realised for the particular period.
convention of prudence

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The laid down rules that are complied with in accounting in the preparation of accounting records is called_____.
accounting concept

The documents that buyers and sellers exchanged between each other which are binding on both parties are called_____ in accounting.
source documents

_____ are business documents confirming the occurrence of financial transaction between two or more parties.
Source documents

Source documents include invoices, receipts, debit notes, credit notes, payment vouchers, cheque books, clock cards, time sheets and bank tellers.

_____ is a document that shows the transfer of goods and/or provision of service between two or more parties for which payment is yet to be received.
Invoice

Under normal circumstance, _____ is meant for credit transactions which include credit sales and credit purchases.
Invoice

A document that shows the transfer of goods and/or provision of service between two or more parties for which payment is yet to be received is called_____
Invoice

_____ is a document that is used to record full details of money paid for a particular purpose.
Payment Voucher

A document that is used to record full details of money paid for a particular purpose is _____
Payment Voucher

Payment voucher will contain the name of the receiver, amount paid, purpose of the payment, date of payment, mode of payment – cash or cheque, signature of the receiver, name and signature of the approving authority.

A _____ is a negotiable instrument that originates from banks and it is used to withdraw money from a stated bank account in a bank.
Cheque

A cheque usually contains the name of the bank account holder, the account number, the branch of the bank where the bank account is domiciled or opened, the name of the bank, the date for the payment of the cheque, a place for the owner's signature, and amount to be withdrawn in words and figure.

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A document confirming the receipt of money for goods and service sold or bought is called_____
Receipt

_____ is a document confirming the receipt of money for goods and service sold or bought.
Receipt

_____ are used in recording the cash book since it is an evidence of cash and cheque transactions.
Receipts

A receipt usually contain the name of the payers, amount paid, date of payment, purpose of payment, signature of the receiver.

_____ is a document that emanate from the bank because a bank teller is used to pay or lodge money (cash and cheques) into an account in a bank.
Bank Teller

_____ serves as evidence that a payment has been made or lodged into a particular account with a stated branch of a bank.
Bank Teller

_____ is a document showing a claim or refund in favour of the receiver.
Credit note

_____ is used to correct overcharge on an invoice, allowance for minor damages to goods, and refund on goods returned.
Credit note

A _____ is a source document that is used when a customer's account is to be increased, and to establish costs against the recipient.
debit note

A_____ can be used to effect correction when a customer/purchaser has been undercharged for goods and/or services.
debit note

_____ are books in which accounting transactions are first recorded before been posted to their various accounts in the ledger.
Subsidiary Books

Subsidiary books are also called books of prime entries or books of original entries.

The subsidiary books are:

i. Sales day book or sales journal
ii. Purchases journal or purchases day book
iii. Returns inwards journal or returns inwards day book

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iv. Returns outwards day book or returns outwards journal
v. Journal or Journal proper
vi. Cash book or single column cash book
vii. Two column cash book
viii. Three column cash book
ix. Petty cash book

The_____ are used to record credit transactions in the order in which they occurred and for transactions of a similar nature.
Sales day book

_____ is a book of original entry used to record all goods sold and services rendered on credit to a third party in the order in which they occurred irrespective of the amount involved.
Sales journal

Sales day book is also called_____
Sales journal

The value of credit sales which are first recorded in the sales journal are transferred individually to the respective customer's account in the _____
Ledger

The total of all _____ sales for the period as recorded in the sales day book is transferred to the credit side of the sales account in the ledger.
Credit

The total of all credit sales for the period as recorded in the sales day book is transferred to the _____of the sales account in the ledger.
credit side

The total of all credit sales for the period as recorded in the sales day book is transferred to the credit side of the sales account in the_____.
Ledger

The process of transferring from the day books to the ledger is called_____.
Posting

_____ can be defined as an inducement given to customers to enable them buy in large quantity, obtain profit margin price when goods are sold and/or for prompt payment by debtors.
Discount

_____ is a reduction in price given to a customer who buys for re-sale in large quantity.
Trade discount

_____ an inducement given to debtors (credit customers) for paying their debt on time or promptly within the specified time frame or period

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Cash Discount

An inducement given to debtors (credit customers) for paying their debt on time or promptly within the specified time frame or period is _____
Cash Discount

_____ is a price reduction given to a customer who buys in large quantity for consumption and not for re-sale.
Quantity discount

_____ is the discount available to those who buy on credit or the customer (Debtors) at point of sale is trade discount.
Credit sales

Where trade discount is given on credit sales, the discount value will be deducted from the _____ in the invoice.
sales value

_____can only be recognised when the customer settles his outstanding invoices.
Cash discount

Cash discount can only be recognised when the customer settles his outstanding_____.
Invoices

The book of account used for treating this is called _____
three column cash book

The documents that are exchanged between buyers and sellers which are binding on both parties are called _____in accounting.
source documents

_____ is exchanged between a buyer and seller of goods and those that render services.
An invoice

_____ is a subsidiary book of account used to record all goods bought and services received on credit from a third party in the order in which they occurred irrespective of the amount involved.
Purchases day book

_____ is the process of transferring from the purchases day book to the ledger is called
Posting

The discount available for buying goods on credit at the point of purchase is _____
trade discount

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The _____ can be stated as a percentage of the purchase price or a uniform amount that varies with purchase value.
trade discount

The trade discount can be stated as a _____ of the purchase price or a uniform amount that varies with purchase value.
percentage

The _____ is the main source document used in preparing purchases day book for different organisations.
Invoice

Another name for returns inwards journal is returns inwards day book or sales return book.

The returns inwards day book is not an account.
True

The good is leaving the buyer back to the seller hence it is called_____.
return outward

Returns outwards day book is also called returns outwards journal or purchases returns day book.

