

(18)

**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	
		₦9,188,170	
	Land & Buildings		2,680,000
	Motor Vehicles		3,750,000
	Office Equipment		1,190,000
	Furniture		864,500
			8,484,500
	Stock		427,360
	Bank Balance		182,060
	Debtors		94,250
			₦9,188,170

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:

- a. Calculate the new sharing ratio for the three partners
- b. Show the goodwill account and
- c. 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:

- a. The books of Njoku and
- b. The books of Asake

(25 marks)

2016 IJMBE 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:

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

4. 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
	₦17,024,720			₦17,024,720

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

You are required to calculate the company's:

- | | | |
|-----------------------|-------------------------|--|
| a. Current ratio | c. Book value per share | e. Earnings per share |
| b. Quick assets ratio | d. Interest cover | f. Dividend cover |
| | | g. Dividend payout ratio (28 marks) |