

Name: Nduka Adanna Christabel

Matric Number: 18/SM502/037

Question 1a

Perk Unit Trust

Statement of Valuation

Month	Description	N
1	Value / Unit	6,000
2	8,500 First Bank Shares @ N27.50	233,750
	Month 1 Balance	31,750
		265,500
	Value / Unit (265,500 / 40)	6,638
3	8,500 First Bank Shares @ N25	212,500
	16,500 BUA Shares @ N13.50	222,750
	Month 2 Balance	18,020
		453,270
	Value / Unit (453,270 / 40)	11,332
4	8,500 First Bank Shares @ N26	221,000
	16,500 BUA Shares @ N14	231,000
	58,000 Conoil Shares @ N3.70	214,600
	Month 3 Balance	114,296
		780,896
	Value / Unit (780,896 / 108)	7,231

3 meeting x 4 resigned people = 12

$$120 - 12 = 108$$

Statement of Financial Position

Units	Month	Description	N
40	1	Subscriptions: 40 units @ 6,000	240,000
		Purchases: 8,500 First Bank Shares @ 24.5	(208,250)
		Cash Balance	31,750
40	2	Subscriptions: 40 units @ 6,638	265,520
		Purchases: 16,500 BUA shares @ N15	(247,500)
		Cash Balance	18,020

Units	Month	Description	₹
36	3	Subscription: 36 units @ 11,332	407,952
		Purchases: 58,000 Canal shares @ ₹3.6	(203,000)
		Refund 8 units @ 11,332	(90,656)
			114,296
36	4	Subscription: 36 units @ 7231	260,316
		Dividends	19,000
		Cash Balance	279,316

### Bank

Month 1 Unit Capital	240,000	Month 1 Investment	289,250
Month 2 Unit Capital	265,520	Month 2 Investment	247,500
Month 3 Unit Capital	407,952	Month 3 Investment	203,000
Month 4 Unit Capital	260,316	Month 4 Unit Capital	90,656
Month 4 Invest Income	19,000	Bal c/d	371,382
	<u>1,192,785</u>		<u>1,192,785</u>

### Investment A/c

Month 1 Bank	289,250	Bal c/d	730,750
Month 2 Bank	247,500		
Month 3 Bank	203,000		
	<u>730,750</u>		<u>730,750</u>

### Unit Capital A/c

Month 4 Bank	90,656	Month 1 Bank	240,000
Bal c/d	1083132	Month 2 bank	265,520
		Month 3 Bank	407,952
		Month 4 Bank	260,316
	<u>1,173,788</u>		<u>1,173,788</u>

### Investment Income A/c

Month 4 P/L	<u>19,000</u>	Month 4 Bank	<u>19,000</u>
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### Question 1b

- The managers
  - The trustees
  - The holders
- **The managers:** This is an individual employed by the trustees to manage the funds of the unit trust. He is usually someone with experience in investment in various kinds of securities e.g. a finance expert, an investment banker, a stock trader etc. His main role/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. He is equivalent to a manager in any typical firm and it is possible to have multiple managers.
- **The trustees:** This is an individual appointed by the unit holders to oversee the unit trust. He has oversight responsibility over the activities and decisions of the manager. Although he is not the owner of the funds generated by the unit trust, he has been appointed to oversee the utilisation and performance of the funds. It is also possible to have more than one trustee in a firm which in this case they will work hand in hand and will all be held accountable by the unit holders. The trustee(s) are also equivalent to the board of directors in a firm.
- **The unit holders:** They are the owners of the unit trust. They contribute funds by paying subscriptions from time to time based on laid down agreements. They own units in the organisation and a unit is the token of ownership.

In a unit-trust. The units controlled by a holder signify how much of the unit trust they control. A unit holder and the units owned are the equivalent of shareholders and shares, respectively in a typical company.

## Question 2

### ABUAD FARM

Statement of Reconciliation To Show Changes In Fair Value As At  
31st December 2019.