_____ is used to record goods previously bought for resale but later returned to the supplier due to one reason or the other.
Returns inwards journal

The total of goods returned to supplier from the purchases returns day book is transferred to the credit side of the returns outwards account

Transactions that are recorded in the journal include:

- Transfers from one account to another
- Purchase and sale of non-current assets on credit
- Adjustments to accounts
- Correction of accounting errors
- Transfer of personal property to a company
- Recording of opening and closing entries
- Recording of special transactions like revaluation of assets, creation of goodwill

The _____ is a book of original entry used to record all cash transactions.
cash book

The cash transactions recorded in the cash book can be for cash purchases, cash sales, receipt of cash from customers, payment of cash to supplier, acquisition of properties by cash and all other transactions that involved the receipt and payment of cash.

The cash book is divided into _____ sides
Two

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The cash book is divided into two sides, the left side records all cash receipts while the right side records all cash payments.

The left side of a cash book is called _____
debit side

The credit side of a cash book is the_____.
right side

A _____ is any transaction that has been recorded twice in an account through a debit and a credit entry in the same account.
contra entry

The _____ is one of the subsidiary books of account used to record cash and bank transactions in addition to discounts received and discount allowed.
three column cash book

The _____ combines discount column on both debit and credit sides to the cash and bank columns.
three column cash book

_____ is an inducement given to debtors (credit customers) for paying their debt on time or promptly within the specified time frame or period.
Cash discount

_____ are small payments given out for some small expenses that occur almost on daily basis in an organization
Petty cash payments

The double entry principle states that 'for every debit entry for a transaction, there must be a corresponding credit entry for the same transaction, and for every credit entry for a transaction, there must be a corresponding debit entry for the same transaction'.

_____ is the principal book of accounts where the double entry principle is completed.
Ledger

_____ are ledgers that contain accounts in the names of persons, organisations and firms.
Personal ledgers

_____ contains the accounts of those customers who buy goods on credit and owe the company.
Sales ledger

Sales ledger is also called_____.
Debtors ledger

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_____ contains supplier's accounts.
Purchases ledger

Those that the company bought goods or received service from on credit and have not paid for them are known as_____
Suppliers

Purchases ledger can also be called_____.
creditors ledger

_____ ledger contains the accounts of the business owner e.g. capital, drawings, bank and loan account.
Private ledger

_____ are ledgers containing non personal accounts
Impersonal ledger

_____ contains the accounts of properties and other possessions of the company which can be seen and touched.
Real ledger

_____ contain other accounts that cannot be found in other ledgers especially those accounts used in recording income, expenditure, gain and losses of a business.
General or nominal ledger

An _____ is a ledger record, in a summarised form, of all the transactions that have taken place with the particular person or value specified.
Account

An _____ as the systematic mechanism for the tabulation of monetary increases and decreases in individual assets and equities.
Account

_____ are accounts of person and organisations that the company transacts business with
Personal account

_____ consists of accounts of non person(s) and it is sub divided into two.
Impersonal account

_____ records the accounts of income and expenditure of the business.
Nominal account

_____ are accounts that record the company's properties and possession that is expected
to last for more than one accounting year.
Real account

When transactions take place, first they are recorded in the_____.

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Journal

A _____ is a list or statement of debit and credit balances extracted from all accounts in the ledger for testing the arithmetical accuracy.
trial balance

Trial balance is not an account
True

The followings are some of the advantages of the trial balance.

- It helps to check the arithmetical accuracy of the accounts in the ledger
- It forms the basis for preparing the financial statements
- To help in detecting certain errors
- To serve as an aid to management in decision making

There are _____ methods of preparing the trial balance
Three

The methods of preparing the trial balance are

- Total method
- Balance method
- Total and balance method

Key points about trial balance

- The trial balance is not an account, because it has no debit or credit sides which are found in an account.
- Trial balance is not part of the double entry system.
- Trial balance is not prepared directly from books of original entries.
- The trial balance is a summary of all the accounts in the ledgers.
- There is no opening or closing balances in the trial balance like balance carry down or balance brought down that is common in an account.
- Double entry principle is not followed directly when preparing the trial balance.

_____ is prepared by transferring the balance on each account as it appears on the account to debit or credit column of the trial balance.
Trial balance

_____ is an accounting terminology used to signify mistakes made while recording and/or posting financial transactions.
Error

Error is an accounting terminology used to signify _____ made while recording and/or posting financial transactions.
Mistakes

_____ are genuine mistakes that are not deliberate or preplanned, but which occur in the course of recording financial transactions.
Errors

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Errors in accounting are classified into _____
Two

Error is the same as fraud.
False

_____ is a deliberate effort and/or attempt to change and/or modify financial information and/or records for someone personal gains to the detriment of others.
Fraud

Errors can occur as a result of the following

- Not following the double entry principle
- Carelessness of the book keeper or accounting personnel
- Over sight: a complete omission of one or more accounting entry(ies)
- Under casting of entries in an account
- Over casting of entries in an account
- Wrong posting
- Technical fault in accounting software

The types of errors not affecting the trial balance

- Errors of original entry
- Errors of omission
- Compensating errors
- Errors of principle
- Errors of commission

_____ occurs in a situation where the initial figure or amount used in posting a financial transaction from the subsidiary books is incorrect and the double entry is completed using the incorrect amount.
Errors of original entry

For example, where sales invoice total of N55,000 is mistakenly calculated to be N45,000. The same N45,000 will credited to sales account and N45,000 debited to the customer's account.

_____ take place when a transaction is completely omitted from the books of accounts.
Errors of omission

An example is a payment of N1,250 cash for newspaper, but this is not posted to either the cash book nor newspapers account in the ledger.

_____ explain situations where the occurrence of one error cancel out another error that has occurred either in the same account or different accounts.
Compensating errors

E.g. where sales account was added up in excess by N2,000 and the purchases account also added up by N2,000.

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_____ is where an account of capital expenditure is treated as revenue expenditure item or an item of revenue expenditure is treated as capital expenditure in the account.
Errors of Principle

_____ occur as a result of posting the correct amount or figure to the wrong account, without deviating from double entry principle
Errors of commission

E.g. A sale on credit of N45,300 to a customer Mr. Y. Adeyemi posted to the account of Mr. X. Adeyeni.

There are reasons why trial balance totals may not agree

- Omission of a ledger account balance from the trial balance
- Overcast: where one side of ledger account was added up by amount higher than actual
- Entry of an amount in the same side of the ledger i.e. a debit entry posted as credit or a credit entry posted as debit
- Undercast: where one side of a ledger account was added up by an amount lower than actual.

