

JAMB

Accounting

Past questions

Years: **2016** **2017**
2018 **2019** **2020**

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2016 JAMB ACCOUNTS QUESTIONS

Use the information below to answer questions 1 and 2.

Ada and Udo are lawyers who went into partnership as Ado and Co. Ada brought cash of ₦12 000, furnishings worth ₦18,000 and a motor vehicle worth ₦70,000. Udo on the other hand brought in cash ₦10 000, his building valued at ₦105 000 and a personal computer worth ₦35 000.

1. What is the capital of Ado & Co.?

- A. ₦100 000
- B. ₦22 000
- C. ₦250 000
- D. ₦150 000.

2. What is the profit-sharing ratio if it is based on capital contributed by Ada and Udo?

- A.3:2
- B.2:3
- C. 1:2

D. 2:1.

3. One major advantage of a ledger is that it ___.

- A. is a book of original entry
- B. is only accessible to shareholders during liquidation
- C. can be used by any type of business
- D. removes the need for preparing a balance sheet after each transaction

4. A trial balance is usually prepared by an accountant from account balances in the ledger for the purpose of ___.

- A. classifying accounts in the ledger
- B. identifying the balance sheet items
- C. providing a basis for establishing the accountant's competence
- D. testing arithmetical accuracies of the ledger account balances.

5. The total of the creditors at the beginning of the year was ₦4 600 and at the end of the year ₦5 250. During the year, ₦26 500 was paid to suppliers and ₦130 was received in discounts from these suppliers. The purchases for the year would be ___?

- A. ₦27 038
- B. ₦26 630
- C. ₦27 280
- D. ₦27 150

6. Given:

	₦
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. ₦8 000
- B. ₦4 000
- C. ₦5 000
- D. ₦6 000.

7. Given:

	₦
Bank account	59,410
Capital account	50,000
Purchases account	20,000
Rent	2,500
Stationery	90
Typewriter	6,500
Sales	38,500

In preparing a trial balance from the list of balances given above, what is the total; in debit and credit columns?

- A. ₦88,500
- B. ₦85,800
- C. ₦147,910
- D. ₦138,500

8. The purchase of two generators by Hassan Electronics Enterprises should be recorded as

- A. a part of capital in the capital account
- B. an acquisition of stock
- C. an expense in its general office expense account
- D. an acquisition of fixed assets

9. Appropriation Account

	Kudu	Wale
	₦	₦
Interest on capital	750	550
Salaries	800	600
Share of profits	3,300	3,300

Determine the net profits of the partnership.

- A. ~~₦6,600~~
- B. ~~₦4,850~~
- C. ~~₦9,300~~
- D. ~~₦4,450~~

10. Dele and Seun who are in partnership have decided to convert their business into a limited liability company where both become directors. To convert the ___.

- A. they will simply continue since there are no new members.
- B. the partnership is formally ended and new company books opened

C. computation of goodwill must be done as it is legally required
D. the shares and all other items will be shared equally and not in their former ratios.

11. The most convenient cash book used by a petty trader operating in an area where there is no banking facility is ___.

- A. four column
- B. single column
- C. two column
- D. three column.

12. A general journal contains ___.

- A. date, narration, folio, debit and credit
- B. folio, credit. date, debit and sales
- C. date, narration, folio. debit and purchases
- D. folio, credit. narration. date and discount.

Use the information below to answer questions 13 and 14.

Given

	₦
Fixed assets	85,600
Sales	197,000
Stock	34,300
Salaries and wages	37,000
Purchases	127,700
Share capital	120,000
Creditors	16,050
Motor expenses	10,500
Debtors	25,000

13. What is the cash balance?

- A. ₦12,095
- B. ₦12,905
- C. ₦12,590
- D. ₦12,950

14. Determine the total of the trial balance

- A. ₦335,050
- B. ₦323,050
- C. ₦333,000
- D. ₦230,550

15. The value of capital invested by the owners is ___.

- A. ₦101,000
- B. ₦103,000
- C. ₦100,000
- D. ₦110,000

16. The liabilities of Udo Co. Ltd is

- A. ₦177,000
- B. ₦180,000
- C. ₦110,000
- D. ₦181,000

Use the information below to answer questions 17 and 18.

	₦
Capital	2000
Bank	1200
Purchases	2500
Sales	6700
Stock	1300
Creditors	1000
Fixed assets	3700
Drawings	?

Drawings are always estimated at 60% of capital

17. The trial balance total is ___.

- A. ₦8700
- B. ₦9700
- C. ₦7800
- D. ₦7900

18 Compute the amount withdrawn

- A. ₦1 000
- B. ₦2 000
- C. ₦1 500
- D. ₦1 250

19. Zakari started a business in January 2000. He bought a shop costing ₦54,000 and stock worth ₦7,600. Profit for the year amounted to ₦22,100. His closing capital was 73,800.

Zakari's personal drawings amounted to

- A. ₦9,900
- B. ₦2,300
- C. ₦19,500
- D. ₦17,100

20. The balance on the provision for depreciation account is ___.

- A. deducted from fixed assets on the balance sheet
- B. added to fixed assets on the balance sheet
- C. added to the current liabilities of the account
- D. deducted from the profit and loss account

21. What are the appropriate recording procedures for entries in the trial balance?

- A. Ledgers, source documents and trial balance
- B. Ledgers, trial balance and source documents
- C. Source documents, ledgers and trial balance
- D. Cash account, ledgers and trial balance.

22. Mr Bassev purchased a motor vehicle for use in his business and debited the purchases account

with the same value. This is an error of ___.

- A. principle
- B. omission
- C. original entry
- D. commission

23. Accrual accounting differs from cash accounting because it recognizes ___.

- A. cash and creditors.
- B. cash and debtors
- C. debtors and creditors
- D. prepayment and cash

24. A private company is different from a public company because ___.

- A. it cannot invite members of the public to subscribe for its shares
- B. it does not restrict the right to transfer its shares
- C. it can only offer its shares to members of the public for subscription

D. its shares are owned by one person.

25. The receipts and payments of account of a not-for-profit-making organization plays a similar role in profit-making organization as ___.

- A. a cash account
- B. an expenses account
- C. a balance sheet
- D. an income account

26. Osei, and Yabo were in partnership sharing profits and losses in the ratio of 3:2. On admitting Takwa, the profit and loss sharing ratio was changed to 1:1:1, supposed Takwa paid ₦30 000 for goodwill, this amount would be

- A. debited to goodwill account
- B. credited to Takwa's current account
- C. credited to the old partners' capital account
- D. shared to all the partners' capital account.

