

SOUTHWESTERN UNIVERSITY NIGERIA

1. Ise and Ewu are in partnership sharing profit and losses in the ratio 2:1 respectively. Their balance sheet as at 1st January 2014 on which they agreed to convert their business into a limited liability company are as follows:

DEPARTMENT OF ACCOUNTANCY
HND TO BSC CONVERSION PROGRAMME
2018/2019 FIRST SEMESTER EXAMINATIONS

Ise and Ewu
Balance sheet as at 31st December 2014

COURSE CODE: ACC 303 COURSE TITLE: Intermediate Financial Accounting and Reporting

Instruction: Answer question 1, and any other 2 questions. **TIME:** 2Hrs

Capital:	Ise 10,000.00	Furnitures and fittings 5,000.00	Ewu 10,000.00	Freehold premises 20,000.00
1. Ise and Ewu are in partnership sharing profit and losses in the ratio 2:1 respectively. Their balance sheet as at 1st January 2014 on which they agreed to convert their business into a limited liability company are as follows:				
	Bills payable 3,000.00	Investments 5,500.00	Mortgage on freehold premises 8,000.00	Stock 7,000.00
	General creditors 10,000.00	Reserve 9,500.00	Debtors as follows:	
	Cash 3,000.00			
	50,000.00	50,000.00		

Ise and Ewu
Balance sheet as at 31st December 2014

The company taken over all the assets and liabilities except the mortgage on freehold premises and investment. The purchase price is fixed at N40,000.00 payable N15,500.00 in cash and N24,500.00 in full paid equity shares of N10 each and the balance is 6% debentures of N100 each.

Capital:	Ise 10,000.00	Furnitures and fittings 5,000.00	Ewu 10,000.00	Freehold premises 20,000.00
settled at				
expenses of	N1,550	are to be paid by the firm		
	Mortgage on freehold premises 8,000.00	Stock 7,000.00	Debtors 10,000.00	
share	General creditors 10,000.00	Reserve 9,500.00		
debentures	Cash 3,000.00			
	50,000.00	50,000.00		

2. Ngaka Company Ltd with head office in Lagos has a branch in Mbaise. All goods for sale at the Mbaise branch are purchased by the head office and invoiced to the branch at cost plus 12 1/2%. The books are kept at the head office. and investment. The purchase price is fixed at N40,000.00 payable N15,500.00 in cash On 1st January 2017 the head office books showed the following balances full paid equity shares of N10 each and the balance is 6% debentures of N100 each.

The investment are disposed off at 90% and the mortgage on freehold premises is settled at	N8,400.00, the sum including interest up to date: The cash expenses of	N1,550 stock are to be adjustment by account the	Branch debtors of account 500,000.00	Branch stock account 1,080,000.00
share				
debentures	You are required to close the books of the firm, the partners have agreed to divide the following transaction took place during the year and			
	debentures in the proportion of their final capital balance.			

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