_____ are the money spent in an organisation in order to generate income either now or in the future.
Expenditures

_____ is money spent to acquire or purchase property of permanent nature for individuals and organisations.
Capital expenditure

_____ is the totality of all expenditures incurred in acquiring, extending or improving assets of a permanent nature by means of which a business may carry on or increase its earning capacity.
Capital expenditure

_____ are all expenditure other than capital expenditures and it is generally written off in the accounting period in which it is incurred.
Revenue expenditures

_____ are costs of running a business on a day-to-day basis.
Revenue expenditures

_____ are the money spent in an organisation in order to generate income either now or in the future.
Expenditures

The money spent in an organisation in order to generate income either now or in the future is called_____
Expenditures

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Expenditure is not the same as expenses.
True

_____ are cost of running an organisation on daily basis which include transport, salaries and travelling.
Expenses

_____ is the combination of expenses and other payment for items that are not expenses such as acquisition of equipment.
Expenditure

Expenditure can be classified into_____.
Two

Expenditure can be classified into two namely _____and revenue expenditure.
capital expenditure

Expenditure can be classified into two namely capital expenditure and_____.
revenue expenditure

_____ is the money spent to acquire or purchase property of permanent nature for individuals and organisations.
Capital expenditure

_____ is the totality of all expenditures incurred in acquiring, extending or improving assets of a permanent nature by means of which a business may carry on or increase its earning capacity
Capital expenditure

Properties that are permanently retained in the business to earn income with a life span of more than one year are referred to as_____
capital expenditure

_____ are all expenditure other than capital expenditures and it is generally written off in the accounting period in which it is incurred.
Revenue expenditures

_____ are costs of running a business on a day-to-day basis.
Revenue expenditures

_____ refers to the keeping of accounting record by hand written of relevant posting in the books of accounts.
Manual Accounting System

_____means that electronic device such as computer is not used in posting.
Manual Accounting System

The advantages of manual system over the computerised system are:

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i. A manual system is cheaper to install in term of cost when compared with a computerised system of maintaining financial records.

ii. Cost of acquiring computer, accounting software and training of account personnel in a computerised accounting system are not required for manual system.

iii. A manual system may be more secure because the possibility of computer crash and virus do not affect it.

The disadvantages of manual system are:
i. It is highly prone to more mistakes and errors because humans factor do all the calculation without electronic assistant that a computer can generate with ease.

ii. The manual system takes longer time, efforts and paper to post.

iii. The security of the manual system is threatening because it is prone to destruction by flood and fire deface without any back-up.

iv. Auditing of manual accounting system is cumbersome because documents have to be checked and identified one after the other.

v. More space is required to keep manual accounting record because they are always voluminous.

vi. It takes more time to effect changes and correct mistakes in a manual system because it may require redoing a posting from the subsidiary books to the ledger.

The word 'mechanical' connote the use or adoption of electronic device in the posting and preparation of accounting records.

_____ accounting system makes the recording, processing and reporting of accounting data easier than the manual system.
Computerised or mechanical

_____is a set of numbers and codes that define each account head and also differentiate between classes of accounts
Chart of Account

The advantages of computerised accounting system are:
i. The use of computer is an efficient way of keeping and recording accounting transactions because entry of data is faster than in manual system.
ii. With the use of computer for accounting records, it become easy to generate different reports and financial statement within a short period.

iii. It helps to communicate with customers and supplier better and faster because of email facility available in some accounting software

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iv. Accounting data and other information in accounting software are secure and safe because they can be back-up in different locations and folders such as internet, cloud, e-mail attachment and external drive.

v. The risk or loss of data is reduced to the barest minimum

vi. It helps to avoid the problem of duplication of same records which are found in manual system

vii. Quick and fast decision can be made by managers with timely report that are available in a computerised accounting system.

viii. Up to date accounting records are made possible because accounting software update records automatically after they are posted.

Computerised accounting system has the following demerits
i. Computerised accounting system is prone to risk of computer virus and hard disk crash.

ii. Some softwares require the service of external consultants who have to be paid consultancy fee on annual basis in some cases

iii. The existence of computer hackers and identity theft are major challenge of computerised accounting system especially for those with internet and cloud backup.

iv. Irregular power supply and other electrical faults can damage computer and other accessories used for computerised accounting system.

v. There is no limit to the effect of a single mistake in data entry.

The _____ represent the presentation of financial information for a particular period or year to the users of financial report.
final accounts

The _____ of a sole trader basically consist of statement of profit or loss and statement of financial position.
final accounts

The final accounts of a _____basically consist of statement of profit or loss and statement of financial position.
sole trader

_____represent total of all credit and cash sales made to a third party.
Sales

_____are goods previously sold to customers but were later returned either in whole or in part probably
Returns Inwards

The total amount of returns inwards will be deducted from_____.

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Sales value

_____ are the value of stock of goods meant for sale that are available with the business at the beginning of the accounting year or period.

Opening Stocks

_____ represent total value of goods that are bought for cash and on credit for resale.

Purchases

_____represents the cost of transporting goods meant for resale into the organisation.

Carriage Inward

_____are goods previously bought for resale but later returned to the supplier due to one reason or the other such as late delivery and wrong specification.

Returns Outwards

The _____ represent the value of stock of goods that are meant for sale which a business has at the end of the accounting year or a stated period or date.

Closing stocks

The cost price of goods sold for a particular period and it can be derived in a simple way by adding the purchases to opening stock then deducting the closing stock is called_____

Cost of Goods Sold

Cost of goods sold is also referred to as_____.

Cost of sales

_____is the profit realised on trading activities alone without other expenses incurred in the business.

Gross Profit

_____ are cost of goods (other than those related to goods to be sold) and services consumed or used during the period covered by the account

Expenses

_____represents the cost of transporting goods meant for resale to the buyer.

Carriage Outwards

_____ are expenses that relate to sales

Carriage outwards

_____ is the profit derived after all expenses and cost of sales have been deducted from the net income including sales of goods and other income.

