

NWACHUKWY OLUCHUKWU ESTHER

17/SM/02/034

5/06/2020

ACC 302 TEST

QUESTION ONE

(A) NUASA BANK
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2019

	#
Interest Income	18 5,000,000
Interest Expense	(5 8,000,000)
Net Interest Income	12 7,000,000
Loan Impairment Charges	(2, 880, 000)
Net Income After Loan Impairment Charges	12 4,120,000
Fee and Commission Income	46, 651, 900
Fee and Commission Expense	(1, 800, 000)
Net Fee and Commission Income	44, 851, 900
Net Gains on Financial Instruments held For trading	7, 690, 000
Other Income	3, 980, 000
Net Impairment charge on Financial Assets	(150, 000)
Personnel expenses	(23, 700, 000)
General and Administrative expenses	(22, 500, 000)
Operating lease expenses	(807, 000)
Depreciation and Amortization	(12, 115, 000)
Other operating expense	(27, 273, 000)
Profit before Income Tax	9 4 0 99 900

Income Tax expense

(17,000,000)

Profit for the Year

77,099,900

Statement of NUASA BANK
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
differences for Foreign
Operations

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

81,431,781

NWACHUKWU OLUCHUKWU ESTHER

17/15/MS02/084

QUESTION 1B

NUASA BANK

Statement of Financial Position of NUSA Bank for

the yr ended 31st December, 2019

ASSETS	
Cash and Bank Balances	453,296,196
Derivative Financial Assets	2,839,078
Available For Sale Assets	453,089,625
Assets Held to maturity	2,007,253
Assets pledged as Collateral	58,961,722
Restricted deposits and other Assets	433,528,669
Investment in Subsidiaries	46,207,004
Property and Equipment	84,979,798
Intangible Assets	4,501,296
Assets Financial Assets held For trading	16,652,356
Assets classified as held For Sale	850,820
TOTAL ASSETS	2,101,671,384
<u>LIABILITIES;</u>	
Current Income Tax Liabilities	24,009,770
Debt Securities Issued	92,131,923
Financial liabilities held For trading	2,647,469
Loans and advances to banks	43,480
Loans and advances to customers	1,265,971,688
Derivative Financial Liabilities	2,606,586
Other Liabilities	203,019,404
Other borrowed funds	210,671,384

1 B Deposits from Customer	1,697,560,947
Deposits from Banks	42,360
Deferred Tax Liabilities	12,814,766
Liabilities included in Assets Classified as held for Sale	-847,600
TOTAL LIABILITIES	

EQUITY AND RESERVES

Retained Earnings	109,594,239
Other Components of equity	330,795,833
Share Capital	14,715,590
Share Premium	123,471,114
TOTAL	<u><u>678,576,776</u></u>

QUESTION 2

A]

MUSA INSURANCE PL

Statement of Financial Position as at 31st December, 2017

Cash and Cash Equivalent	A	A	6,143,403
Financial Assets			57,903,833
Trade Receivable			123,848
Reinsurance Assets			2,147,069
Deferred Acquisition Cost			264,842
Other receivables and Prepayments			282,805
Deferred Tax Assets			1,707,077
Investment in Subsidiaries			2,308,690
Investment in Property			1,115,000
Goodwill and other Intangible Assets			1,120,871
Property and Equipment			5,111,828
Statutory deposit			530,000
TOTAL ASSETS			79,385,266
LIABILITIES			
Finance Lease Obligations			49,854
Borrowing			1,134,840
Derivative Liabilities			319,274
Insurance Contract Liabilities			55,379,777
Investment Contract Liabilities			8,295,046
Current tax payable			518,443
Deferred tax Liability			2,263,422
Trade payables			1,547,548
Other Payables and Accruals			67,940,491

EQUITY AND RESERVES

Issued Share Capital	3,465,102	
Share Premium	2,824,389	
Revaluation Reserves	1,221,707	
Available For Sale reserve	(2,723,536)	
Exchange gains reserve	148,521	
Contingency reserve	3,482,076	
Retained earnings	<u>1,026,516</u>	<u>9,444,775</u>
		<u><u>79,385,266</u></u>

2B NUASA INSURANCE PLC

Statement of Profit or Loss and Other Comprehensive Income for the Year ended 31st December, 2017

