

**INTERIM JOINT MATRICULATION BOARD
AHMADU BELLO UNIVERSITY
ZARIA**



INTERIM JOINT MATRICULATION BOARD EXAMINATION 2016

SUBJECT: ACCOUNTING PAPER II

DATE SCHEDULED: FRIDAY 12TH FEBRUARY, 2016

TIME ALLOWED: THREE HOURS (3 HRS)

INSTRUCTIONS: Answer all **FOUR (4)** Questions. All workings **MUST** be clearly shown.

1. Davu and Eze are partners sharing profit and losses in the ratio of 2:1. Their balance sheet on 1st January, 2015 was as follows:

Balance Sheet			
		₦	
Capital Accounts:			
Davu	5,000,000		
Eze	2,500,000	7,500,000	
Current Accounts:			
Davu	678,950		
Eze	436,720	1,115,670	
Eze Loan		500,000	
Creditors		72,500	
		<u>₦9,188,170</u>	
			₦
Land & Buildings			2,680,000
Motor Vehicles			3,750,000
Office Equipment			1,190,000
Furniture			864,500
			<u>8,484,500</u>
Stock			427,360
Bank Balance			182,060
Debtors			94,250
			<u>₦9,188,170</u>

On the same date they agreed to admit Femi as a partner. Femi was to contribute ₦2,000,000 cash as capital and share 1/5 of the profits and losses. He was also to pay ₦300,000 to the existing partners as goodwill. It was agreed that the goodwill account would not remain in the books of the partnership.

You are required to:

- Calculate the new sharing ratio for the three partners
- Show the goodwill account and
- Prepare the partners' capital accounts (in columnar form)

(20 marks)

2. Njoku and Asake agreed to go into a joint venture to buy and sell palm oil. They contributed ₦900,000 and ₦450,000 respectively and agreed to share any profit or loss in the ratio of their contributions. Miscellaneous expenses paid by Njoku and Asake amounted to ₦120,000 and ₦95,000 respectively. The palm oil was purchased and Njoku sold all of it for ₦2,482,600 after a period of three months. Five days after the sale, Njoku paid Asake his entitlement into his bank account at the Sterling bank.

You are required to record all the joint venture transactions in:

- The books of Njoku and
- The books of Asake

(25 marks)

2015 UNIVERSITY ACCOUNTING II contd.

Fiditi company Plc advertised an issue of 10,000,000 ordinary shares of ₦1 each to be issued at a discount of 15k per share. A total of 12,500,000 shares were applied for with the required application money of 30k per share. The remaining money for the shares was due as follows:

25k per share on allotment and

30k per share on first and final call

The shares were allotted on a pro-rata basis and all the allottees paid their amounts when they became due.

You are required to:

- Calculate the number of shares issued to Adoke and Baidu who applied for 720,000 and 560,000 shares respectively and
- Record the issue of shares in the books of Fiditi company Plc. (27 marks)

- The appropriation account of Abet Company limited for the year ended 31st December, 2013 was as follows:

Net profit after tax	₦	4,275,000
Transfer to:	₦	
General Reserve	128,950	
Capital Red. Reserve fund	93,600	
Patents & Trademarks written off	150,000	
Dividend's paid:		
Preference (8% gross)	320,000	
Ordinary (12% Gross)	720,000	
		1,412,550
Balance transferred to retained earnings		₦3,862,450

The company's balance sheet as at 31st December, 2013 was as follows:

	₦		₦
Ordinary shares of ₦2 each	6,000,000	Freehold Premises	7,250,000
8% Preference shares of ₦1 each	4,000,000	Plant & Machinery	3,640,500
General reserve	527,650	Motor vehicles	2,259,350
Retained Earnings	4,185,730	Office Equipment	1,305,200
Capital Red. Reserve fund	176,400	Furniture	642,900
7% Debentures	1,400,000	Stock	437,750
Creditors	438,220	Bank balance	728,500
Accrued Expenses	69,820	Cash in hand	145,740
Bills payable	226,900	Debtors	585,120
		Prepayments	29,660
	<u>₦17,024,720</u>		<u>₦17,024,720</u>

Given that the Company is charged income tax at the rate of 40%

You are required to calculate the company's:

- Current ratio
- Quick assets ratio
- Book value per share
- Interest cover
- Earnings per share
- Dividend cover
- Dividend payout ratio (28marks)