Net profit

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_____ is a statement (not an account) that contains the list of assets and liabilities with owner's capital at the end of a particular period, month or year, and arranged in an orderly manner.

Statement of financial position

_____ are valuables, claims, possessions and properties belonging to the business.

Assets

_____ are normally arranged in order of liquidity in the statement of financial position.

Assets

The following are the different types of assets

- Non-current assets
- Current assets
- Intangible assets
- Fictitious assets
- Investments

_____ are company's tangible assets that are expected to be used in, and for the organisation for many years

Non-current assets

_____ are those whose value fluctuate during the year depending on the level of business activities

Current assets

_____ are assets that add value to the organisation but they cannot be seen by their nature

Intangible assets

_____ are expenditure incurred to cover a long period of time as a result of which some portions are capitalised or deferred pending the time it is written off against the profit (in statement of profit or loss) for subsequent years

Fictitious assets

_____ are ownership interests a company has in another organisation. It could be in shares or debentures.

Investments

_____are financial obligations the business has in favour of outsiders.

Liabilities

_____ are financial obligations against the company that are not due for repayment within one year

Non-current liabilities

_____ are debts that are due for payment within one year and do change regularly from one period to another within one accounting year

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Current liabilities

_____ is the initial investment of the business owner in the company.
Capital or owner's equity

The value of money, properties and other resources brought in by the owner to start the business and other additions after the commencement of the business is called_____
Capital or owner's equity

A _____ is a legal entity whose operations and financial transactions are continuous in nature from one year to another.
Business

A business is a _____ whose operations and financial transactions are continuous in nature from one year to another.
legal entity

_____involves the giving and taking of credits
Business

Business involves the giving and taking of _____
Credits

_____ are services and goods that have been consumed or enjoyed during the year but which payment has not been made either in full on in part at the end of that financial year.
Accruals

Accrual can also be called owing or due.

_____ are goods and services that have been paid for, but the benefit is yet to be enjoyed or consumed either in full or in part.
Prepayments

_____ is to enable the organisation not to understate the profits for the accounting period in which the prepayment occurs.
Prepayment

_____ are debts that have gone bad and there are no chances of the debt being recovered.
Bad debts

_____ is an expense to be charged against the profit for the year it occurred.
Bad debt

Bad debts could be as a result of death of the debtor, bankruptcy of a debtor, mental illness of a debtor, lack of good credit control procedures, disagreement as to amount due between the debtor and the creditor and closure or permanent negative disruption of the debtors business.

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_____ are those debts which in the opinion of management of an organisation may not be fully recovered.
Doubtful debts

_____ are amounts set aside out of profit earned by a company and constitute part of shareholders fund.
Reserves

_____ is a type of reserve distributed to the shareholder and other capital providers in form of debenture interest, retained profit etc.
Revenue Reserve

_____ are non-distributable reserves that are retained to comply with certain laws or for accounting requirement.
Capital Reserves

_____are reserves not set aside for a specific purpose.
General Reserves

_____ is a summary of customers or suppliers ledger in total.
Control account

Another name for control accounts is _____
Total account

There are two major types of control accounts namely
i. Sales ledger control or Debtors control account
ii. Purchases ledger control or Creditors control account

The following are the merits of control accounts
i. It allows homogeneous accounts to be grouped together.
ii. Useful in detecting fraud and errors relating to debtors and creditors.
iii. It can be used to detect missing figure.
iv. Allows for quick preparation of draft annual account.
v. It also helps to localise errors in a trial balance because such errors can be easily traced to a set of account(s).

Debtors control account is not used for cash customers.
True

The transactions that will increase the financial obligation to the supplier will be credited to the_____.
Creditors control account

_____ is given at the point of sales and the amount is deducted before arriving at the sales figure to be recorded in the books of account.
Trade discount

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A _____ can be regarded as a memorandum statement showing the details of unpaid invoices for each debtor which is supposed to agree with the total amount outstanding against the customer in the general ledger.
debtor's statement

_____ is a statement sent periodically usually once a month by a buyer to his suppliers, showing the position of their accounts up to a certain date.
Creditor's Statement of Account

_____ is a summary of customers or suppliers ledger in total.
Control account

The _____ on the control account under normal circumstance must equal the addition of individual customers or suppliers account at a particular date or period.
Balance

_____ is the process of making the balance on the bank column of a cash book to agree with the balance on the bank statement received from the bank.
Bank reconciliation

_____ statement is a report prepared to show the process of agreeing entries in the bank statement with those in the cash book with a view to arriving at a reconciled balance.
Bank reconciliation

_____ are cheques which have been issued for payment by a bank account holder but have not been presented for payment at the bank as at the date the bank prepared the bank statement.
Unpresented cheques

_____ are cheques deposited into the bank, but which have not been credited to the customer's account by the bank as at the date of preparing the bank statement.
Uncredited lodgements

_____ are payments made directly by the bank as a result of previous instructions given by the customer to the bank.
Direct transfers or Standing order

A cheque may be dishonoured for the following reasons:
i. If the cheque is not dated.
ii. If the amount in words does not correspond to the amount written in figure on the cheque.
iii. If the balance on the drawer's account is not sufficient to accommodate the amount to be drawn with the cheque.
iv. Cheque mutilations (i.e. unsigned alteration).
v. Stale cheques: The date on the cheque is more than six months before it is presented to the bank for payment. vi. Irregular signature from the issuer
vii. Unsigned cheques.
viii. Cheque post-dated: Presenting cheque at the bank before the date written on it.
ix. Notice of death of customer received by the bank.

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The merits of bank reconciliation statement
i. It aids the bank customer to monitor unpresented cheques, uncredited lodgements
ii. It assists in detecting errors that might have occurred in the cash book or in the bank statement. iii. It is useful in detecting fraud either from the bank or office
iv. Where the bank reconciliation statement is prepared regularly, it helps to prevent fraud.