27. Commission-on-turnover is charged on

- A. savings accounts
- B. current accounts only
- C. all bank accounts
- D. fixed deposit accounts only

28. The medium that enables the ATM to read the account details and process transactions directly with the account held in the bank is the ____.

- A. smart card
- B. computerized account
- C. magnetic strip
- D. communication network

Use the information below to answer questions 29 and 30.

Adodo Enterprises and Loss Account (Extract)

	₦		₦
Opening stock	5,000	Sales	100,000
Purchases	?		
Less closing stock	5,600		
Cost of goods sold	?		

Gross profit ?

$\frac{100,000}{100,000}$

29. If the gross profit margin is 10%, what is the value of the cost of goods sold?

- A. ₦90,000
- B. ₦10,000
- C. ₦110,000
- D. ₦105,600

30. If the opening stock is 5% of sales, calculate the purchases.

- A. ₦95.600
- B. ₦90,600
- C. ₦95,000
- D. ₦85,000

31. A major cause of discrepancy between bank statement and the cash book that overstates the bank statement balance is the ____.

- A. direct payment
- B. commission paid
- C. direct withdrawal
- D. interest received

32. The bank charges levied on a current account holder is the charges on ___.

- A. transactions
- B. cash received
- C. turnover
- D. transfer

33. **Given**

	₦
Light expenses	400
Purchases	3,000
Sales	1,200
Creditors	2,250
Debtors	50

Calculate the total of the trial balance.

- A. ₦3,450
- B. ₦4,300
- C. ₦3,500
- D. ₦4,250

34. The major feature of a journal is that it has ___.

- A. six columns. date, particulars, folio, amount, debit and credit
- B. four columns, date, particulars, folio and amount
- C. three columns, date, particular and folio
- D. six columns, date, particulars, folio, debit and credit.

Use the information below to answer questions 35 and 36.

	₦		₦
Stock	20,000	Net sales	370,000
Add purchases	250,000		
Cost of goods available for sale	270,000		
Less stock 31/12	40,000		
Cost of goods sold			230,000
Rent expenses	35,000		

35. Find the gross profit.

- A. ₦370,000
- B. ₦140,000
- C. ₦230,000
- D. ₦150,000

36. Calculate the net profit.

- A. ₦105,000
- B. ₦35,000
- C. ₦40,000
- D. ₦115,000

37. Which of the following items is a capital expenditure?

- A. Maintenance of office machine.
- B. Purchase of office machinery
- C. Purchase of office stationery.
- D. Carriage inwards.

38. The corresponding entry of personal accounts found in the debit side of the cash book is to ____.

- A. credit the ledger.
- B. credit real accounts.
- C. debit real accounts.
- D. debit the ledger.

39. The formula for calculating depreciation using straight line method is

- A. $\frac{\text{Scrape Value} + \text{Sales}}{\text{Useful life}}$
- B. $\frac{\text{Sales} - \text{Scrape Value}}{\text{Useful life}}$

- C. $\frac{\text{Cost} - \text{Scrape Value}}{\text{Useful life}}$
- D. $\frac{\text{Purchases} + \text{Sales}}{\text{Useful life}}$

40. The major focus of the trading account is to show ____.

- A. net profit.
- B. total purchases.
- C. gross margin.
- D. total sales.

2016 ANSWER KEYS:

- 1. A 2. B 3. C 4. D 5. B 6. C 7. A
 8. D 9. C 10. B 11. B 12. A 13. B
 14. C 15. A 16. B 17. B 18. A
 19. B 20. A
 21. C 22. A 23. C 24. A 25. C
 26. A 27. B 28. A 29. A 30. B
 31. A 32. C 33. A 34. D 35. B
 36. A 37. B 38. A 39. C 40. C**

2017 JAMB ACCOUNTS QUESTIONS

1. The major distinguishing element between the final account of a partnership and a sole trader is the

- A. drawing
- B. creditors account
- C. appropriation account
- D. capital account

2. Goodwill appears in the books of a business only if it has been

- A. raised in connection with the admission of a new partner
- B. purchased at a certain price if it has been raised
- C. raised to account for the true value of a business on the death of a partner
- D. raised in other to prevent the balance sheet showing that the business is insolent

3. A payment of cash of ₦20 to John was entered on the receipts 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 ₦40 Dr, cash ₦40 Cr
- B. cash ₦40 Dr, John ₦40 Cr
- C. cash ₦20 Dr, John ₦20 Cr
- D. John ₦20 Dr, cash ₦20 Cr

4. The following represents extracts from the trading account of a retail outlet for a retail outlet for a given month:

	₦
Opening stock	2400
Closing stock	6400
Other expenses	2000
Sales	11000
Profit	900

What is the purchase figure for the month?

- A. ₦13 000
- B. ₦11 000
- C. ₦12 000
- D. ₦12 000

5. Subscription relating to the accounting to the accounting year 1993 in the income and expenditure account is ___.

- A. ₦14,300
- B. ₦13,400
- C. ₦15,050
- D. ₦14, 550

6. Accumulated fund on 1st January 1993 is ___.

- A. ₦8,570
- B. ₦7, 520
- C. ₦8, 470
- D. ₦7,850

7. Sobande incorporation acquired a machine that involved the following expenditures and related factors.

	₦
gross invoice price	15,000
sales tax	900
purchases discount taken	300
freight	750

assembly of machines	500
installation of machines	800
assorted spare parts for future use	1200
turning and adjusting machines	700
gross invoice price	15,000

What is the initial accounting cost of the machine?

- A. ₦17, 500
- B. ₦18, 350
- C. ₦19, 550
- D. ₦18, 950

8. A pottery company had sales of ₦176,000 during the current period and a gross profit rate of 40% the company cost of merchandise for sale during the period was ₦128,000. The company's ending inventory is

- A. ₦76 800
- B. ₦51300
- C. ₦32,000
- D. ₦22400

Use the information below to answer questions 9 and 10.

Zoom Plc balance sheet [extract]
as at 31st December, 1997

	₦		₦
Paidup capital	200,000	Fixed assets	300,000
Share Premium	15,000		
Profit and loss account	60,000	Investments	180,000
Longterm Loan		Stock	28,000
		Debtors	90,000
Creditors	200,000	Provision	(3,000)
			87,000
Other Current Liabilities	100,000	Cash	60,000
		Bank	100,000
	100,000		100,000

9. The quick ratio is ___

- A. 0.95:1
- B. 0.82:1

C. 1:53:1

D. 0.91:1

10. Determine the owners' equity

A. ₦275,000

B. ₦755,000

C. ₦200,000

D. ₦215,000

Use the information below to answer questions 11 and 12.

