

Name: AMINSANYA HIMATAKAI OYINIMANSOLA

Matric No: 171SMS021007

Department: Accounting

Course: ACC302 Intermediate Financial Accounting

Test

Question 1

MUASA BANK

Statement of Profit or loss & Other Comprehensive Income for the year ended 31st Dec - 2019

	₦
Interest income	185,003,000
Interest expenses	(58,000,000)
Net interest income	127,003,000
Less Impairment charges	(2,880,000)
Fee & Commission income	124,123,000
Fee & Commission expense	46,651,900
	(1,800,000)
	168,474,900
Net gains Financial instrument	7,690,000
Other income	3,980,000
	(80,644,900)
	(150,000)
	(23,700,000)
	(22,500,000)
Net impairment charges	(807,000)
Personal expenses	(12,115,000)
General & Admin expenses	(27,273,000)
Operating lease expenses	94,099,900
Depreciation & Amortization	(17,000,000)
Other operating expenses	
Profit before tax	
Income tax expenses	
Profit for the year	77,099,900

AKINSANYA NIIMATA LA
17(SMS021007)

Statement of Other Comprehensive Income for the year ended 31st December, 2019

	₱	₱
Profit for the year		77,099,900
Other comprehensive income to be re-classified to P/L in subsequent years;		
Actuarial Gain	655,769	
Income Tax (25%)	(163,942)	491,827
Foreign Currency-translation difference for foreign operation	1,039,643	
Income Tax 25%	(259,911)	779,732
Net change in fair value available for Sale Financial Assets	4,080,429	
Income Tax 25%	(1,020,107)	3,060,322
Total comprehensive income for the year:		<u>81,431,781</u>

(16)

MUASA BANK

Statement of Financial Position of MUASA Bank for the year ended 31st December, 2019

Assets	₱	₱
Cash and Bank Balances		455,296,911
Debtless Financial Assets		2,839,078
Available for Sale Asset		4,530,846.5
Asset Held to Maturity		2,007,213
Assets pledged as collateral		58,907,222
Restricted deposits and other assets		4,235,286,669
Investment in Subsidiaries		46,207,004
Property and Equipment		84,979,798

Intangible Assets	4,501,291
Financial Assets held for trading	16,652,356
Assets Classified as held for sale	<u>856,820</u>
Total Assets	<u><u>24,009,770</u></u>
<u>Liabilities:</u>	
Current Income Tax liabilities	92,181,923
Debt Securities Issued	2,627,469
Financial liabilities held for trading	43,480
Loan and Advances to banks	1,265,971,688
Loan and Advances to customers	2,606,586
Derivative Financial liabilities	203,019,404
Other liabilities	210,671,384
Other Borrowed funds	1,697,560,947
Deposit from customer	142,360
Deposits from bank	12,814,766
Deferred tax liabilities	847,600
Liabilities included in Asset Classified as held for sale	
Total Liabilities	109,594,239
<u>Equity and Reserves</u>	
Retained earnings	330,795,833
Other Component of Equity	14,715,590
Share Capital	123,471,114
Share Premium	<u><u>109,594,239</u></u>
Total	<u><u>109,594,239</u></u>

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Accounting

Acc 302

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Question 2

XPUASA Insurance PLC

Statement of financial Position as at 31st Dec. 2017

		₦
<u>Assets</u>		6,427,403
Cash and Cash Equivalent		67,903,833
Financial Assets		173,848
trade receivable		2,479,069
Re insurance Assets		2,64,842
Deferred Acquisition Cost		282,805
Other receivables and Prepayments		6,707,077
Deferred Tax Asset		2,308,690
Investment in Subsidiaries		1,115,000
Investment in property		1,120,871
Goodwill and other Intangible Assets		5,111,828
Property and Equipment		530,000
Statutory Deposit		<u>79,885,266</u>
Total Asset		<u>79,385,266</u>
<u>Liabilities</u>		
Finance lease obligation	49,854	
Borrowings	1,134,840	
Derivative liabilities	319,274	
Insurance Contract liabilities	55,379,977	
Investment Contract liabilities	4,295,046	
Current Tax payable	518,443	
Deferred Tax liability	263,422	
trade payables	1,547,548	
Other payable and accruals	<u>2,432,087</u>	69,940,491
<u>Equity</u>		
Issued Share Capital	3465102	
Share premium	2,824,389	
Revaluation Reserves	1,221,767	

Available for sale reserve	(2 723 536)	
Exchange Gains Reserve	1 485 521	
Contingency reserve	3, 482, 076	
Retained Earnings	<u>1 026 516</u>	9, 444, 775
		<u><u>79, 385, 266</u></u>

2b) **NUASA Insurance PLC**

Statement of Profit or Loss

Reinsurance expenses		32, 449, 376
Net premium income		<u>(3, 662, 162)</u>
		28, 787 214
Commission Income:		
Insurance Contract		744, 069
Pension and Other Contract		<u>1, 355, 846</u>
		20, 857, 129
Net underwriting income		
Claims expenses:		
Gross claim expenses		13, 045, 452
Claim expenses recovered from reinsurers		<u>(2, 377, 750)</u>
Net claim expenses		19, 667, 702
Underwriting expenses		<u>4, 415, 428</u>
Underwriting Profit		26, 471, 701
Investment income		5, 717, 056
Net realized gains		7, 630, 227
Net fair value losses		<u>(88, 000)</u>
Other operating income		569, 965
Personnel expenses		3, 039, 353
Other operating expenses		3 540 411
Finance cost		<u>87, 121</u>
		<u><u>20, 496, 133</u></u>