The preparation of bank reconciliation statement
i. Ensure that both cash book and bank statement are prepared up to the same date
ii. Check off items in the cash book against the bank statement
iii. Update the cash book by preparing adjusted cash book which will be credited with bank charges, commission on turnover, interest on overdraft and loans, dishonoured cheques, direct transfers, standing orders etc.
iv. Check for errors which occur in the cash book and bank statement for corrections, and correct cash book errors.
v. Prepare the bank reconciliation statement using any of these two formats.

The beginning of accounting was _____
Stewardship

In accounting permanent records should be created whereby both the _____and the owner can have access to present and past events.
Steward

The owner of the business is referred to as an ____
entrepreneur

The earliest known originator of book keeping system was _____Rev. Father
Lucas Pacioli

Accounting consists of the process in designing and operating an efficient accounting information system for collection, recording, measuring, summarising, analysing and _____the results of financial transactions for a particular period to users of financial information for them to make informed decisions.
Communicating

Accounting is a discipline involved with the recording, classification and _____of financial information for both trading and non-trading organisations.
Interpretation

Sales represents total of all credit and cash sales made to a _____
Third party

Accounting requires the acquisition of a specialised knowledge over a given period of time which involves the combination of_____
Theory and Practice

Reserves are amounts set aside out of profits earned by a company and constitute part of _____fund.
Shareholders'

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Accounting is a _____because is a means of communicating business information.
Language

Accounting does not have _____ products that can be bought and sold like the manufacturing companies.
Physical

Accounting is a _____because it follows a systematic and organised body of knowledge.
Science

Accounting is a _____because it is also based on some fundamental principles which are applicable worldwide.
Management science

The maintenance and recording of the books of accounts in a _____manner similar to procedures in a laboratory make accounting a science.
Systematic

Accounting should include enough facts and _____to satisfy the need of the users.
Figures

Accounting should include enough _____ and figures to satisfy the need of the users.
facts

Ability to trace all accounting transactions in a report to the source documents is important for _____to be realised.
Objectivity

Bank reconciliation is the process of making the balance on the bank column of a cash book to _____with the balance on the bank statement received from the bank.
Agree

Accounting report should be prepared in a way that allows for quick and easy _____from one period to another.
Comparability

Accounting report is _____ if it is easy to change, adjust and adaptable to suit different kinds of users.
Flexible

Financial accounting is also used to determine the _____of an organisation which shows the company's assets and liabilities at a particular date.
Financial position

Cost accounting helps organisation in controlling and _____their costs.
Minimising

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Management accounting is a branch of accounting that uses different _____analysis tools to project for the future of an organisation.
Quantitative

Auditing is an _____examination of the books of accounts, records and financial statement of an organisation by an independent person called an auditor.
Independent

Without the accountants, financial statements will not make any _____to many people.
Meaning

The external auditing service provided by _____is to ensure that complete and reliable financial statements are published or released to the public.
Accountants

Every business organisation is expected to keep its _____accurately and in an orderly manner.
Financial records

Accounting is used to _____the financial performance of an organisation
Measure

Accounting makes use of _____financial data in forecasting future performance and financial position of different organisations.
Historic

Shareholders are the _____of a company and they are interested in the performance of the company
Owners

The government is interested in accounting information to determine the company income tax to be paid, _____with government rules and regulations governing the operation of the business.
Compliance

The concern of the suppliers is to know how stable the company is _____in order to meet their bills and invoices as at when due.
Financially

The laid down rules that are complied with in the preparation of accounting records for any organisation is _____
Accounting concept

The tradition for the preparation of accounting records is _____
Accounting convention

In recording the books of accounts, the business records are kept and treated_____ from the owners even in a situation where the business is owned by a person.
Share

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In accounting revenues and expenses for any accounting period should be _____with each other so as to bring them into the accounting period to which they relate, so that the profit or loss for the period can be ascertained.
Matched

The convention of prudence states that profit should not be _____when recognising profit to be recorded in financial statement, but the profit should be based on actual profit earned or realised for the particular period.
Anticipated

A cheque is a _____instrument that originates from banks and it is used to withdraw money from a stated bank account in a bank.
Negotiable

A bank teller is used to _____money (cash and cheques) into an account in a bank.
Pay

Credit note is a document showing a _____in favour of the receiver.
Claim

Discount can be defined as an _____given to customers to enable them buy in large quantity, obtain profit margin price
Inducement

Quantity discount is a price _____given to a customer who buys in large quantity for consumption and not for re-sale.
Reduction

Purchases day book is a subsidiary book of account used to record all goods bought and services received on _____from a third party in the order in which they occurred irrespective of the amount involved.
Credit

Journal or journal proper is one of the books of original entry that is used to record any transaction which cannot be _____recorded or classified into any of the other subsidiary books.
Conveniently

The cash book is a book of original entry used to record all _____transactions.
Cash

A contra entry is any transaction that has been recorded _____in an account through a debit and a credit entry in the same account.
Twice

The double entry principle states that for every debit entry for a transaction, there must be a corresponding _____for the same transaction.
Credit entry

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Ledger is the _____of accounts where the double entry principle is completed.
Principal book

Error is an accounting terminology used to signify _____made while recording and/or posting financial transactions.
Mistakes

Expenditures are the money spent in an organisation in order to generate _____either now or in the future.
Income

The manual accounting system refers to the keeping of accounting record by _____of relevant posting in the books of accounts.
Handwritten

The accounting report should be _____enough to give the user full information with which decision could be reached.
Complete

Good accounting information should be _____ to the purpose for which it is prepared.
relevant

The owner of a business is referred to as _____
an entrepreneur

Financial accounting is prepared on _____
Historical basis

Financial accounting is also used to determine the _____of an organisation
Financial position

Accounting as a form of knowledge and profession consist of different branches except_____
Commerce

To find out the cost of goods produced or services rendered in an organisation we need_____
Cost accounting

The acquisition of key business information that includes income, expenditure, profit, assets and liabilities are made available from _____ prepared by accountants.
Financial Statement

In business, _____ refers to the process of allocating funds to meet the needs of your business.
Finance

The sole proprietorship business is also referred to as a _____
One-man- business

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Which of the following is not a nature of accounting?
Auditing

Utility is the satisfaction derived from consuming a particular product or accepting a service.
Economist's point of view

For financial statements to make meaning to many people, one of the following must be prepared by an accountant.
Accounting ratio

To investigate the adequacy of tax paid by organisations, government engages the services of_____
Accountant

To safeguard the assets of an organisation, an Accountant employs one of the following_____
Internal control system

The two government recognised accounting professional bodies in Nigeria are: _____
Association of National Accountants of Nigeria and Institute of Chartered Accountants of **Nigeria**

One of the following is not a direct user of accounting information
Supplier

Business documents that confirm the occurrence of financial transaction between two or more parties are called_____
Source documents

The total of goods returned to supplier from the purchases returns day book is transferred to the _____ of the returns outwards account.
Credit side

The following except _____ are recorded in the Journal Proper
Recording of credit sales

The left side of a cash book is called_____
Debit side

When cash is withdrawn from the bank to the office _____
Credit - The bank column.

