

Accounting for specialised businesses test

paying subscription from time to time on laid down agreement. They own the units in the organisation.

1. (A)

Park unit trust
Statement of valuation

month	Description	value/unit	£
(1)			6,000
(2)	8,500 first bank shares @ #27.50		233,750
	month 1 balance		31,750
			<u>265,500</u>
	value/unit (265,500/40)		6638
(3)	8,500 first bank shares @ 0.25		212,500
	16,500 Bua shares @ 13.50		222,750
	month 2 balance		18,220
			<u>453,270</u>
	unit/unit (453,270/40)		11,332
(4)	8,500 first bank shares @ 26		221,000
	16,500 Bua shares @ #14		231,000
	58,000 Conoil shares @ #270		15,660
	month 3 balance		<u>412,660</u>

7.85

45,000
 ledger
 1000
 900,000
 Cash &
 other cl
 90
 4,000
 5,000

Jan 1st
 Bal. 1st 500 @ 1000

329,000
 (210,000)
 355,000
 372,000
 354,000
 4,000
 1,000

Month description
 value/unit (780,896/108) = 7231
 3 meeting x 4 presigne & people = 12
 120-12 = 108

7231

Statement of financial position

units	month	Description	
40	1	Subscription 100 units @ 6000	240,000
		Purchases 8500 first bank shares @ 24.5	(203,250)
		Cash balance	37,800
40	2	Sub 40 units @ 6638	265,520
		Purchases 16500 Bua shares @ 15	(247,500)
		Cash balance	18,020
36	3	Sub: 36 points @ 11332	407,952
		Purchases 53,000 Council shares @ 3.5	(185,500)
		Refund 8 units @ 11332	(90,656)
36	(4)	Sub: 36 units @ 7231	260,316
		Sub 36 units @ 7231	260,316
		Dividends	19,000
		Cash balance	270,316

Month	Bank	Bank
month 1	unit captl	240,000
month 2	unit captal	265,520
month 3	unit captal	407,952
month 4	unit captal	250,316
month 4	Invest income	19,000
		<u>1,192,788</u>

month 1	investment	280,200
month 2	investment	247,500
month 3	investment	203,000
month 4	unit captal	90,656
	Bal c/d	<u>371,388</u>
		<u>1,192,788</u>

closing value for the chickens that died

Investment 91C

Month 1	Bank	280,250
Month 2	Bank	247,500
Month 3	Bank	203,000
		<u>730,750</u>

Month 1	investment	280,250
Month 2	investment	247,500
Month 3	investment	203,000
	Bal. c/d	730,750
		<u>730,750</u>

Unit Capital 91C

Month 1	Bank	90,658
	Bal. c/d	1,083,132
		<u>1,173,788</u>

Month 1	Bank	240,000
Month 2	Bank	265,520
Month 3	Bank	407,482
Month 4	Bank	260,316
		<u>1,173,788</u>

Investment Income 91C

Month 4	P.O.R.L	19,000
Month 4	Bank	19,000

alt ledger -
55,000

33,000 900,000

Cash book	
office client	Date
900,000	10 June
	15 June

Jan 1st - 800 2000
 Park 1st 500 8 month old chickens @ 1500

closing value for the chickens that died

fair value

Question 1 B

- (i) The manager
- (ii) The trustee
- (iii) The holder

(i) 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.

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

(iii) The holder: They are the owners of the trust. They contribute funds by paying subscription from time to time on laid down agreement. They own the units in the organisation.

1000

Park unit trust
 Statement of valuation
 Description
 value / unit

6,000

ments
 (i)

Longe Jesugalala Samuel

Acc 20

19/6ms02/053

Accounting for specialized business

Solution

Question 2

2019

Jan 1st 1300 day old chicks @ 200

234,000
~~260,000~~

Jan 1st 800 2 year old chickens @ 348

2,784,000

July 1st 500 6 month old chickens @ 1500

750,000

Closing value for the chickens that died

~~2,771,000~~

~~37,000~~

~~(239,000)~~

~~(210,000)~~

3,558,000

Change in fair value

~~3,744,000~~

Dec 31 one year old @ 1240 (2300)

3720,000

Dec 31 3 year old @ 2000 (470)