	₦
Cost of raw materials consumed	300,600
Returns of raw materials	6,700
Closing stocks of raw materials	100,250
Manufacturing wages	27,000

Lighting, power, insurance and rent relating to the factory are apportioned 1/3, 2/5, 1/6 and 1/7 with totals ₦30,000; ₦75,000; ₦36,000 and ₦56,000 respectively.

11. What is the cost of the opening raw materials?

- A. ₦400,250
- B. ₦398,250
- C. ₦404,950
- D. ₦418,350

12. The production cost of finished goods is ___.

- A. ₦408,600
- B. ₦381,000
- C. ₦327,600
- D. ₦54,600

Use the information below to answer questions 13 and 14.

	₦
Subscriptions received during the year	30,000
Subscriptions owed last year	4,000
Subscriptions received for next year	6,000

13. The ₦6,000 subscription received is

- A. capital
- B. fixed asset
- C. current asset
- D. current liability

14. What is the subscription to be charged to income and expenditure account?

- A. ₦20,000
- B. ₦30,000
- C. ₦34,000
- D. ₦36,000

Use the information below to answer questions 15 and 16.

Erero's Trading Account for the month ended 31/05/2001.

₦ ₦ ₦			
Opening			
Stock	45000	Sales	161000
	110000	Less	
		returns	4000
	6000		
	104000		157000
	149000		

Less		
closing		
stock	???	
Cost of		
sales	???	
Gross		
profit	???	
	<u>157,000</u>	<u>157,000</u>

The gross profit ratio for the company is 25%.

15. If the total expenses is ₦20 845, what will be the net profit for the company during the month?

- A. ₦18405
- B. ₦21655
- C. ₦19149
- D. ₦16168

16. The closing stock for this company is ____.

- A. ₦72 000
- B. ₦42 500
- C. ₦31 250
- D. ₦45 000

Use the information below to answer questions 17 and 18.

	₦
Capital	24,000
Land and building	18,470
Mortgage on premises	11,090
Drawings	3,000
Profit and Loss	3,600
Furniture and fittings	5,120
Motor Vehicles	3,462
Closing Stock	3,000
Debtors	11,474
Creditors	7354
Cash	1,518
	<u>46,044</u>

17. What is the capital employed?

- A. ₦44 600
- B. ₦43 052
- C. ₦38 600
- D. ₦43 044

18. Calculate the value of fixed assets.

- A. ₦15 992
- B. ₦18 470
- C. ₦27 052
- D. ₦27 000

Use the information below to answer questions 19 and 20.

	Dept S ₦	Dept T ₦	Total ₦
Gross profit b/d	6,000	4,000	10,000
	=====	=====	
	==	==	=====
			==
Less:			
Salaries and Wages	1,800	1,200	3,000
Electricity	?	?	2,000
Depreciation	600	?	1,000
Net Profit	?	1,600	4,000
	<u>6,000</u>	<u>4,000</u>	<u>10,000</u>

It is the tradition of the organization to apportion expenses in the proportion 60%: 40% for S and T respectively.

19. What is the net profit made by department S?

- A. ₦2,000
- B. ₦3,000

- C. ₦3,600
- D. ₦2,400

20. The depreciation to be charged to department T is ____.

- A. ₦400
- B. ₦300
- C. ₦500
- D. ₦600

21. Given:

	Jan. 2003 ₦	Dec. 2003 ₦
Provision for bad debts	1 000	
Debtors		20 000
Bad debt to be written off		2 000

The provision for bad debt stands at 10% of debtors. How much is to be charged to profit and loss account as provision for bad debt?

- A. ₦800
- B. ₦2 000

C. ₦1 000

D. ₦1 800

22. Goods withdrawn from for private use are credited to ___.

A. Purchases

B. Drawing

C. Sales

D. Capital

23. Stationery which will be used for a long period of time is usually recorded as an expense instead of an asset. This concept is called ___.

A. Entity

B. Realisation

C. Accrual

D. Materiality

24. Adaobi mistakenly entered ₦7,000 as credit in Abba's account instead of Baba's account this is ___.

A. An error of principles

B. An error of commission

C. A compensating error

D. An error of omission

25. The gross profit disclosed in the branch stock adjustment account represents ___.

A. Branch profit

B. Estimated profit

C. Unrealized profit

D. Head office profit

26. Partner's share of profit is credited to ___.

A. The profit and loss appropriation account

B. The profit and loss account

C. A partner's current account

D. A partner's capital account

Use the information below to answer questions 27 and 28.

	₦
Stock of material 1/1	10 000
Purchase of raw materials	160 000
Manufacturing wages	420 000
Royalties	3 000
Stock of raw materials 31/12	14 000

27. What is the cost of raw materials consumed?

- A. ₦156 000
- B. ₦173 000
- C. ₦170 000
- D. ₦160 000

28. Calculate the prime cost.

- A. ₦597 000
- B. ₦567 000
- C. ₦57 9000
- D. ₦576 000

Use the information below to answer questions 29 and 30.

Jan. 1	Received 1,000 units at	₦10 each
Jan. 2	Received 2,000 units at	₦12 each
Jan. 3	Issued 1,500 units	
Jan. 4	Received 1,000 units at	₦11 each
Jan. 5	Issued 1000 units	

29. Using FIFO method, what is the value of the closing stock?

- A. ₦17 000
- B. ₦29 000
- C. ₦34 000
- D. ₦12 000

30. What is the value of closing stock using simple average?

- A. ₦11 500
- B. ₦17 000
- C. ₦28 500
- D. ₦17 500

31. The gross loss on manufacturing is always transferred to the ___.

- A. credit side of the balance sheet
- B. credit side of the profit and loss account
- C. debit side of the balance sheet
- D. debit side of the profit and loss account

32. The depreciation on a motor vehicle that is being used for manufacturing and administration is charged to the ___.

- A. Debit side of the manufacturing and profit and loss account
- B. Credit side of profit and loss account only
- C. Debit side of manufacturing and balance sheet
- D. Debit side of the profit and loss account only

33. In bank reconciliation process, discrepancies caused by timing arises as a result of ___.

- A. bank statement only
- B. cash book and bank statement
- C. cash book, bank statements and incidental records
- D. cash book only

34. The process of reconciling cheque between banks termed cheque ___.

- A. truncation
- B. clearing
- C. holding
- D. confirmation

35.