Contra entry can be found in_____
Two column cash book

When liabilities value reduces, the liabilities account should be_____
Debited

The advantages of trial balance exclude one of the following_____.

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It helps in preventing errors.

One of the following errors does not affect the agreement of trial balance
Errors of principle

A debtor paid N10, 500 cash but his account was credited with N10,000 while the cash book was debited with N10,500.
Credit - Debtors Account N500

Motor vehicle purchases of N660,000 was entered in the purchases account. Correct the errors.
Credit -Purchases account

The cost of transporting goods meant for resale into the organisation is called_____
Carriage inward

Assets that add value to the organisation but they cannot be seen by their nature are called_____
Intangible assets

Services and goods that have been consumed or enjoyed during the year but which payment has not been made either in full or in part at the end of that financial year is called_____
Accruals

Reserve which is distributed to the shareholder and other capital providers in form of debenture interest, retained profit is called _____
Revenue Reserve

Any transactions that will increase the customers' indebtedness to the organisation are _____to the debtors control account
Debited

A statement sent periodically usually once a month by a buyer to his suppliers is called_____
Creditor's Statement of Account

The causes of the differences between the bank statement and the cash book exclude one of the following_____
Signed cheques

To prepare Bank reconciliation statement start with Balance as per adjusted cash book and add_____
Unpresented cheques

The accounting concept that assumes that the business will be in existence for a very long period of time without any intention to close the company later is_____
Going Concern Concept

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The traditions and customs adopted by accountants for the preparation of financial statements exclude one of the following
Money Measurement

A document that is used to record full details of money paid for a particular purpose is called_____
Payment Voucher

One of the following is not a subsidiary book of account_____
Ledger account

Where an account of capital expenditure is treated as revenue expenditure item it is called_____
Errors of Principle

Cash of N600,000 received from a debtor was recorded in the cash book only. You are to correct the error.
Debit - Suspense Account N600,000

One of the following is not a branch of accounting.
Investigative accounting

The accounting system that recognises revenue from selling a good or service in the period which the good is sold or the service is performed is called_____
Accrual based accounting

The revenues that are generated outside the sales of goods or services that the firm regularly deals with are called_____
Discount received

Essential features of a business organisation exclude one of the following
The need to take risk

The functions of an accountant exclude one of the following.
Stock brokering

The professional person that reports on the true and fair view of an organisation's financial statements is_____
Auditor

An inducement given to debtors (credit customers) for paying their debt on time or promptly within the specified time frame or period is known as
Cash Discount

A book used to record goods previously sold to customers but were later returned by the buyer to the seller is known as_____
Returns Inwards Journal

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Accounting principles upon which preparation of accounting records are based which are universally acceptable are_____
Accounting Concepts

In accounting the convention that recognises that profits should not be anticipated by recording them prematurely is called
Convention of conservatism

The financial statement prepared by accountants should exclude one of the following
Subsidiary books

One of these is not a way of interpreting financial statements to different users by an accountant
Journal proper

The user of accounting information who ensures that the interests of the public are protected within the company activities is_____
Government

Documents that buyers and sellers exchange between themselves which are binding on them are called_____
Source documents

Accounting is a profession whose members must acquire_____
Scientific knowledge

Accounting is used to measure the _____ of an organisation
Monetary performance

A branch of accounting that ascertains the cost of goods produced or services rendered in an organisation is
Cost accounting

The officer who reports on the true and fair view of an organisations financial statements is called_____
Chartered Accountant

The preparation of accounting services carried out at the local state and federal government ministries and parastatals is known as_____
Public sector accounting

An accountant does not perform one of these functions
Investment decision

One of these is a direct user of accounting information
Managers

Information about income expenditure profit assets and liabilities can be obtained from
Financial statement

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The document that is used to record full details of money paid for a particular purpose is called_____
Payment Voucher

It is called _____ if every debit entry there is a corresponding credit entry and vice versa
The double entry system

Advantage of a trial balance does not include one of the following
Both debit and credit have equal amount

Error is an accounting terminology used to signify mistakes which are _____
Genuine mistakes

A temporary account that is opened to record errors that cause the trial balance total not to agree is_____
Suspense account

The cost of transporting goods meant for resale into the organisation is called_____
Carriage Inwards

A debtor paid N65500 cash but his account was credited with N65000 while the cash book was debited with N65500 You are required to correct the errors
Debit Suspense Account with N500

A payment of N99000 to a creditor was omitted from the cash book but recorded in the creditors account in the ledger
Debit Suspense Account with N99000

Error that does not require any journal entry for rectification is called_____
One sided error

The money spent in an organisation to generate income is called_____
Expenditures

Expenditure that is carried forward in the statement of financial position which does not immediately affect profit is _____
Capital expenditure

Cost of goods sold is also referred to as_____
Cost of sales

The cost price of goods sold for a particular period can be derived by _____
adding purchases opening stock carriage inwards and deducting goods withdrawn by the owner returns outwards

The profit realised on trading activities alone without other expenses incurred in the business is_____
Gross Profit

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Statement of financial position is part of_____
the final accounts

The financial obligations against the company that are not due for repayment within one year are called _____
Non current liabilities

The following is not an example of business entity
Sole Proprietor

Which of the following errors will NOT affect the agreement of a Trial Balance?
Error in computation of balances