1st January 2019

Day old Chicks	1300 x N180	234,000
2 year old chicks	800 x N3480	2,784,000
Purchases: 6 month old chickens	500 x N1,500	750,000
		<u>3,768,000</u>
Dead chickens during the year (120 x 1750)		(210,000)
		<u>3,558,000</u>

Changes in fair value

31st December 2019

One year old chickens	(1,240 x 3,000)	3,720,000
One and a half year old chickens	(470 x 3,300)	1,551,000
Three year old chickens	(770 x 2,000)	1,540,000
		<u>6,811,000</u>

Statement of Profit Or Loss And Other Comprehensive Income

Sales: Farm produce (Eggs)		6,423,340
Opening Inventory	1,500,000	
Purchases: Feeds	2,096,570	
Insecticides	156,000	
COGAS (Cost of goods available for sale)	3,752,570	
Closing Inventory	(1,875,000)	(1,877,570)
Gross Profit		<u>4,545,770</u>

Miscellaneous Income		450,960
Changes in fair value		3,253,000
		<u>8,249,730</u>
<b>Expenses</b>		
Depreciation: - farm house	90,000	
- farm machinery	157,000	
Staff cost	770,000	
Fuel & Oil for machines	168,000	
Marketing cost	105,500	
Repairs	52,500	
Insurance	77,600	
Hire of tractors	100,800	
Bad debt	175,500	
Other operating expenses	<u>28,750</u>	<u>(1,989,650)</u>
Net profit for the year		<u>6,260,080</u>

### Question 3a

- i. Freight charges: Freight charges 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. Primage: Primage is an additional freight in the form of surcharge on the freight.
- iv. Stevedores: This is also known as stevedoring charges which is the loading and unloading of cargo and should be debited from the voyage account.
- v. Bunker cost: This is the cost of water, coal, diesel, fuel etc. used for the purpose of voyage and may be debited from the voyage account.

### Question 3b

Dr Clients Ledger (Beef)				Cr			
Date	Particular	Office	Client	Date	Particular	Office	Client
10 June	Cash Advance	170,000		20 June	Cash	-	900,000
15 June	Cash Advance	110,000		20 June	Cash	280,000	
20 June	Cash	-	280,000	25 June	Cash	55,000	
25 June	Cash	-	520,000				
25 June	Cash	-	55,000				
June 31	Cash (BR)	-	45,000				
June 31	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	—
20 June	Cash	65,000		20 June	Beef		289,000
				25 June	Beef		520,000
				25 June	Beef		65,000
				31 June	Beef (BR)		46,000
				31 June	Bal c/d	55,000	
		<u>335,000</u>	<u>900,000</u>			<u>335,000</u>	<u>900,000</u>

### Private Ledger

June 31	P/L	<u>55,000</u>	June 31	Beef	<u>25,000</u>
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### Question 4a

#### Working Note

$$1 \text{ Value of cheque deposited} = \% \text{ underwritten} \times \text{No of shares issued} \times \text{Application money}$$

$$= 86\% \times 6,000,000 \times 0.38 = 1,960,800$$

2	No of shares to be taken up by the underwriter	
	no of shares issued	3,000,000
	no of shares allotted	(2,650,000)
	no of shares unsubscribed	<u>350,000</u>
	∴ shares to be taken up (86% × 350,000)	<u>301,000</u>

3	Balance due on allotment	
	Total amount due	355,180
	(0.38 + 0.8) × 301,000	



## Question 4b

- i- Underwriting commission is the commission payable to the underwriter while overriding commission is the commission payable to the underwriter in addition to the underwriting commission for placing blocks of the shares offered to clients.
- Underwriting commission is normally calculated as a percentage of the proportion of the underwritten while overriding commission is a brokerage payable to the underwriter for finding subscribers for some of the shares offered.
- ii- Firm application refers to the shares applied for by the underwriter, which are not allotted to the public while shares acquired through underwriting means its applied-for with respect to the ~~participants~~ participants in the shares of common stock purchased by the participant in pursuant to its subscription agreement.
- firm application is not based on percentage underwritten while shares acquired through underwriting are based on percentage underwritten.