Cash Book (Extract)

	₦		₦
Balance b/f	2,200	Sundry	
		Expenses	16,800
Receipt			
from			
Customers	1600	Drawings	4,700
		Suppliers	7,300

Debtors opening and closing balances amount to ₦6 500 and ₦7,600 respectively. What is the sales value?

- A. ₦17 500
- B. ₦29 400
- C. ₦31 600
- D. ₦15 300

36. Given:

	₦
Fixtures	30,000
Debtors	7,000
Stock	8,000
Creditors	3,000
Goodwill	10,000

Determine the capital

- A. ₦10,000
- B. ₦42,000

C. ₦52,000

D. ₦15,300

Use the information below to answer questions 37 and 38.

	₦
Sales	232,000
Opening stock	28,000
Purchases	128,000
Carriage inwards	4,000
Carriage outwards	6,000
Closing stock	10,000
Discount received	18,000
Expenses	20,000

37. Calculate the gross profit.

A. ₦100 000

B. ₦86 000

C. ₦76 000

D. ₦82 000

38. Calculate the expenses debited to the profit and loss account.

A. ₦17 000

B. ₦23 000

C. ₦30 000

D. ₦26 000

Use the information below to answer questions 39 and 40.

Income and Expenditure (Extract)

	₦		₦
Bal. b/d	390	Expenses on cleaning	300
Sales of tickets	4,000	New tool	50
Donations	3,000	Repairs	400
Subscriptions	6,500	Electricity	350

39. What is the total income for the period?

A. ₦13 500

B. ₦13 890

C. ₦9 500

D. ₦10 500

40. What is the balance carried down?

A. ₦12 330

B. ₦13 430

C. ₦11 680

D. ₦11 930

2017 ANSWER KEYS:

**1. B 2. A 3. D 4. C 5. A 6. B 7. B
8. D 9. A 10. C 11. C 12. B 13. D
14. A 15. A 16. C 17. D 18. C
19. D 20. A**

**21. B 22. A 23. D 24. B 25. A
26. C 27. A 28. C 29. A 30. C
31. D 32. D 33. B 34. B 35. A
36. C 37. D 38. D 39. B 40. A**

2018 JAMB ACCOUNTS QUESTIONS

1. Kayode, Akpan and Kachalla are in partnership. Their respective capital accounts had the following balances: ₦40 000, ₦50 000 and ₦70 000. The partners agree to admit Wamo as a new partner with a one-fifth interest in the partnership capital in exchange for ₦50 000 cash. Wamo's equity in the resulting partnership is ___.

- A. ₦40 000
- B. ₦50 000
- C. ₦40 000
- D. ₦42 000

2. Under which of the following conditions is a partnership dissolved?

- A. Admission of a new partner
- B. Change of the partnership's head office
- C. Purchase of a large quantity of fixed assets
- D. Retirement of a manager who is not a partner.

3. Adama's bank account showed an overdraft of ₦600 on 31st March. Ongoing through the account, it was discovered that the ₦1 080 paid into the account on 29th March has not been credited. What should be the balance is Adama's cash accounts?

- A. ₦1 680 Dr.
- B. ₦1 080 Cr.
- C. ₦480 Cr.
- D. ₦600 Dr.

4. Why are adjustments in the profit and loss account necessary?

- A. To cover some expenses of the following year
- B. To show the provisions made during the year
- C. To show the total expenses paid and income received during the year
- D. To ascertain the actual expenses incurred and income earned during the year.

Use the information below to answer questions 5 and 6.

Udoh Trading Company Balance Sheet as at 31st December, 1992

	₦		₦
Capital	39 000	Land	20 000
Long-term Loan	15 000	Building	30 000
Creditors	9 000	Stock	4 000
		Debtors	6 000
Accrued wages	5000	Cash	8 000
	<u>68 000</u>		<u>68 000</u>

5. What is the working capital?

- A. ₦11 000
- B. ₦8 000
- C. ₦4 000
- D. ₦12 000

6. The acid test ratio in the company is ____.

- A. 1:1
- B. 2:3

C. 1:2

D. 3:2

Use the information below to answer questions 7 and 8.

Wazobia Enterprises Balance Sheet as at 1/1/95

Liabilities	₦	Assets	₦
Capital	40,000	Furnishings	10,000
		Ceiling fan	1,500
		Cash in Hand	28,500
	<u>40,000</u>		<u>40,000</u>

If at 31/1/95 the following information was ascertained (i) Rent for shop ₦12 000 paid for that year (ii) Total purchases ₦15 000 (iii) Total sales ₦8 200 (iv) Stock of goods left ₦10 000 (v) Paid Sales boy ₦500.

7. What is the new balance sheet total as at 31/1/95?

- A. ₦40 000

B. ~~₦~~41 500

C. ~~₦~~41 700

D. ~~₦~~48 500

8. What is the balance on its cash account as at 31/a/95?

A. ~~₦~~22,800

B. ~~₦~~9.200

C. ~~₦~~800

D. ~~₦~~21 120

9. Calls in advance are treated in the balance sheet as ___.

A. current asset

B. fixed asset

C. current liability

D. fixed liability

10. Shares issued to a vendor in payment of business purchased would require a debit to ___.

A. cash account and credit to share capital account

B. share capital account and credit to vendors

C. share capital account and credit to cash account

D. vendor's account and credit to share capital account

Use the information below to answer questions 11 and 12

Rakiya and Joy are in partnership and agreed that 5% interest per annum is to be charged on drawings. The drawing made by both partners in one year were: Rakiya, ₦200 on March 31st and ₦300 on September 30th. Joy, ₦100 on April 1st and ₦240 on July 1st.

11. The interest Joy's drawing is___.

A. ~~₦~~511.25 debit

B. ~~₦~~500.00 credit

C. ~~₦~~349.75 credit

D. ~~₦~~340.00 credit

12. Assuming that Rakiya was not credited with any income during

the period. What is her closing current account balance?

- A. ₦340.00 credit
- B. ₦500.00 credit
- C. ₦340.75 debit
- D. ₦511.25 debit

13. To account for expenses paid by head office on behalf of the branch, the branch should__.

- A. debit profit and loss account and credit head office account
- B. debit head office account and credit cash
- C. credit cash and debit profit and loss account
- D. credit profit and loss account and debit head office account.