In which of the following ledgers can data relating to discount be found?
Nominal ledger

The business entity concept requires that a business is treated as being separate from its owners
False

Which of the following best describes the meaning of purchases?
Items bought

Hill receives a 10 trade discount from Mountain and a further 5 settlement discount if goods are paid for within 14 days Hill bought goods with a list price of N200000 from Mountain Sales tax is at 175 What is the receivable
N235000

Accounting has been defined in several ways each emphasising a particular feature of the subject in general the first phase of financial accounting is the_____
Writing of source documents

Which of the following best defines the concept of accounting?
A process of handling information of economic nature which is useful and adaptive to **varying situations**

A sole trader took some goods costing N800 from inventory for his own use the normal selling price of the goods is N1600 Which of the following journal entries would correctly record this_____
Dr Drawing Account and Cr Purchases Account with N800

Which of the following calculates a traders net profit for a period
Closing net assets drawings capital introduced opening net assets

The last phase of book keeping is_____
preparation of final accounts

One of the following is NOT an importance of accounting and book keeping

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Book keeping provides permanent records for all financial transactions

The accrual concept requires a business to treat as income those which are due and receivable and to treat as expenses those which are in arrears respectively
True

Who reports on the true and fair view of the financial statements?
The Auditor

Discounts allowed N3840 was credited to the discounts received account Discounts received N2960 was debited to the discounts allowed account. Which journal entry will correct the errors?
Dr Discounts allowed N880 Cr Discounts received N880 Suspense account 1760

What is the usefulness of the Annual Reports and Accounts?
For periodic review of company's performance

The implication of the entity concept to a sole trader is that the_____
private use of business assets reduces owners capital

Which of the following transactions would reduce asset and reduce liability
Cash paid to trade payables

The process of collecting, recording, presenting, analyzing and interpreting financial information for the users of financial statements is referred to as_____
Accounting

_____ is a known career that requires an identified path for the acquisition of specialized and/or formal education or training before rendering any service.
Accounting

The maintenance and recording of the books of accounts in a systematic manner similar to procedures in a laboratory make accounting a _____
Good subject

Accounting information should be free from _____of the person preparing the report
Bias

The qualities of accounting information include the following, except
Relevance

The branches of accounting include the following, except _____
Cost accounting

_____is an independent examination of the books of accounts, records and financial statement of an organization by an independent person.
Auditing

Which of the following is not a nature of accounting?

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Accounting as a profession

There are _____ professional accounting bodies in Nigeria
2

The acquisition of key business information that includes income, expenditure, profit, assets and liabilities are made available from _____ prepared by accountants.
Book keeping

Which of the followings is not one of the essential features of a business organization?
The need to make profit and ensure adequate return for the owners

The auditor's report should show the ____ view of the financial statements
'true and fair'

Every business organization is expected to keep its _____accurately and in an orderly manner.
business

The functions of accounting as it relates to the information system of an organization include the following, except_____
Decision making

One of the following is not a user of accounting information.
Shareholders

One of the following is not a concept of accounting.
Going concern

One of the following is not a subsidiary book.
Sales day book or sales journal

Next level Enterprises sold the following goods on credit in the month of June 2015. Goods sold to DaboN20,750 on June 1. On June 10, he sold 5 pieces of calculator to Daniel at N1,250 each. On June 18, Ifeanyi bought 7 pairs of shoe at N1,400 per pair; 15 pieces of mobile handset at N6,200 each and another starter pack costing N22,000 on credit from Next Level Enterprises. What is the total sales credited to sales account?
N 151,800

An inducement given to debtors is called_____
Quantity discount

The reduction in price given to a customer who buys for re-sale in large quantity is called_____
Cash discount

A discount given to a customer who buys in large quantity for consumption and not for re-sale is called_____
Quantity discount

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Chop One Chop Two Ventures set up a business on June 1, 2014 with his personal properties which he now transfers to the company as follows: Building N650,000, Motor vehicle N380,000, Cash N12,500 and Cash at bank N18,240. A day earlier, he bought some goods on credit worth N625,000. What is the total value of assets?
N 1,060,740

The following cash transactions relate to Obinna Ventures for the month of January 2019. Sales N 25,000, Paid rent N4,000, Purchases N12,500, Electricity bills N 2,000 N, Transport expenses N 250, Sales N 14,110, Purchases N 6,230. What is the amount of total expenses?
N 39,110

Amount taken from business account for personal use is called _____
Drawings

_____ is used in recording all cash transactions.
Journals

The book of original entry used to record all credit transactions is called_____
Cash book

Any written evidence in support of a business transaction is called_____
Journal

The sales income (Credit and Cash) of a business during a given period is called_____
Transactions

The following is not a type of liability
Short term

Accounting provides information on _____
Cost and income for managers

In journal, the business transaction is recorded_____
Same day

The process of entering all transactions from the journal to ledger is called____
Posting

One of the following is a statement of revenues and expenses for a specific period of time
Trading account

Statement of financial positions are prepared_____
Daily

The stocks that are meant for sale which a business has at the end of the accounting year or a stated period or date is called_____
closing stock

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The profit that is derived after all expenses and cost of sales have been deducted from the net income including sales of goods and other income is called _____
Gross profit

When preparing the statement of profit or loss, it should be done in a way to reveal the income generated, cost of sales, gross profit, other income, expenses and the _____
Net profit

List of balances extracted from a ledger to test arithmetic accuracy of a transaction is called - _____
Trading account

_____is the process of making the balance on the bank column of a cash book to agree with the balance on the bank statement received from the bank.
Bank statement

The following are reasons why trial balance totals may not agree.
Undercast

The cash book is divided into two sides, the left side records all cash receipts while the right side records all _____
Cash payments

The following are causes of errors except;
Not following the double entry principle

One of the following errors effects the balancing of the trial balance
Omission

_____ explain situations where the occurrence of one error cancel out another error that has occurred either in the same account or different accounts.
Compensating Error

Goods and services that have been paid for, but the benefit is yet to be enjoyed or consumed either in full or in part is called _____
Debtors

_____ is a discipline that is involved with the recording, classification and interpretation of financial information for both profit and not-for-profit organizations.
Insurance

Accounting is a science because it follows_____ body of knowledge.
systematic and organised

Good accounting information should be_____ to the purpose for which it is prepared
Relevant

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Financial accounting started from stewardship duty and is concerned with the keeping of books of accounts and preparation of financial statement for the entire organisation on _____

historical basis

_____ is a branch of accounting that uses different quantitative analysis tools to project for the future of an organization.

