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 Course code: ACC302

Assignment  
 Discipline Ltd

1) Computation of earnings (Adjustment of various charges)

|                           | 2013  | 2014                          | 2015                          |
|---------------------------|---|-------------------------------|-------------------------------|
| Profit                    |   |                               |                               |
| Overvaluation             | 650,000   | 720,000                       | 835,000                       |
| Stock Inventory           | 120,000   |                               |                               |
| Overcharged directors     | (500,000 - 375,000) = 125,000                     | (580,000 - 375,000) = 205,000 | (600,000 - 375,000) = 225,000 |
| Undercharged depreciation | (150,000)   | (150,000)                     | (150,000)                     |
| Adjusted Profit           | 745,000   | 775,000                       | 910,000                       |
| Average =                 | $\frac{745,000 + 775,000 + 910,000}{3} = 810,000$ |                               |                               |

$$P/E \text{ basis} = P/E \text{ Average} \times \text{Average Earnings}$$

$$P/E \text{ Average} = \frac{5.4 + 6.6}{2} = 6$$

$$6 \times 810,000 = 4,860,000$$

$$\text{Dividend yield basis} = \frac{\text{Current dividend}}{\text{Dividend yield}}$$

$$\frac{450,000 + 450,000 + 450,000}{3} = 450,000$$

$$\frac{450,000}{0.1} = 4,500,000$$

| FEBRUARY |   |   |   |   |   |   | MARCH |   |    |    |    |    |    | APRIL |    |    |    |    |    |    | MAY |    |    |    |    |    |    | JUNE |    |    |   |   |   |   |   |   |   |   |   |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |    |
|----------|---|---|---|---|---|---|-------|---|----|----|----|----|----|-------|----|----|----|----|----|----|-----|----|----|----|----|----|----|------|----|----|---|---|---|---|---|---|---|---|---|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|----|
| 1        | 2 | 3 | 4 | 5 | 6 | 7 | 8     | 9 | 10 | 11 | 12 | 13 | 14 | 15    | 16 | 17 | 18 | 19 | 20 | 21 | 22  | 23 | 24 | 25 | 26 | 27 | 28 | 29   | 30 | 31 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 |

3) Assets  
 Freehold premises  
 Equipment  
 Stock Inventory  
 Debtors/Receivable  
 Bank

$$1,300,000$$

$$3,120,000$$

$$1,305,000$$

$$465,000$$

$$130,000$$

$$6,320,000$$

$$(820,000)$$

$$5,500,000$$

Less Liabilities (Payables)

12) Replacement Cost Basis  
 Assets  
 Freehold premises  
 Equipment  
 Stock Inventory  
 Debtors/Receivable  
 Bank

$$3,000,000$$

$$1,750,000$$

$$870,000$$

$$965,000$$

$$130,000$$

$$6,615,000$$

$$(820,000)$$

$$5,795,000$$

Less Liabilities (Payables)

6) Liquidation value basis  
 Assets

$$3,000,000$$

$$1,080,000$$

$$1,600,000$$

$$965,000$$

$$130,000$$

$$6,775,000$$

$$(820,000)$$

$$5,955,000$$

Freehold premises  
 Equipment  
 Inventory  
 Receivables  
 Bank

Less Liabilities (Payables)

| JULY                    | AUGUST         | SEPTEMBER              | OCTOBER        | NOVEMBER               |
|-------------------------|----------------|------------------------|----------------|------------------------|
| Monday 1 8 15 22 29     | 5 12 19 26     | Monday 2 9 16 23 30    | 7 14 21 28     | Monday 4 11 18 25      |
| Tuesday 2 9 16 23 30    | 6 13 20 27     | Tuesday 3 10 17 24     | 1 8 15 22 29   | Tuesday 5 12 19 26     |
| Wednesday 3 10 17 24 31 | 7 14 21 28     | Wednesday 4 11 18 25   | 2 9 16 23 30   | Wednesday 6 13 20 27   |
| Thursday 4 11 18 25     | 1 8 15 22 29   | Thursday 5 12 19 26    | 3 10 17 24 31  | Thursday 7 14 21 28    |
| Friday 5 12 19 26       | 2 9 16 23 30   | Friday 6 13 20 27      | 4 11 18 25     | Friday 8 15 22 29      |
| Saturday 6 13 20 27     | 3 10 17 24 31  | Saturday 7 14 21 28    | 5 12 19 26     | Saturday 9 16 23 30    |
| Sunday 7 14 21 28       | 4 11 18 25     | Sunday 1 8 15 22 29    | 6 13 20 27     | Sunday 10 17 24        |
| Week 27 28 29 30 31     | 31 32 33 34 35 | Week 35 36 37 38 39 40 | 40 41 42 43 44 | Week 44 45 46 47 48 49 |