

Name: - Ajesola Precious Iyanuboluwapo

Matric No. :- 18/sms02/006

Department :- Accounting

Test

Question 1

b) Parties in Unit trust and their roles

Answer

- 1) The trustee - They are assigned to ensure that the fund manager runs the trust following the fund's investment goals and objectives. It is also the trustee's job to safeguard the assets of the trust.
- 2) The manager - In unit trust investments, fund managers run the trust for gains and profit.
- 3) The investors :- A unit trust is a form of collective investment which allows investors with similar investment objectives to pool their funds together.

c) Statement of reconciliation to shows the changes in fair value during the year

soln

	#	#
2019		
Jan 1st 1,300 @ #180		234,000
July 1st 800 @ #31480		301,400
July 1st 500 @ #1,500		750,000
Change in fair value		-212,000
Dec 31st		

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Statement of Profit and loss		Dr	Cr
Opening Inventory	A#	A#	
Purchases :-	1,500,000		
Fuels	2,094,576		
Insecticide	156,000		
		3,750,576	
Gross Profit		2,670,770	
Miscellaneous Income		450,960	
		3,121,730	
			6,123,340
Expenses :-	A#		
Farm house	192,900		
Farm machinery	325,500		
Staff cost	770,000		
Fuel & oil	168,000		
marketing cost	105,500		
Repairs	52,500		
Insurance	77,600		
Hire of tractors	100,800		
Bad debt	175,500		
Other operating exp.	292,750		
	(2,261,050)		
Profit of the year	860,680		
			3,121,730
			<u>860,680</u>

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Question Three

- ai) Freight charges :- These are the main income collected against the transportation of the goods.
- ii) Passage money :- Passage money is collected from the passengers, in case it is passengers vessel.
- iii) Premage :- Premage is an additional freight in the form of surcharge on the freight.
- iv) Stowdoring charges :- Loading and unloading of cargo called stowdoring charges and should be debited from the voyage account.
- v) Bunker cost :- Cost of water, coal, diesel, fuel, etc... Used for the purpose of voyage is called bunker cost and may debited from the voyage account.

b) soln

Debits Ledger (Mr. Price)

		Debits		Credits	
Date	Particulars	Office	Client	Date	Particulars
June 10	Cash Advance	70,000	-	20 June	Cash
June 15	Cash advance	19,000	-	20 June	Cash
June 20	Cash	-	80,000	25 June	Cash
June 25	Cash	-	590,000		55,000
June 25	Cash	-	55,000		
June 31	Cash (Bal. Brought)				
June 31	Private Ledger	55,000			
		<u>135,000</u>	<u>900,000</u>		
					<u>135,000</u> <u>900,000</u>

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Question 4

a)

Salvation Finance Ltd

b) Underwriting commission and overriding commission

Answer :- Underwriting commission is the commission payable to the underwriter. It may be paid partly in shares and partly in cash while overriding commission is a commission paid to an agent or broker on business sold by subagents in his or her territory.

c) Firm application and shares

Firm application is where an underwriter agrees to buy a certain number of shares/debentures in addition to the shares he has to take under the underwriting agreement while shares is a contract between company and second party. Second party is called underwriters.