Management accounting

The acquisition of key business information that includes income, expenditure, profit, assets and liabilities are made available from _____ prepared by accountants.

Financial accounting

Accountants render their services to business organisations. Business can be seen as a regular activity between two or more parties which leads to the creation of utility that satisfies human wants in form of _____

goods and services

The auditor is expected to form an _____ on the audited financial statement after gathering various forms of audit evidence from the audit exercise.

independent opinion

Every business organization is expected to keep its _____accurately and in an orderly manner.

Financial statement

The users of accounting information can be grouped into two categories. The first category is the direct users while the second category is_____

Indirect users

The government is interested in accounting information to determine the company _____ to be paid, compliance with government rules and regulations governing the operation of the business.

Income tax

Accounting concepts are rules of the game which _____ have generally come to accept and use over the years.

Accountants

Accounting _____ refer to customs adopted by accountants which serve as guide to the preparation of accounting records which include the financial statements.

Conventions

_____ are business documents confirming the occurrence of financial transaction between two or more parties.

Source document

A document that is used to record full details of money paid for a particular purpose is called _____

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Payment voucher

Sales journal is a book of original entry used to record all goods sold and services rendered on _____
credit to a third party

Purchases day book is a subsidiary book of account used to record all goods bought and _____ on credit.
Services received

The discount available for buying goods on credit at the point of purchase is _____
Trade discount

Another name for returns inwards journal is returns inwards day book or _____
sales return book

Journal or journal proper is one of the books of original entry that is used to record any transaction which cannot be conveniently recorded or classified into any of the other _____
subsidiary books

The cash book is a book of original entry used to record all _____
cash transactions

The three column cash book is one of the subsidiary books of account used to record cash and bank transactions in addition to discounts received and _____
Discount allowed

_____ payments are small payments given out for some small expenses that occur almost on daily basis in an organization.
Petty cash

The _____ system signifies a way of recording all accounting transactions twice in the books of account.
Double entry

_____ is the principal book of accounts where the double entry principle is completed.
Ledger

_____ is an accounting terminology used to signify mistakes made while recording and/or posting financial transactions.
Error

_____ is a deliberate effort and/or attempt to change and/or modify financial information and/or records for someone personal gains to the detriment of others.
Fraud

Expenditure is not the same as _____
Expenses

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Capital expenditure is money spent to acquire or purchase property of ____ for individuals and organizations
permanent nature

Revenue expenditures are all expenditure other than _____
capital expenditures

List of balances extracted from the ledger to test arithmetic accuracy of transactions is called _____
Trial balance

The profit realised on trading activities is called _____
Gross profit

Goods purchased for resale are called _____
Purchases

The capital market functions through the _____
Assets

_____are those debts which in the opinion of management of an organization may not be fully recovered
Doubtful debts

Bad debts will be charged on the debtors after the deduction of the bad debts for the period or after the bad debts have been _____
written off

_____ are amounts set aside out of profit earned by a company and constitute part of shareholders fund.
Reserves

The type of reserve is distributed to the shareholder and other capital providers in form of debenture interest, retained profit is called _____
Revenue reserve

Non-distributable reserves that are retained to comply with certain laws or for accounting requirement is called _____
Capital reserve

_____ are reserves not set aside for a specific purpose.
General reserve

Any transactions that will increase the customers' indebtedness to the organization are debited to the _____
debtors control account

The sales ledger control account is also known as _____
debtors control account

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A debtor's statement can also be regarded as a memorandum statement showing the details of _____for each debtor, which is supposed to agree with the total amount outstanding against the customer in the general ledger.
unpaid invoices

_____ is a statement sent periodically usually once a month by a buyer to his suppliers, showing the position of their accounts up to a certain date.
Creditor's Statement of Account

_____is the process of making the balance on the bank column of a cash book to agree with the balance on the bank statement received from the bank.
Bank reconciliation

Unpresented cheques will appear on the _____of the cash book.
credit side

_____ states that revenues and expenses for any accounting period should be matched with each other so as to bring them into the accounting period to which they relate, so that the profit or loss for the period can be ascertained.
Matching concepts

_____ are business documents confirming the occurrence of financial transaction between two or more parties.
Source documents

A _____ is a negotiable instrument that originates from banks and it is used to withdraw money from a stated bank account in a bank.
Cheque

_____is a document showing a claim or refund in favour of the receiver
Credit note

The books in which accounting transactions are first recorded before been posted to their various accounts in the ledger are called_____
Subsidiary books

The three column cash book is one of the subsidiary books of account used to record cash and bank transactions in addition to _____
Discounts received and discount allowed

An invoice is used to prepare the _____
Sales day book

The documents that are exchanged between buyers and sellers which are binding on both parties are called _____
Source documents in accounting

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The purpose of trade discount is to enable the customer achieve a _____when the goods are sold.

Profit margin

_____can be defined as an inducement given to customers to enable them buy in large quantity, obtain profit margin price when goods are sold and/or for prompt payment by debtors.

Discount

Services and goods that have been consumed or enjoyed during the year but which payment has not been made either in full on in part at the end of that financial year is called _____

Accruals

_____ is a book of original entry used to record all goods sold and services rendered on credit to a third party in the order in which they occurred irrespective of the amount involved.

Sales journal

The_____ state that profit should not be anticipated when recognising profit to be recorded in financial statement, but the profit should be based on actual profit earned or realised for the particular period

Convention of prudence

_____are principles upon which preparation of accounting records are based, which are universally acceptable

Accounting concepts

_____ is a veritable tool that provides relevant information for profit and not-for-profit organisations and other users of financial statements to make informed decisions.

Accounting

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