

# SOUTHWESTERN UNIVERSITY NIGERIA

KM 20, SAGAMU-BENIN EXPRESSWAY, OKUN OWA, IJEBU-ODE, OGUN STATE.

FACULTY OF SOCIAL & MANAGEMENT SCIENCES

DEPARTMENT OF ACCOUNTANCY

HND TO BSC CONVERSION PROGRAMME

2018/2019 THIRD SEMESTER EXAMINATIONS

**COURSE CODE: ACC 401 COURSE TITLE:** Advanced Financial Accounting and Reporting

**Instruction:** Answer question 1, and any other 3 questions. **TIME:** 2Hrs

1. Pco acquired 75% of the ordinary shares of Sco on 1 January 2017 when Sco had retained earnings of N7,500. The market price of the shares of Sco just before the date of acquisition was N1.6 P values NCI at fair value. Goodwill is impaired by 20%.

Statement of financial position as at 31 December 2017.

	Pco N	Sco N
<b>Assets</b>		
<b>Non-current</b>		<b>assets</b>
Property, plant and equipment		30,00025,000
Investment in ordinary shares of Sco		34,000
Current assets		<u>26,00017,500</u>
<b>Total</b>		<b>Assets</b> <u>90,00042,500</u>
<b>Equity</b>		<b>&amp; Liabilities</b>
<b>Equity</b>		
25,000 Ordinary shares of N1		50,00025,000
Retained earnings		<u>35,00012,500</u>
85,00037,500		
Current liabilities		5,000 5,000
<b>Total</b>	<b>equity</b>	<b>&amp; liabilities</b> 90,00042,500

Required

Prepare the consolidated statement of financial position of Pco at 31 December 2017.

2. Pco has owned 75% of the shares of Sco since the incorporation of Sco. During the year to 31 December 2017, Sco sold goods costing N8,000 to Pco at a price of N10,000 and these goods will be unsold by Pco at the end of the year. The statement of financial position of the two companies on 31 December 2017 are given below:

Statement of financial position as at 31 December 2017.

	Pco N	Sco N
<b>Assets</b>		

1. Pco acquired 75% of the ordinary shares of Sco on 1 January 2017 when Sco had retained earnings of N7,500. The market price of the shares of Sco just before the date of acquisition was N1.6 P values NCI at fair value. Goodwill is impaired by 20%.

Statement of financial position as at 31 December 2017.

Pco	Sco	N	N
<b>Assets</b>			
<b>Non-current</b>			
Property, plant and equipment		30,000	25,000
Investment in ordinary shares of Sco			34,000
Current assets		26,000	17,500
<b>Total</b>		<b>Assets</b>	<b>90,000</b>
			<b>42,500</b>
<b>Equity</b>		<b>&amp;</b>	
<b>Equity</b>		<b>Liabilities</b>	
25,000	Ordinary shares of N1	50,000	25,000
Retained earnings		35,000	12,500
85,000	37,500		
Current		liabilities	5,000
<b>Total</b>	<b>equity</b>	<b>&amp;</b>	<b>liabilities</b>
			90,000
			42,500

Required

Prepare the consolidated statement of financial position of Pco at 31 December 2017.

2. Pco has owned 75% of the shares of Sco since the incorporation of Sco. During the year to 31 December 2017, Sco sold goods costing N8,000 to Pco at a price of N10,000 and these goods will be unsold by Pco at the end of the year. The statement of financial position of the two companies on 31 December 2017 are given below:

Statement of financial position as at 31 December 2017.

Pco	Sco	N	N
<b>Assets</b>			
<b>Non-current</b>			
Property, plant and equipment		62,500	60,000
Investment in Sco	at cost		37,500
Current			<b>assets</b>
Inventories	25,000	24,000	
Trade receivables		10,000	8,000
<b>Total</b>		<b>Assets</b>	<b>135,000</b>
			<b>92,000</b>
<b>Equity</b>		<b>&amp;</b>	
<b>Equity</b>		<b>Liabilities</b>	
Ordinary shares of N1		40,000	50,000
Retained earnings		75,000	30,000
115,000	80,000		
Current		liabilities	20,000
			12,000

1. Pco acquired 75% of the ordinary shares of Sco on 1 January 2017 when Sco had retained earnings of N7,500. The market price of the shares of Sco just before the date of acquisition was N1.6 P values NCI at fair value. Goodwill is impaired by 20%.

Statement of financial position as at 31 December 2017:

	Pco	Sco					
	N	N					N
<b>Assets</b>							
<b>Non-current</b>							<b>assets</b>
Property, plant and equipment						30,000	25,000
Investment in ordinary shares of Sco						34,000	34,000
<b>Current</b>						26,000	17,500
<b>Total</b>						<b>Assets</b>	<b>Assets</b>
						90,000	76,500
<b>Equity</b>							<b>Liabilities</b>
Ordinary shares						50,000	25,000
Retained earnings	85,000	37,500				35,000	17,500
<b>Current</b>						5,000	5,000
<b>Total</b>						<b>Liabilities</b>	<b>Liabilities</b>
						90,000	47,500

Prepare the consolidated statement of financial position of Pco at 31 December 2017.

2. Pco has owned 75% of the shares of Sco since the incorporation of Sco. During the year to 31 December 2017, Sco sold goods costing N8,000 to Pco at a price of N18,000 and these goods will be unsold by Pco at the end of the year. The statement of financial position of the two companies on 31 December 2017 are given below:

Statement of financial position as at 31 December 2017:

	Pco	Sco					
	N	N					N
<b>Assets</b>							
<b>Non-current</b>							<b>assets</b>
Property, plant and equipment						62,500	60,000
Investment in plant						37,500	37,500
<b>Current</b>							<b>assets</b>
Inventories	25,000	24,000					
Trade receivables						10,000	8,000
<b>Total</b>						<b>Assets</b>	<b>Assets</b>
						135,000	107,000
<b>Equity</b>							<b>Liabilities</b>
Ordinary shares						40,000	50,000
Retained earnings	115,000	80,000				75,000	30,000
<b>Current</b>						20,000	12,000
<b>Total</b>						<b>Liabilities</b>	<b>Liabilities</b>
						135,000	92,000