14. The officer responsible for ascertaining whether all public expenditure and appropriation are in line with approved guidelines is the __.

- A. Accountant general
- B. Finance Minister

- C. Auditor General
- D. Permanent Secretary

Use the information below to answer questions 15 and 16.

Adex Ltd. issues stock to its retail branches at cost price. The following particulars relate to Ede branch.

	₦
Stock at branch 1st January at cost	400
Goods sent to branch at cost	8000
Returns to head office	340
Cash sales	9160
Stock at branch 31st December at cost	720

15. What is the gross profit carried to the profit and loss account?

- A. ₦1870
- B. ₦1530
- C. ₦1640
- D. ₦1820

16. Calculate the cost of goods credited to the head office trading account.

- A. ₦7200
- B. ₦7460
- C. ₦7500
- D. ₦7660

17. Advertising expenses incurred on a product in a business organization should be charged to ____.

- A. sales department
- B. production department
- C. Purchases department
- D. administration department

18. Four broad classifications of overheads are ____.

- A. production, selling, distribution and material
- B. selling, distribution, production and wages production
- C. selling, distribution and administration

D. distribution, selling, administration and materials

19. Transfers from the head office to branches are best carried out at ____.

- A. cost price
- B. cost plus mark-up
- C. selling price
- D. market price

20. On dissolution, the final distribution of cash to partners is based on ____.

- A. partnership agreement
- B. capital, balances
- C. goodwill
- D. Articles of Association

21. In reconciling the branch and head office accounts, remittance in transit in the branch books is treated as a ____.

- A. debit entry
- B. contra entry
- C. credit entry

D. reversal entry

22. Profit or loss in a partnership is usually arrived at after deducting from gross profit all expenses including ___.

- A. partners' salaries
- B. interest on capital
- C. interest on loans
- D. partners' drawings.

23. Departmentalization of accounts is useful because it shows the ___.

- A. overall performance of a division
- B. cost per unit of a profit
- C. price per unit of a product
- D. overall performance of a firm

24. When goodwill is not retained in the business. the entries in the new partners' books will be to debit ___.

- A. good account and credit partners' capital account

B. cash account and credit partners' capital account

C. goodwill account and credit cash account

D. partners' capital account and credit goodwill account.

Use the information below to answer questions 25 and 26.

	₦
Balance as per cash book	13,560
Unpresented cheques	5 120
Uncredited lodgments	2 300
Dividend received not entered in the cash book	2 000
Bank charges	280
Standing order payments	600
Balance as per bank statement	?

25. Calculate the balance in the bank statement.

- A. ₦10740
- B. ₦ 11 860
- C. ₦16 380
- D. ₦17500

26. What is the adjusted cash book balance?

- A. ₦15 560
- B. ₦14 680
- C. ₦16 440
- D. ₦17 000.

Use the information below to answer questions 27 and 28

Departmental Trading Account
(Extract)

Total () 1-otal A- Stock 3000
2000 1000 Sales 10000 G 000
4000

Purchases 4000 2500 1500
Closing stock 2000 1500 500

Goods worth ₦300 was transferred from department Q to P. Similarly. P's total expenses for the period was ₦200.

27. What was department Q's gross profit?

- A. ₦2 500
- B. ₦2 200
- C. ₦2 300

D. ₦1700

28. Department P's net profit was

- A. ₦2 500
- B. ₦2 800
- C. ₦3 000
- D. ₦5 200

29. Which of the following is a common cause of a discrepancy between head office and branch trial balance?

- A. Stock and prepayment
- B. Creditors and cash in transit
- C. Stock and cash in transit
- D. Debtors and cash in transit.

30. Sule and Ahmed are in partnership sharing profits and losses equally. If Khadija is admitted as a new partner to take $\frac{1}{5}$ th as her share. What is the new profit or loss sharing?

- A. Sule $\frac{1}{3}$, Ahmed $\frac{1}{3}$ and Khadija $\frac{1}{3}$

- B. Sule $\frac{2}{5}$, Ahmed $\frac{2}{5}$ and Khadija $\frac{1}{5}$
- C. Sule $\frac{1}{5}$, Ahmed $\frac{1}{5}$ and Khadija $\frac{3}{5}$
- D. Sule $\frac{2}{5}$, Ahmed $\frac{1}{5}$ and Khadija $\frac{2}{5}$

31. The prime cost is the total of the

- A. production cost + selling expenses
- B. administrative expenses + selling + distribution expenses
- C. direct materials + work overhead expenses
- D. direct material + direct labour + direct

32. In the not-for-profit-making organization, the excess of income over expenditure is__.

- A. deducted from the capital
- B. added to the capital
- C. added to the accumulated fund
- D. deducted from the accumulated fund

Use the information below to answer questions 33 and 34.

Trading account for the year ended 31st December 2009

	₦		₦
Opening stock	32,000	Sales	48,000
Purchases	40000	Less	
		returns	2,000
Carriage			
Inwards	1 000		
	<u>41 000</u>		
Less			
returns	2 000		39,000
Cost of goods			
available for sale			??
Less closing stock			9000
Cost of goods sold			??

33. Find the average stock for the period.

- A. ₦20 500
- B. ₦23 000
- C. ₦28 000
- D. ₦27 000

34. Calculate the cost of goods sold.

- A. ~~₦~~61 000
- B. ~~₦~~62 000
- C. ~~₦~~58 000
- D. ~~₦~~57 000

35. In the head office ledger, the value of goods sent to the branch are__.

- A. debited to the branch current account
- B. debited to the head office current account
- C. credited to the head office current account
- D. credited to the branch current account

36. Which of the following methods of invoicing goods to branches facilitate easy checks on the activities of branches?

- A. selling price
- B. fixed percentage on cost
- C. cost price

D. invoice price

37. The amount paid by the new partner on admission as a compensation for the reputation built up by old pant is a ___.

- A. bonus.
- B. goodwill
- C. premium
- D. commission.

