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Matric Number: 18/SMS02/024

Course: ACC205

### Online Test

#### Question 3

(a) (i) Freight charges: These are the main income collected against the transportation of goods.

(ii) Passage money: This is collected from the passengers, in case it is passengers' vessel.

(iii) Primage: This is the additional freight in the form of surcharge on the freight.

(iv) Stevardores: This is the loading and unloading of cargo. It should be debited from the voyage account.

(v) Bunker cost: The cost of fuel, water, etc. used for the purpose of voyage. It should also be debited from the voyage account.

#### Question 1

(b) Three key parties:

- The manager
- The trustee
- The holder

• The manager: He is employed by the trustee(s) to manage the funds of the unit trust. His main responsibility is to seek out the best investment opportunities from time to time that will yield the best returns for the funds he has been asked to manage.

• The trustee: He is appointed by the unit holder to oversee the unit trust. He has oversight responsibility over the activities and decisions of the manager. He has been appointed to oversee the utilisation and performance of the funds.

• The holder: This is the owner of the trust. They contribute funds by paying subscriptions from time to time based on laid down agreements. They own units in the organisation.

## Question 2

(a) Statement of Reconciliation showing the changes in fair value during the year

2019

	₹	₹
2019		
Jan 1st 1300 day old chicks @ 180 each		234,000
Jan 1st 800 2 year old chickens @ 3,480 each		2,784,000
July 1st 500 6 month old chickens @ 1500 each		750,000
		<u>3,768,000</u>
Dead chickens during the year (120 × 1,750)		(210,000)
		<u>3,558,000</u>
Changes in fair value		3,256,000
31st Dec. 1 year old chickens (1300 - 60 = 1240 × 3000)		3,720,000
31st Dec. 1 1/2 year old chickens (500 - 30 = 470 × 3,300)		1,551,000
31st Dec. 3 year old chickens (800 - 30 = 770 × 2,000)		1,540,000
		<u>6,811,000</u>

## Question 3

(b)

Client's Ledger (Beef)						Cr.	
Dr.		Office (₹)	Client (₹)	Date	Particular	Office (₹)	Client (₹)
				20 June	Cash	-	900,000
10 June	Cash advance	170,000		20 June	Cash	280,000	
15 June	Cash advance	110,000		25 June	Cash	55,000	
20 June	Cash	-	280,000				
25 June	Cash	-	520,000				
25 June	Cash	-	55,000				
31 June	Cash (Br)		45,000				
31 June	Private ledger	55,000					
		<u>335,000</u>	<u>900,000</u>			<u>335,000</u>	<u>900,000</u>

Dr.				Cr.			
Cash Book							
Date	Particular	Office (₹)	Client (₹)	Date	Particular	Office (₹)	Client (₹)
20 June	Cash	—	900,000	10 June	Beef advance	170,000	—
20 June	Cash	280,000		15 June	Beef advance	110,000	—
25 June	Cash	55,000		20 June	Beef		280,000
				25 June	Beef		500,000
				25 June	Beef		55,000
				31 June	Beef (br)		45,000
				31 June	Bal c/d	55,000	
		335,000	900,000			335,000	900,000

Dr.				Cr.			
Private Ledger							
June 31	Prov L	₹	55,000	June 31	Beef	₹	25,000

## Question 2

(a) Continued

Flock of Chicken				
		₹	₹	
1/1/19	Bal b/f	3,068,000	31/12/19 loss of chickens	210,000
1/1/19	Cash	750,000	31/12/19 bal c/d	6,601,000
31/12/19	P/L	3,256,000		
		<u>6,811,000</u>		<u>6,811,000</u>
1/1/20	Bal b/f	6,601,000		

Question 2

(b)

Statement of Profit or Loss for the year ended 31 Dec. 2019

	#	#	#
Sales: Farm produce			6,423,340
Opening Inventory		1,500,000	
Purchases: Feeds	2,096,570		
Insecticides	<u>156,000</u>	<u>2,252,570</u>	
Cost of goods available for sale		3,752,570	
Closing Inventory		<u>(1,875,000)</u>	<u>1,877,570</u>
Gross profit			4,545,770
Miscellaneous income		450,960	
Changes in fair value		<u>3,256,000</u>	<u>3,706,960</u>
			8,252,730
Expenses:			
Depreciation: Farm house		90,000	
Farm machinery		157,000	
Staff cost		770,000	
Marketing cost		105,500	
Fuel and oil		168,000	
Repairs		52,500	
Insurance		77,600	
Hire of tractors		100,800	
Bad debt		175,500	
Other operating expenses		<u>292,750</u>	<u>(1,989,150)</u>
Net profit			<u>6,263,580</u>

## Question 4

- (b) Comparison
- (i) Underwriting Commission is the commission payable to the underwriter while overriding commission is the commission payable in addition to the underwriting commission for placing blocks of the shares offer.

### Contrast

Underwriting commission and overriding commission are both payable to the underwriter.

(ii) Comparison

<u>Firm Application</u>	<u>Shares taken up due to Subscription</u>
① Not based on percentage underwritten.	Based on percentage underwritten.
② The number of shares to be allotted on firm application is fixed per the underwriting contract.	Number of shares by the underwriter depends on the number of shares not taken up by the public.