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 Course code: Acc 206
 Level: 200

Solution

ABUAD FARMS

Statement of Reconciliation showing the changes in Fair Value During the year

2019		#
Jan 1st	1300 day old chicks @ 200 (1300 x 200)	260,000
Jan 1st	800 2 year old ^{chickens} @ 3500 (800 x 3500)	2,800,000
June 1st	@ 1500 (1500 x 1500)	<u>750,000</u>
		3,810,000
	Dead chicken during the year (120 x 1800)	<u>(216,000)</u>
		3,594,000
	Changes in fair value	3,217,000
31st Dec	1 year old chicken ($\frac{1300-60}{1} = 1240 \times 3000$)	3,720,000
31st Dec	1½ year old chickens ($\frac{1800-30}{1.5} = 470 \times 3300$)	1,551,000
31st Dec	3 year old chickens ($\frac{500-30}{3} = 77 \times 2000$)	<u>1,540,000</u>
		<u>6,811,000</u>

FLOCK OF CHICKENS

1/1/19	Bal b/d	3,060,000	31/12/19	Loss of chickens	216,000
2/7/19	Cash	750,000	31/12/19	Bal c/d	6,575,000
8/11/2/19	P or L	<u>3,217,000</u>			
		6,811,000			<u>6,811,000</u>
	Bal b/d	6,595,000			

ABUAD FARMS

Statement of Profit or Loss for the year ended 31/12/19

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Sales: Farm Produce			6,423,340
Opening Inventory		1,500,000	
Purchases: Feeds	2,096,570		
Insecticides	156,000		
		2,252,570	
		2,752,570	
		<u>1,860,000</u>	(1,902,570)
Gross Profit			<u>4,520,770</u>
Miscellaneous Income		450,960	
Change in fair value		<u>3,219,000</u>	<u>3,667,960</u>
			<u>8,188,730</u>

Expenses

Depreciation:

Farm house	96,000	
Farm Machinery	160,750	
Staff Cost	970,000	
Fuel and Oil	168,000	
Marketing cost	105,000	
Repairs	52,500	
Insurance	77,600	
Hire of Tractors	100,800	
Bad debts	175,500	
Other operating expenses	292,750	(1,999,400)
		<u>6,189,330</u>

ABUAD FARMS

Statement of Financial position as at 31/12/19

Non-current Asset:	Cost	Accrued depr.	Carrying Value
Land	12,567,850	-	12,567,850
Farm house	27,850,000	(192,900 + 96,000) = 288,900	27,561,100
Farm Machinery	13,290,750	(525,500 + 160,760) = 686,260	12,604,490
Biological Asset	(3,810,000 + 3,217,000) 7,027,000	-	7,027,000
			59,960,4
			<u>59,960,450</u>

Current Asset

Inventory	1,850,000	
Bank and cash	13,146,550	
Receivables	2,578,870	24,603,240
Total Assets		<u>77,585,870</u>

Equity

Capital	45,000,000	
Net Profit	6,184,330	
Drawing	<u>(1,590,000)</u>	49,594,330

Non-Current Liabilities

Loan	26,000,000
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Current liabilities

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