38. A partnership's internal regulations are set out by ___.

- A. a constitution
- B. a law
- C. a deed.
- D. D. an article

39. In the absence of a partnership deed, the act stipulates that ___.

- A. an amount should be fixed as salary for partners
- B. profits and losses should not be shared equally

C. interest on partners loan should be 25%.

D. interest should not be allowed on partners drawing

40. The profit of a branch is usually credited to the ___.

A. branch office goods account

B. head office sales

C. adjustment account.

D. head office current account.

2018 ANSWER KEYS

1. B 2. A 3. C 4. D 5. A 6. C 7. D

8. B 9. C 10. D 11. A 12. B 13. A

14. C 15. D 16. D 17. A 18. C

19. B 20. B

21. B 22. C 23. A 24. D 25. D

26. B 27. C 28. A 29. D 30. B

31. D 32. C 33. A 34. B 35. B

36. C 37. B 38. C 39. B 40. A

2020 JAMB ACCOUNTS QUESTIONS

1. The cash basis of accounting requires the recognition of revenue only when they are _____

- A. received
- B. earned
- C. paid
- D. due

2. The amount for individual items on a government budget is called _____

- A. deposit
- B. vote
- C. loan
- D. grant

3. Sales ledger control account contains the total amount in respect of _____

- A. creditors
- B. investors
- C. debtors
- D. shareholders

4. The purchases ledger control account of a company had an opening balance of ₦45,600 credit and closing balance of ₦72,600 credit. The company made payment of ₦437,000 to credit suppliers during the period; and had discount received of ₦18,600 on this account. What were the credit purchases for the period?

- A. ₦509,600
- B. ₦418,400
- C. ₦482,600
- D. ₦428,600

5. Which of the following are advantages of departmental accounts?

- A. The capital of the business can be calculated easily
- B. The department making the highest profit can be easily determined
- C. Easy knowledge of the sources of funding

D. Encouragement of healthy rivalry among the various departments

6. Public sector accounting is based on _____

- A. budget
- B. accrual
- C. cash
- D. consolidated fund

Use the information below to answer questions 7 and 8

Raw materials inventory at the beginning of a period was ₦46,800 and at the close of the period there was a balance of ₦38,600. From the purchases made during the period, defective materials costing ₦9,200 were returned. Cost of materials consumed during the period was ₦448,500.

7. What was the total purchases made during the period?

- A. ~~₦449,500~~
- B. ~~₦457,700~~
- C. ~~₦487,100~~
- D. ~~₦440,300~~

8. What is the cost of materials available for use during the period?

- A. ~~₦487,100~~
- B. ~~₦440,300~~
- C. ~~₦448,500~~
- D. ~~₦449,500~~

9. Which of the following accounts is kept by local governments in Nigeria?

- A. Advanced account
- B. Balance sheet
- C. Debtors account
- D. Profit and loss account

10. The conventional sources of public revenue include _____

- A. loans, taxation, foreign reserves, and dividends

- B. crude oil, interest, posted price, and taxation
- C. interest, royalties, taxation, and loans
- D. taxation, deficit budgeting, royalties, and loans

11. Recurrent expenditure are expenses for the period not exceeding _____

- A. 1 year
- B. 5 years
- C. 2 years
- D. 10 years

12. A major benefit derived from the reconciliation of branch and head office books is to _____

- A. ascertain the correct profit or loss on branch activities
- B. determine accurate returns by the branch
- C. enable the branch to keep control over stock
- D. enable the branch to ascertain debtors' balance

Use the information below to answer questions 13 and 14

Given:

PTF Trial Balance [Extract] as at 31st December, 1999

	Dr	Cr
	₦1,000	₦1,000
Cash	2,000	
Investments	3,000	
Accounts receivable	6,000	
Fund balance	<u>11,000</u>	<u>11,000</u>
	<u>11,000</u>	<u>11,000</u>

13. Assuming all the investments realised was ~~₦~~4m, what will be the ending fund balance?

- A. ~~₦~~12m
- B. ~~₦~~11m
- C. ~~₦~~8m
- D. ~~₦~~15m

14. If only 1/3 of the investment is sold for ~~₦~~2m and ~~₦~~5m realised from the accounts receivable, what will be the balance of the fund?

- A. ₦9m
- B. ₦13m
- C. ₦11m
- D. ₦16m

Use the information below to answer question 15 and 16

The partnership agreement between Abba, Baba and Kaka contains the following provisions:

- (i) 5% interest to be paid on capital and no interest to be charged on drawings
- (ii) Profits and losses to be shared in the ratio 3:2:1 respectively
- (iii) Net profit as at 31/12/95 ₦2,250

	Abba	Baba	Kaka
	₦	₦	₦
Capital	5000	4000	3000
Current account	250	100	175
Salary	300	300	-
Drawings	600	500	250

15. Abba's capital balance at the end of the year will be _____

- A. ₦5000
- B. ₦5725
- C. ₦4400
- D. ₦5475

16. Current account balance of Kaka at the end of the year will be _____

- A. ₦350
- B. ₦250
- C. ₦175
- D. ₦325

Use the information below to answer questions 17 and 18

	₦
Goods from head office	13,400
Returns to head office	118
Rates and insurance paid	188
Wages paid	913
Cash remitted to head office	16,625
Stock at 1/1/2000	1,875
Rent paid	325
Stock at 31/12/2000	1,975
Sundry expenses	200

17. The profit realised from the trade is _____

- A. ₦1,817
- B. ₦4,069
- C. ₦1,440
- D. ₦1,328

18. What is the total expenses?

- A. ₦1,626
- B. ₦1,764
- C. ₦1,875
- D. ₦1,426

19. The account entry to record the premium on goodwill is to debit _____

- A. cash and credit old partners' capital
- B. assets and credit capital
- C. goodwill and credit re-evaluation
- D. capital and credit assets

20. The expenses incurred in promoting a company are _____

- A. promoters' expenses
- B. the Board's expenses
- C. preliminary expenses

D. floating expenses

Use the information below and answer questions 21 and 22

Balance sheet (Extract)

	₦		₦
Capital	40,000	Building	25,000
Net profit	<u>12,000</u>	Equipment	12,000
	<u>52,000</u>	Stock	10,000
		Debtors	15,000
		Cash	<u>5,000</u>
			<u>67,000</u>

21. The current ratio is _____

- A. 2:1
- B. 1:1
- C. 2.8:1
- D. 3.5:1

22. The quick ratio is _____

- A. 1.3:1
- B. 1.7:1
- C. 3:1
- D. 1:2

23. The use of a three column cashbook is determined by _____

- A. trade discounts

- B. bank transactions
- C. cash discounts
- D. cash transactions

24. In converting a partnership to a company, the loss on asset re-evaluation is _____

- A. credited to the revaluation account
- B. credited to the profit and loss account
- C. debited to the revaluation account
- D. debited to the profit and loss account

Use the information below to answer questions 25 and 26

Given:	₦
Returns inwards	1,500
Cash	1,500
Discount received	2,850
Capital	3,800
Debtors	900
Sundry expenses	?

