

NAME: Oluwole Oludith Toluwa

MATRIC NUMBER: 17/SMS02/043

COURSE: ACC 302 INTERMEDIATE FINANCIAL ACCOUNTING II

WORK

1) Average of 3 years Profit

	2013	2014	2015
Profit	650,000	720,000	835,000
depreciation	(150,000)	(150,000)	(180,000)
Director's Termination	125,000	205,000	225,000
Inventory	(120,000)	—	—
Adjusted Profit	505,000	775,000	910,000

$$\text{Current earnings} = \frac{\text{Total of OAP}}{\text{No. of yrs}}$$

$$= \frac{505,000 + 775,000 + 910,000}{3}$$

$$= \frac{2,190,000}{3} = 730,000$$

$$\text{Current earnings} = 730,000$$

$$\text{Earnings yield} = \text{Divide of earnings } 1 \text{ } \$ 2$$

$$= \frac{6.4 + 6.6}{2}$$

$$= \frac{12}{2}$$

$$= 6\%$$

$$\text{P/E ratio} = \frac{\text{Current earnings}}{\text{Earnings yield}} = \frac{730,000}{6} = 121.67$$

2) Dividend Yield Basis;

$$\frac{\text{Current or Expected dividend}}{\text{Dividend Yield}}$$

Current dividend yield = 460,000

Dividend Yield = ~~Dividend~~ or Company 1% 2

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

$$= \frac{0.2}{2} = 0.1$$

$$\text{Dividend Yield Basis} = \frac{460,000}{0.1}$$

$$= \underline{\underline{4,600,000}}$$

3) Book Value Basis

Franchise permit	_____	1300
Equipment	_____	3120
Current assets;		

Inventory (1395 - 120) 1275

Receivables 965

Bank 130

less Payable (820)

5,970

4) Replacement Value Basis.

Franchise Premises 3000

Equipment 1750

Inventory 870

5600

(820)

less Payable 4,780

Dec 30/2

17/SMS02/043 Okoye Chukwura Belmas

5) Liquidation basis;

Freehold premises

3000

Equipment

1000

Inventory

1600

less: Payables

5680

(820)

4860