

Nzegwu, Afomachukwu Udolisa
 Dept.: Accounting
 Matric No.: 18/SMS02/040
 ACC 206 ACCOUNTING FOR SPECIALISED BUSINESS
 DATE: APRIL 18, 2020

NAME → NZEGWU AFOMACHUKWU UDOLISA

DEPARTMENT → ACCOUNTING

MATRIC NO → 18/SMS02/040

COURSE → ACC 206: ACCOUNTING FOR SPECIALISED BUS.

DATE → 18th APRIL, 2020

Required:

- A] Prepare a statement of reconciliation to show the changes in fair value during the year. AND
 B] Prepare the statement of profit and loss, and the statement of Financial Position for ARUAD Farms for the year ended 31st December, 2019.

A] STATEMENT OF RECONCILIATION TO ^{show} change in FV

SOLUTION

2019

	#	#
Jan 1st 1300 day old chicks @ #200 each		260000
Jan 1st 500 2 year old chickens @ #3500 each		1750000
July 1st 500 6 month old chickens @ #1,500 each		750000
		<u>3,810,000</u>

Closing value for the chickens that died during the year: 120 chickens @ #1800 (216,000)
3,594,000

Change in fair value (Balance) 3,217,000

	₦	₦
		<u>6,811,000</u>
Dec. 31 1 year old chickens		3,720,000
1240 @ ₦3,000 each		
Dec. 31 1 1/2 year old chicken		1,551,000
1170 chickens @ ₦3,300		
Dec. 31 3 year old chickens		1,540,000
770 chickens @ ₦2,000		
		<u>6,811,000</u>

B) ABLAD FARMS
 Statement of Profit or Loss and other comprehensive
 Income for the year ended 31st December, 2019

	₦	₦
Sales:		
Farm produce (eggs)		6,423,340
Inventory	1,500,000	
Purchases:		
Feeds	2,096,570	
Insecticide	156,000	
	<u>3,752,570</u>	
Closing inventory	<u>(1,950,000)</u>	<u>(1,902,570)</u>
Gross profit		4,520,770
Miscellaneous Income		450,960
Change in fair value		<u>321,700</u>

#

\$188730

Expenses:

Depreciation;		
Farm House	460000	
Farm Machinery	160750	
Staff Cost	770,000	
Fuel and Oil	163,000	
Marketing cost	105,500	
Repairs	52500	
Insurance	77,600	
Hire of tractors	100,800	
Bad Debt	175,500	
Other operating expenses	292,750	(1999400)
Net profit for the year		<u>6289330</u>

B)

ABULAD FARMS

Statements of financial position as at 31/12/2019

	Cost	Accum. depre.	Carrying value
	#	#	#
<u>NON-CURRENT ASSET</u>			
Biological assets	7027000	-	7027000
Land	12,567,850	-	12,567,850
Farm House	27,850,000	(288,900)	27561100
Farm Machine	13,240,750	(48,650)	12,804,500
	<u>60735600</u>	<u>775150</u>	<u>59960450</u>
<u>CURRENT ASSET</u>			

Bank and cash	13,146,550	
Inventory	1,850,000	
Receivables	2,578,870	17575420
Total Assets		<u>77,535,870</u>

EQUITY

Capital	45,000,000	
Add Net profit	6,189,330	51,189,330
Less Drawings		(1,590,000)
		<u>49,599,330</u>

NON-CURRENT LIABILITIES

Loan	26,000,000	
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CURRENT LIABILITIES

Payables	1,936,540	27,936,540
Total Liabilities		<u>77,535,870</u>

- The chickens appreciated.

Working Note:

A: A total of 120 chickens died during the year

At the end of the year, 60 would have 1 year old

30 would have been One and a

half year old

30 would have been three years old

∴ 1300 day old chicks - 60 chickens = #1240

#1240 × 3000 = #3,720,000

800 2 year old chickens - 30 chickens = #770

#770 × 2000

= #1,540,000

CONT'D OF WORKING NOTE:

$$\begin{aligned} 500 \text{ 6 month old chickens} - 30 &= \#170 \\ \#170 \times 3,300 &= \#1,551,000 \end{aligned}$$

B] i.] In Non-current Assets;

$$\begin{aligned} \text{Biological Assets + Fair Value} \\ &= \#3,810,000 + 321,7000 \\ &= \#7,027,000 \end{aligned}$$

ii.] Accumulated Depreciation + Depreciation

$$\begin{aligned} \text{For Farm House;} &= 142,400 + 96,000 \\ &= \#238,400 \end{aligned}$$

$$\begin{aligned} \text{For Farm Machinery]} &= 325,500 + 160,750 \\ &= \#486,250 \end{aligned}$$

CONT'D OF [A]

FLOCKS OF CHICKENS

	#		#
111114 Balcd	3,060,000	31112114 (Loss of chickens)	216,000
117114 Cash	750,000	31112114 Balcd	6,595,000
31112114 Porl	3,217,000		
	<u>6,811,000</u>		<u>6,811,000</u>
111120 Balcd	6,595,000		