The value of sundry expenses is 150% of returns inwards plus 50% of debtors.

25. How much is sundry expenses?

- A. ₦20,000
- B. ₦15,400
- C. ₦17,700
- D. ₦10,500

26. What will be the equity of the business?

- A. ₦9,500
- B. ₦8,200
- C. ₦12,800
- D. ₦4,900

27. The salary of the Chief Justice of the Federation is paid from the _____

- A. contingency fund
- B. consolidated revenue
- C. special fund
- D. development fund

28. The Auditor General of the Federation can be removed by the _____

- A. President
- B. Chief Justice
- C. Head of Service
- D. National Assembly

29. expenditure incurred on consumables and goods for resale is _____

- A. miscellaneous expenses
- B. sunk cost
- C. revenue expenditure
- D. capital expenditure

30. Replacement and renewal of fixed assets are _____

- A. revenue expenditure
- B. capital expenditure
- C. revenue receipt
- D. capital receipt

31. The financial plan of the government for a year is contained in the _____

- A. budget
- B. cash analysis book
- C. vote book
- D. gazette

32. An increase in government expenditure within a year is taken care of by means of _____

- A. supplementary estimate
- B. warrant
- C. financial regulations
- D. virement

33. Work-in-progress is the _____

- A. value of goods produced
- B. sales less cost of goods sold
- C. value of partly finished goods
- D. value of finished goods on hand

34. The major feature of not-for-profit-making organisations is that they are formed _____

- A. mainly to improve the welfare of her members

B. to use accumulated funds to describe the net amount owed to members

C. in order to compute the receipt and payments account

D. to engage in trading activities to sponsor its activities

35. Given:

(i) The Memorandum of Association of the Company

(ii) The Article of Association of the Company

(iii) The incorporation document

From the above, which of the following is delivered to the Registrar of companies for incorporation?

A. I and III

B. I and II

C. II and III

D. I, II and III

36. When shares are oversubscribed and money returned to unsuccessful

applicants, the entry to record such money is to debit _____

A. application and allotment account and credit unsubscribed shares

B. oversubscribed shares and credit allotment account

C. application allotment account and credit cash

D. oversubscribed shares and credit cash

37. Which of the following is the capital reserve of a company?

A. Retained profit

B. Share premium

C. Loss on forfeited shares

D. Accumulated depreciation

38. The debenture issued at par above the nominal value is said to be issued at a _____

A. mark-up

B. margin

C. cost price

D. premium

39. The purchase consideration that is lower than the net assets implies that, the buyer has given the advantage of _____

- A. capital reserve
- B. net income
- C. revenue reserve
- D. net loss

40. Accountant General of the Federation is responsible for _____

- A. ensuring the efficient operation of the ministries
- B. The general supervision of all auditing personnel in all the ministries
- C. the compilation of annual financial statement
- D. the interpretation of rules and regulations affecting the private sectors

2019 ANSWER KEYS

**1. A 2. B 3. C 4. D 5. B 6. A 7. A
8. B 9. A 10. C 11. A 12. B 13. A**

**14. C 15. A 16. B 17. B 18. A
19. C 20. A**

**21. A 22. A 23. D 24. C 25. D
26. C 27. B 28. A 29. C 30. B
31. C 32. A 33. C 34. A 35. D
36. C 37. B 38. D 39. A 40. A**

2020 JAMB ACCOUNTS QUESTIONS

1. Under which of the following conditions is a partnership dissolved?

- A. change of the partnership's head of office
- B. purchase of a large quantity of fixed assets
- C. admission of a new partner
- D. retirement of a manager who is not a partner

2. Which of the following accounting records are source document?

- A. journals and ledgers
- B. sales invoice and debit note
- C. sales invoice and cashbook
- D. cashbook and debit note

3. In preparing accounting records, the owners of a business and the business are treated as _____

- A. separate legal entities
- B. partners

C. the same person

D. having business relationship

4.	₦
Bank account	59,410
Capital account	50,000
Purchases account	20,000
Rent	2,500
Stationery	90
Typewriter	6,500
Sales	38,500

In preparing a trial balance from the list of balances given above, what is the total in debit and credit columns?

- A. ₦138,500
- B. ₦147,910
- C. ₦85,900
- D. ₦88,500

Use the information below to answer questions 5 and 6

	₦
Capital: Opening balance	307,000
Closing balance	342,000
Net profit for the period	121,600

Purchases	706,000
Carriage inwards	17,500
Cost of goods sold	740,700
Total selling, general and administration expenses	526,000
Discount received	9,650
Opening stock	98,800

5. Calculate the closing stock for the period.

- A. ₦69,300
- B. ₦81,600
- C. ₦81,300
- D. ₦106,400

6. What is the gross period for the period?

- A. ₦535,650
- B. ₦628,300
- C. ₦647,600
- D. ₦637,950

7. Which of the following errors will affect the trial balance total?

- A. omission of sales of ₦3,000 and purchase of ₦2,000

B. Posting discount allowed to the debit side

C. omission of one account from the list when extracting the ledger

D. failure to post sales of ₦2,000 and purchases of ₦2,000

8. Danjuma Ltd. bought 10 bags of rice for ₦500 each. The company was given 5% and 12% trade and cash discounts respectively. What will be recorded as discount received in the company's book?

- A. ₦250
- B. ₦570
- C. ₦850
- D. ₦600

9. Given

	₦
Stock (1/4/94)	800
Purchases of flour	2,450
Sales	4,745
Wages of bakery staff	675
Carriage outwards	50
Salary of administrative staff	225
Stock (31/3/95)	940
Capital	1,540

Calculate the total cost of goods sold.

