

Name: Alubakar Farma Bashir

Matric no: 18/01/02/1001

course: Accounting for specialised business

course code: Accounting 206 (ACC 206)

Question 3(a)

- i. freight: 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. Stewadories: loading and unloading of cargo is called stewadories 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 be debited from the voyage account.

Question 1(b)

- i. The manager
- ii. The trustee
- iii. unit holders.

i. The manager is an individual employed by the trustee (ii) to manage the funds of the unit trust. He will usually be someone with experience in investment in various kinds of securities (for example an investment banker).

18/Jan/201001

Question (1A)

part unit trust

month	Statement of valuation Description	A
1	value/unit	6000
2	8500 first bank shares @ 27.50	233,750
	month 1 Balance	377,500
	Value/unit (265,500/40)	6638
3	8,500 first bank shares @ 25	212,500
	16,500 BUA shares @ 13.50	222,750
	month 2 Balance	18,020
	Value/unit (453,270/40)	11332
4	8500 first bank shares @ 26	221,000
	16500 BUA shares @ 14	231,000
	58,000 const shares @ 3.70	214,600
	month 3 balance	114,296
	Value/unit (780,896/108)	7231

3 meeting x 4 pre-signed people = 12
 $120 - 12 = 108$

BANK

month 1 unit capital	240,000	month 1 investment	280,250
month 2 unit capital	265,120	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	90,676
month 4 unit income	19,000	Ball 'id	371,382
	<u>1192,785</u>		<u>1,192,785</u>

18/05/02/001

A stock trader, a finance expert etc) and 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. He is the equivalent of a manager in any typical firm. It is possible to have multiple managers.

ii) The trustee - This is an individual appointed by the unit holders to oversee the unit trust. He has override responsibility over the activities and decisions of the manager. While 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. There is a possibility as well that there could be more than one trustee. In such a case they will work hand in hand, and they are all answerable to the unit holders. The trustees are the equivalent of the board of directors in a typical firm.

iii) Unit holder 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 hold. Hence a unit holder and the unit owned are the equivalent of shareholders and shares respectively, in a typical company.

Question (3b)

Client's ledger (beef)

Dr				Cr			
Date	Particulars	Office	Client	Date	Particulars	Office	Client
10th June	Cash advance	170,000		20 June	Cash	-	900,000
15th June	Cash advance	110,000		20 June	Cash	250,000	
20th June	Cash	-	250,000	25 June	Cash	55,000	
25 June	Cash	-	20,000				
25 June	Cash	-	55,000				
June 31	Cash (BA)	55,000	45,000				
June 31	Private wages	55,000	90,000			335,000	1,000,000
		555,000	90,000				

18/5m302/001

		Cash					
Date	particulars	office	store	Date	particulars	office	store
20 June	Cash	-	700,000	20 June	Beef advance	170,000	
20 June	Cash	250,000		18 June	Beef advance	110,000	
25 June	Cash	55,000		20 June	Beef		250,000
				20 June	Beef		520,000
				21 June	Beef		55,000
				31 June	Beef (Br)		45,000
				31 June	Beef 1/d	55,000	
		335,000	700,000			235,000	900,000

Private Ledger			
Date	particulars	Dr	Cr
June 31	Pror L	55,000	
June 31	Beef		25,000

QUESTION 4(b)

1. Underwriting commission: The commission payable to the underwriter. It may be paid partly in shares and partly in cash, and it is normally calculated as a percentage of the underwritten proportion. The proportion underwritten is the percentage underwritten multiply by total value of the offer.

whereby;

The overriding commission is the commission payable to the underwriter in addition to the underwriting commission, for placing blocks of the shares offer with its client. There, in effect, is a brokerage payable to the underwriter for finding subscribers for sum of the shares offered.

Firm application: This refers to the shares applied for by the underwriter, which are not to be allotted to the public. These shares are allotted to the underwriter irrespective of the outcome of the share offer.

18/5/2019

whereby;

Share acquired through underwriting; where the shares are not fully subscribed, the underwriter is bound to make up the number of shares that is obtained by multiplying the percentage underwritten by the number of shares not taken up by the public.