1551,000

~~3540,000~~

Dec 31 1 and a half year old @ 700 (3300)

4,549,000

~~1,881,000~~

661,000

7,302,000

Statement of Profit or loss and other comprehensive income

Sales: farm produce (Eggs)

6,423,840

Opening inventory

15,000,000

Purchases: feeds

2,096,570

inseeds

156,000

Cost of goods available for sale

37,962,570

Less closing inventory

(1,878,000)

(1,377,570)

Gross profit

4545,770

Miscellaneous income

4609

~~3,253,000~~

Changes in fair value

450,960

8,241,730

1 June	cash	284,000	1 June	Debt adv	110,000
25 June	cash	55,000	20 June	Debt	280,000
			25 June	Debt	620,000
			28 June	Debt	55,000
			31 June	Debt (bal)	45,000
			31 June	Debt (bal)	65,000

Question 1B

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The first
The
The
offer
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val
A
me

the manager the funds of

Changes in fair value

3253,000
3,249,700

Expenses

Depreciation	Farm house	90,000
	Farm machinery	157,000
Staff cost		770,000
Fuel and oil for machinery		168,000
Marketing cost		106,500
Repairs		52,500
Insurance		77,600
Hire of tractors		100,800
Bad debts		175,500
Other operating expenses		292,750

(1989,650)

Net profit for the year ended

6,260,080

Question 3

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

Passage money: Passage is collected from the passengers in case it is passenger vessel.

Primage: Primage is additional freight in the form of surcharge on the freight

Stowage: ~~is~~ loading and unloading cost of cargo called stowage charges

(b) Bunker cost: cost of fuel, diesel and cost of water.

(2b)

Client Ledger (Brief)

Date	particular	office	client	Date	particular	office	client
10 June	Cash adv	170,000	270,000	20 June	Cash		900,000
15 June	Cash adv	110,000		20 June	Cash	280,000	
20 June	Cash	-	280,000	20 June	Cash	55,000	
25 June	Cash	-	520,000				
25 June	Cash	-	55,000				
June 31	Cash (bal)	-	45,000				
June 1st	Private ledger	55,000					
		335,000	900,000			335,000	900,000

Cash book

Date	Particular	office	client	Date	particular	office	client
20 June	Cash	-	900,000	10 June	Beef adv	170,000	-
20 June	Cash	280,000		15 June	Beef adv	110,000	
25 June	Primage cash	55,000		20 June	Beef		280,000
				25 June	Beef		520,000
				25 June	Beef		55,000
				31 June	Beef (bal)		45,000
				31 June	bal c/d	55,000	

Cash book cont'd

<u>335,000</u>	<u>900,000</u>	<u>335,000</u>	<u>900,000</u>
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Private Ledger

June 31	Por L	55,000	June 31	Bal	25,000
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(4a)
 value of cheque deposited = % underwritten \times ~~no~~ of share issued \times application money

$$= 86\% \times 6,000,000 \times 0.38 = 1,966,800$$

~~no~~ of shares to be taken up by the underwriter

no of shares issued

3000,000

no of shares allocated

(2,650,000)

no of shares unsubsribed

350,000

shares to be taken up (88% \times 350,000)

301,000

Balance due on allotment

(A)

Total amount due

356,180

$$(0.38 + 0.8) \times 301,000$$

Commissions

Cash: $7\% \times 86\% \times 6,000,000 = 361,200$

shares: $5\% \times 86\% \times 6,000,000 = 154,800$

Amount paid on first call

301,000 shares @ 0.6 = 180,600

Amount paid on final call

301,000 @ 0.24 = 72,240

Profit on sale of shares

Sales proceed (250,000 shares @ 0.95)

(A)

(A)

cost of shares

237,500

(1) Underwriting commission is the compensation an underwriter receives for placing a new issue with investor. It is the fee which the investment bank charges for underwriting a security issue. It is also known as concession.

(2) Overriding Commission: In insurance, a commission paid by an issuer to an agent or managing general for premium volume produced by the agents in a given geographical territory.

firm application and shares acquired through underwriting.
 ⇒ firm is ^{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:

Share acquired through underwriting means with respect to the participant the shares of common stock purchased by the participant pursuant to its subscription agreement.