- A. ₦3,925
- B. ₦3,250
- C. ₦2,985
- D. ₦2,575

10. In a control account, provision for bad debts is found on the _____

- A. credit side of the sales ledger control account
- B. debit side of the purchases ledger control account
- C. debit side of the sales ledger control account
- D. credit side of the purchases ledger control account

11. The rule of accounting equation requires that account payable should be placed under _____

- A. equities
- B. assets
- C. capital

D. liabilities

Use the following information below to answer questions 12 and 13

Five hundred naira monthly is allowed on an imprest system. The following transaction took place:

	₦
Period 1:	
Cash advanced to petty cashier	500
Petty cashier paid out: Stamp	200
Newspaper	250

Period 2:	
Cash to petty cashier	450
Cashier paid for writing materials	350

12. How much should the petty cashier receive after period 2?

- A. ₦150
- B. ₦350
- C. ₦250
- D. ₦500

13. What was the balance of cash with the petty cashier at the end of period 1?

- A. ₦450
- B. ₦300
- C. ₦50
- D. ₦200

14. Accrual accounting differs from cash accounting because it recognises _____

- A. prepayment and cash
- B. cash and creditors
- C. cash and debtors
- D. debtors and creditors

15. The amount of subscriptions accrued is reported in the balance sheet under _____

- A. fixed cost
- B. current asset
- C. long-term liability
- D. current liability

16. One of the major features of book keeping is that it _____

- A. is futuristic in nature
- B. accepts responsibility for all wrong postings
- C. provides permanent records for all financial transactions
- D. does not give room for double entry procedure

Use the information below to answer questions 17 and 18

	₦
Total current assets	2,000
Total fixed assets	4,000
Current liabilities	1,200
Drawings	200
Long-term loan	2000

17. Calculate the capital of the business.

- A. ₦3,000
- B. ₦9,400
- C. ₦3,400
- D. ₦6,000

18. What is the net working capital?

- A. ₦1,800
- B. ₦800
- C. ₦2,600
- D. ₦600

19. A major cause of discrepancy between the bank statement and the cashbook that overstates the bank statement balance is the _____

- A. commission paid
- B. interest received
- C. direct withdrawal
- D. direct payment

20. The major feature of a journal is that it has _____

- A. five columns, date, particulars, folio, debit and credit
- B. three columns, date, particulars, folio and amount
- C. six columns, date, particulars, folio, amount, debit and credit
- D. four columns, date, particulars, folio and amount

21. In the head office ledger, the value of goods sent to the branch are _____

- A. debited to the branch current account
- B. debited to the head office current account
- C. credited to the head office current account
- D. credited to the branch current account

Use the information below to answer questions 22 and 23

A machine bought for ₦35,000 was estimated to have a lifespan of 5 years with a scrap value of ₦9,000

22. The yearly depreciation using the straight line method would be _____

- A. ₦5,200
- B. ₦800
- C. ₦6,500
- D. ₦4,400

23. If the scrap value is presently ₦15,000, what will be the yearly depreciation using straight line method?

- A. ₦7,000
- B. ₦11,000
- C. ₦4,000
- D. ₦24,000

24. Fiyinfoluwa Motors bought three Toyota Hilux vans on cash at the cost of ₦6,000,000. On debiting the vehicle account, the corresponding credit for the purchase will appear in the _____

- A. sales day book
- B. cashbook
- C. sales subsidiary book
- D. purchase day book

25. The term "accounting period" is used to refer to the _____

- A. time span, usually one year covered by the financial statement

B. period within which debtors are expected to settle accounts

C. time span during which taxes are paid to the inland revenue board

D. budget period, usually one year, relied on by the accountant

26. Appropriation account

	Tayo	Tope
	₦	₦
Interest on capital	750	550
Salaries	800	600
Share of profit	3,300	3,300

Determine the net profit of the partnership.

- A. ₦6,600
- B. ₦9,300
- C. ₦4,450
- D. ₦4,850

27. The major distinguishing element between the final accounts of a partnership and a sole trader is the _____

- A. drawings account

- B. appropriation account
- C. capital account
- D. creditors account

28. Advertising expenses incurred on a product in a business organisation should be charged to _____

- A. production department
- B. purchases department
- C. sales department
- D. administrative department

29. Four broad classifications of overhead are _____

- A. production, selling, distribution, and administration
- B. production, selling, distribution, and material
- C. selling distribution, and material
- D. distribution, selling, administration, and materials

30. Which of the following are advantages of departmental accounts?

- A. the capital of the business can be calculated easily
- B. easy knowledge of the sources of funding
- C. encouragement of healthy rivalry among the various departments
- D. the department making the highest profit can be easily determined

31. The debenture issued at par above the nominal value is said to be issued at a _____

- A. margin
- B. premium
- C. cost price
- D. mark-up

32. The standing order is a payment instruction given by _____

- A. customer to a fellow customer
- B. bank to an employee
- C. customer to the bank
- D. bank to the customer

33. The value of the sales ledger control account is derived from the summation of the _____

- A. total creditors control account
- B. total debtors control account
- C. all day books
- D. both the debtors and creditors accounts

34. The addition of prime cost, indirect cost and opening work-in-progress less the closing work-in-progress will result in cost of _____

- A. goods manufactured
- B. materials put into production
- C. goods available for sale
- D. goods sold

35. The power to appoint the Auditor General of the Federation is vested in the _____

- A. National Assembly
- B. Civil Service Commission
- C. Judicial Service Commission
- D. President

36. In trial balance, income and liabilities are _____

- A. credited
- B. credited and debited respectively
- C. debited and credited respectively
- D. debited

37. The rules which govern the internal management of a firm and its financial affairs in a partnership business is a _____

- A. memorandum
- B. deed
- C. financial regulation
- D. bye-law

38. Kola and Sunday are in partnership sharing profits and losses equally. If Kemi is admitted as a new partner, take $\frac{1}{5}$ as her share, what is the new profit and loss sharing ratio?

- A. Kola $\frac{1}{3}$, Sunday $\frac{1}{3}$ and Kemi $\frac{1}{3}$

- B. Kola $\frac{1}{5}$, Sunday $\frac{1}{5}$ and Kemi $\frac{3}{5}$
- C. Kola $\frac{2}{5}$, Sunday $\frac{1}{5}$ and Kemi $\frac{2}{5}$
- D. Kola $\frac{2}{5}$, Sunday $\frac{2}{5}$ and Kemi $\frac{1}{5}$

39. Which of the following accounting conventions suggests that accountants should use a method of valuation that understates rather than overstates results?

- A. monetary
- B. cost
- C. conservatism
- D. historical

40. A company has departments L, M and O. Department L occupies a space twice that of M while O occupies half the space of M. If the company pays ₦70,000 on rent, what is the amount of rent that should be allocated to M?

- A. ₦40,000

- B. ₦20,000
- C. ₦30,000
- D. ₦10,000

2020 ANSWER KEYS

**1. C 2. B 3. A 4. D 5. B 6. C 7. A
8. D 9. C 10. A 11. D 12. B 13. C
14. D 15. B 16. C 17. A 18. B
19. D 20. C**

**21. B 22. A 23. C 24. B 25. A
26. B 27. D 28. C 29. A 30. D
31. B 32. C 33. B 34. A 35. D
36. A 37. B 38. D 39. C 40. B**

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