QUESTION 2

ABUND FARMS

a) Statement of reconciliation to show changes in fair value as at 31st December 2019

1st January 2019

		₦
Day old chicks	$1300 \times ₦ 80$	234,000
2 year old chicken	$800 \times ₦ 3480$	2,784,000
<u>Purchases</u>		
6 month old chickens	$500 \times ₦ 1500$	750,000
		<u>3,768,000</u>
Dead chickens during the year (120×1750)		(210,000)
		3,558,000
Changes in fair value		<u>3,253,000</u>

31st December 2019

One year chicken (1240×3000)		3,720,000
one and a half year old chicken (470×3300)		1,551,000
Three year old chicken (770×2000)		1,540,000
		<u>6,811,000</u>

18/5ms02/001

Statement of Profit or Loss and other comprehensive income

Sales: farm produce (eggs)		6,423,210
opening inventory	1,500,000	
purchases: feeds	2,096,570	
insecticide	156,000	
cost of goods available for sale:	3,752,570	
closing inventory	(1,877,000)	(1,877,570)
Gross profit		4,545,710
Miscellaneous income		450,960
changes in fair value		3,253,000
		8,249,730
<u>Expenses</u>		
Depreciation: Farm house	99,000	
farm machinery	157,000	
Staff cost	770,000	
Fuel and 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	292,750	(1,989,150)
Net profit for the year		<u>6,260,080</u>

Question (1*)

18/01/2021

park unit trust

month	Statement of valuation Description	A
1	value/unit	6000
2	8500 first bank shares @ 27.50	233,750
	month 1 Balance	39,950
		265,500
	Value/unit (265,500/40)	6638
3	8,500 first bank shares @ 25	212,500
	16,500 BUA shares @ 13.50	222,750
	month 2 Balance	18,020
		453,270
	Value/unit (453,270/40)	11332
4.	8500 first bank shares @ 26	221,000
	16500 BUA shares @ 14	231,000
	58,000 comost shares @ 3.70	214,600
	month 3 balance	114,296
		780,896
	value/unit (780,896/108)	7231

3 meeting x 4 pre-signed people = 12
120 - 12 = 108.

BANK

month 1 unit capital	240,000	month 1 investment	280,250
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	90,676
month 4 unit income	19,000	Bal 'ld	371,382
	<u>1192,785</u>		<u>1,192,785</u>

18/5/2021 (00)

Investment A/c		
month 1 Bank	280,250	Bal c/d
month 2 Bank	247,500	
month 3 Bank	203,000	
	<u>730,750</u>	<u>730,750</u>

Investment Income Account	
month 4 profit	<u>19,000</u>
month 4 Bank	<u>19,000</u>

Unit Capital Account			
month 4 Bank	90,656	month 1	240,000
Bal c/d	108,316	month 2	265,520
		month 3	407,952
		month 4	260,316
	<u>1,173,788</u>		<u>1,173,788</u>

Statement of financial position

units	month	Description	
40	1	subscribers: 40 units @ 6000	240,000
		purchases: 8500 first bank shares	(280,250)
		@ 24.5 cash balance	31,750
40	2	sub: 40 units @ 6638	265,520
		purchases: 16500 BUA shares	(247,500)
		@ 15 cash balance	18,020
36	3	sub: 36 units @ 11332	407,952
		purchases: 58000 conor shares	(203,000)
		@ 3.5	(90,656)
		refund 8 units @ 11332	114296
36	4	sub: 36 units @ 7231	260,316
		Dividends	19,000
		cash balance	279,316

18/5m102/001

Question (4) A

Working note

Value of cheque deposited = % underwritten x No of share issued x Application money

= 86% x 6,000,000 x 0.38 = 1,960,800

NO of shares to be taken up by the underwriter	3,000,000
NO of shares issued	(2,650,000)
NO of shares allotted	350,000
NO of shares unsubscribed	301,000
∴ shares to be taken up (86% x 350,000)	301,000

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

Commission

cash: 7% x 86% x 6,000,000 = ₹ 361,200

shares: 3% x 86% x 6,000,000 = ₹ 154,800

Amount paid on 1st call

301,000 shares @ 0.6 = ₹ 180,600

Amount paid on final call

301,000 shares @ 0.24 = ₹ 72,240

Profit on sales of shares

sales proceeds (250,000 shares @ 0.95) ₹ 237,500