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Question 3

3) a) **Originating Timing Difference:** This occurs, there are timing differences that occurs at the first time. It includes the initial timing difference between pretax accounting income and taxable income

Reversing Timing Difference: While Reversing timing difference which reverse originating timing differences from previous accounting periods. It includes those journal entries required to eliminate the impact timing difference.

i) **Current tax and Deferred tax**

Current tax: It is the amount of income taxes payable/receivable in respect of taxable profit/tax loss for a period. It is the tax that the entity expects to pay

Deferred tax: It is tax liability that occurs when a business has a certain amount of income for an accounting period and that amount is different from the taxable amount on either of the tax return

b) Why is it important for companies to compute and account for deferred tax? Paying in advance to create deferred tax assets can cut a business looking to decrease their tax liability in a future period. It occurs due to losses that are carried over to a new accounting period from a previous accounting period.

(Question is given in Net WHT has been deducted)

d)

Debit		Credit	
Port L	17,500	Bank	16,625
		WHT	875
	<u>17,500</u>		<u>17,500</u>

Debt Interest

	₹		₹
Bank	17,860	Purch	18,800
WHT	940		
	<u>18,800</u>		<u>18,800</u>

Defered tax
= 30% × 3200
= 960

Withholding Tax

	₹		₹
Debt Rec.	875	Debt	940
Bank	65		
	<u>940</u>		<u>940</u>

Bank

	₹		₹
Debt Receivable	16625	Debt Interest	17,860
		WHT	940
		Current Tax	35,000

Current Tax

	₹		₹
Bank	35,000	Bal b/d	65,500
Bal c/d	65,000	Purch	34,500
	<u>1,00,000</u>		<u>1,00,000</u>

Defered Tax

	₹		₹
Bal c/d	16,760	Bal b/d	15,000
		Purch	960
	<u>16,760</u>		<u>16,760</u>

Statement of Profit or Loss

	₹
Net Profit	470,500
Interest income	17,500
Interest paid	(18,800)
	<u>469,200</u>
Capital allowance	38,700
Depreciation	(35,500)
Timing Difference	3200
	<u>3200</u>

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Question 4

i) Dividend Pay out Ratio

$$DPR = \frac{\text{Dividend Per Share} \times 100}{\text{Earnings Per Share}}$$

$$\text{Dividend Per Share} = \frac{\text{Gross Dividend}}{\text{No of ordinary Shares}}$$

$$\begin{array}{l} \text{DPS} \\ \text{Height Fury} \\ = \frac{66,550,000}{250,000,000} \\ = 0.2422 \end{array}$$

$$\begin{array}{l} \text{DPS} \\ \text{Light Fury} \\ = \frac{56,250,000}{220,000,000} \\ = 0.2557 \end{array}$$

$$\begin{array}{l} \text{EPS} \\ \text{MF} \\ = \frac{130,000,000 - 32,000,000}{250,000,000} \\ = 0.472 \end{array}$$

$$\begin{array}{l} \text{EPS} \\ \text{LF} \\ = \frac{138,250,000 - 29,800,000}{200,000,000} \\ = 0.2557 \end{array}$$

$$\begin{array}{l} \text{MF} \\ DPR = \frac{0.2422 \times 100}{0.472} \\ = 51.3\% \end{array}$$

$$\begin{array}{l} \text{LF} \\ = \frac{0.2557 \times 100}{0.493} \\ = 51.9\% \end{array}$$

ii) Earning Yield

$$\frac{\text{EPS}}{\text{MPS}} \times 100$$

$$\begin{array}{l} \text{For Height Fury} \\ \frac{0.472 \times 100}{3.25} \\ = 14.5\% \end{array}$$

$$\begin{array}{l} \text{For light Fury} \\ \frac{0.493 \times 100}{2.35} \\ = 19.3\% \end{array}$$

iii) Gearing Ratio

$$\begin{array}{l} = \text{For Height Fury} \\ \frac{26,000,000 + 165,670,000}{390,275,500} \\ = 0.23 \end{array}$$

$$\begin{array}{l} \text{For Light Fury} \\ \frac{27,200,000 + 30,650,000}{327,200,000} \\ = 0.18 \end{array}$$

Both of the companies are lowly geared they have more equity than debts to be paid Fury is less geared than light

10) High Fury

Quick Ratio

$$39,400,000 - 49,500,000 = 65,670,000$$

h Fury

$$45,400,000 - 100,000,000 = 30650,000$$

11) ROCC

$$= \frac{\text{Profit (Return)}}{\text{Capital Employed}}$$

H F

$$= \frac{150,000,000}{390,275,000}$$

$$= 0.38$$

L F

$$= \frac{138,250,000}{327,250,000}$$

$$= 0.42$$

12) Earnings Yield

$$\frac{\text{EPS}}{\text{MP S}} \times 100$$

K F

$$= \frac{0.472}{3.25} \times 100$$

$$= 14.5\%$$