$$\frac{450{,}000 + 450{,}000 + 450{,}000}{3} = 450{,}000, \quad \frac{0.09 + 0.11}{2} = 0.1$$

$$\therefore = \frac{450{,}000}{0.1}$$

$= ₦4{,}500{,}000$

3.) Book Value Basis

	₦
Assets	
Freehold Premises	1,300,000
Equipment	3,120,000
Stock / inventory	1,395,000
Debtors / Receivables	965,000
Bank	130,000
	6,910,000
Less liabilities (Payables)	(820,000)
	6,090,000

4) Replacement Cost Basis.

	₦
Assets	
Freehold Premises	3,000,000
Equipment	1,730,000
Stock / inventory	870,000
Debtors / Receivables	965,000
Bank	130,000
	6,695,000
Less liabilities (Payables)	(820,000)
	5,875,000

5.) Liquidation Value Basis

	₦
Assets	
Freehold Premises	3,000,000
Equipment	1,080,000
Inventory	1,600,000
Receivable	965,000
Bank	130,000
	6,775,000
Less liabilities (Payables)	(820,000)
	5,955,000

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MATRIC NO :- 17/SMS02/052

COURSE CODE :- ACC 302 <INTERMEDIATE FINANCIAL ACCOUNTING>.

ASSIGNMENT

DISCIPLINE LTD

1.) Computation of Earnings <Adjustment of various charges

	2013 ₦	2014 ₦	2015 ₦
Profit	650,000	720,000	835,000
Overvaluation of stock/inventory	120,000		
Overcharged directors remuneration	(500,000 - 375,000) 125,000	(580,000 - 375,000) 205,000	(600,000 - 375,000) 225,000
Undercharged depreciation	(150,000) (600,000 - 450,000)	(150,000)	(150,000)
Adjusted Profit	745,000	775,000	910,000

$$\text{Average} = \frac{745{,}000 + 775{,}000 + 910{,}000}{3}$$

$$= 810{,}000$$

P/E basis = P/E average × Average Earnings

$$\text{P/E } \cancel{\text{A}}\text{verage} = \frac{5.4 + 6.6}{2} = 6$$

$$\therefore 6 \times 810{,}000 = ₦4{,}860{,}000$$

2. Dividend Yield Basis = $\dfrac{\text{current dividend}}{\text{Dividend Yield}}$