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 Matric no → 17/sms02/050
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Solution
 Discipline Ltd

1) Earning yield = Average of company 1 and 2

$$\frac{\text{₦}5.4 + \text{₦}6.6}{2} = \frac{12}{2} = \underline{\underline{\text{₦}6}}$$

P/E Basis value = P/E Ratio X Earnings

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

Working:

P/E Basis Computation of Earnings:

	2013. ₦	2014 ₦	2015 ₦
profit	650,000	720,000	835,000
undercharged of depre (600,000 - 450,000)	(150,000)	(150,000)	(150,000)
overcharge of director's remuneration <small>(500,000 - 375,000)</small> <small>(580,000 - 375,000)</small> <small>(600,000 - 375,000)</small>	125,000	205,000	225,000
inventory over valued	120,000	—	—
<u>net profit</u>	<u>745,000</u>	<u>775,000</u>	<u>910,000</u>

2) Dividend yield Basis = $\frac{\text{current or expected dividend}}{\text{Dividend yield}}$
 current dividend is given as ₹ 450,000

$$\text{Dividend yield} = \frac{\text{₹ 450,000}}{\text{₹ 0.1}} = \text{₹ 4,500,000}$$

Working :-

Dividend yield = Average of company 1 and company 2

$$\text{Dividend yield} = \frac{\text{₹ 0.09} + \text{₹ 0.11}}{2}$$

$$= \frac{\text{₹ 0.2}}{2} = \underline{\underline{0.1}}$$

3) Computation of Book value as at 31/12/2015

Assets:		₹	₹
<u>Non-current Assets:</u>			
Freehold premises			1,300,000
Equipment			3,120,000
<u>Current Assets:</u>			
Inventory	1,395,000		
Receivables	965,000		
Bank	130,000		
	<u>2,490,000</u>		
<u>Liabilities:</u>			
less payable	(820,000)		1,670,000
			<u>6,090,000</u>

4) Computation of Replacement Value Basis:
 as at 31/12/2015

<u>Non-current Assets:-</u>		At	At
Freehold premises			3,000,000
Equipment			1,730,000
<u>Current Assets :-</u>			
Inventory	870,000		
Receivables	965,000		
Bank	130,000		
	<u>1,965,000</u>		
<u>Liabilities:-</u>			
Less payable	(820,000)		1,145,000
			<u>5,875,000</u>

5) Computation of Liquidation of Discipline
 Ltd as at 31/12/2015

<u>Assets:</u>		At	At
<u>Non-current Assets:-</u>			
Freehold premises			3,000,000
Equipment			1,080,000
<u>Current Assets :-</u>			
Inventory	1,600,000		
Receivables	965,000		
Bank	130,000		
	<u>2,695,000</u>		
<u>Liabilities:-</u>			
Less payables	(820,000)		1,875,000
			<u>5,955,000</u>