	#
Gross Premium written	32,449,376
Reinsurance expense	(3,662,162)
Net Premium Income	<u>28,787,214</u>
Commission Income; Insurance Contract	744,069
Pension and other Contract	<u>1,355,846</u>
Net underwriting Income	<u>30,887,129</u>
Claim expenses; Gross claim expenses	13,045,452
Claim expenses recovered from reinsurers	(2,377,750)
Net Claim expenses	<u>10,667,702</u>
Underwriting expenses	<u>4,415,428</u>
Underwriting profit	<u>26,471,701</u>
Investment income	5,717,056
Net realised gains	7,630,227

B QUESTION 2B

Net Fair value losses	(88,000)
Other Operating Income	{569,965}
Personnel expenses	(3,039,353)
Other operating expenses	(3,540,411)
Finance Cost	(87,121)
	<hr/>
	<u>20,496,133</u>

QUESTION 3

COMPARISON AND CONTRASTING

ORIGINATING TIME DIFFERENCE / REVERSING TIME DIFFERENCE

This is the timing difference that occurs for the first time in a situation.

This is the type of timing difference that reverse / change the originating timing differences from previous accounting periods (years)

SIMILARITIES

Both originating and reversing entries are needed due to timing differences, which occur when revenue and expenses are included in the calculation of accounting income in one period, while their impact to taxable income is reported in a different period.

DIFFERENCES BETWEEN CURRENT TAX AND DEFERRED TAX

CURRENT TAX

This can be seen as the amount of income tax payable or recovered by an entity / company due to its taxable profit or loss for the accounting period.

DEFERRED TAX

This is the amount rather than the tax imposed by the government. It is the tax ~~payable~~ payable or recoverable in the future accounting periods in relation to transactions that took place.

B. It is important for companies to compute and account for deferred tax because paying in advance to create deferred tax assets can aid a business/company looking to decrease their tax liability in the future period. Deferred tax is accounted for in accordance with IAS 12, "Income Taxes".
 Deferred tax normally results in a liability being recognised within the statement of financial position.

C

JAYTEE LTD

Debit		Credit	
	#		#
Profit or loss	17,500	Bank	16,625
		WHT	875
	17,500		17,500

Debit		Credit	
	#		#
Bank	17,860	Profit or loss	18,800
WHT	940		
	18,800		18,800

QUESTION 3C

Withholding Tax

	₹		₹
Debt Int Received	875	Debt Interest	940
Bank	65		
	<u>940</u>		<u>940</u>

Bank Account

	₹		₹
Debt Interest receivable	16,625	Debt Interest	17,860
		Current Tax	35,000

Current Tax Account

	₹		₹
Bank	35,000	Bal b/d	65,500
Bal c/d	65,000	Profit/Loss	34,500
	<u>100,000</u>		<u>100,000</u>

Deferred Tax Account

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

STATEMENT OF PROFIT OR LOSS

	#
Net Profit	470,500
Interest Income	17,500
Interest paid	<u>(18,800)</u>
	<u>469,200</u>
Capital allowance	38,700
Depreciation	<u>(35,500)</u>
	<u>3200</u>
Defered tax;	
30% x 3200	= <u>960</u>

QUESTION 4

NIGHT FURY NIG LTD AND LIGHT FURY NIG LTD

A C Computation and Interpretation of Accounting ratios

(i) DIVIDEND PAY-OUT RATIO

NIGHT FURY

$$DPS = \frac{60,550,000}{250,000,000}$$

$$= 0.2422$$

$$EPS = \frac{159,000,000 - 32,000,000}{250,000,000}$$

$$= \frac{118,000,000}{250,000,000}$$

$$= 0.472$$

$$DPR = \frac{0.2422}{0.472} \times 100$$

$$= 51.3\%$$

=

LIGHT FURY

$$DPS = \frac{56,250,000}{220,000,000}$$

$$= 0.2557$$

$$EPS = \frac{138,250,000 - 29,800,000}{220,000,000}$$

$$= \frac{108,450,000}{220,000,000}$$

$$= 0.493$$

$$DPR = \frac{0.2557}{0.493} \times 100$$
$$= 51.9\%$$

(ii) Earnings Yield

Night Fury

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

$$= 14.5\%$$

Light Fury

$$= \frac{0.493}{2.55} \times 100$$

$$= 19.3\%$$

(iii) Gearing Ratio

For Night Fury

$$= 26,000,000 + 65,670,000$$

$$391,275,500$$

$$= 91670000$$

$$399275,500$$

$$= 0.23$$

For Light Fury

$$= 27,200,000 + 30,650,000$$

$$327,250,000$$

$$= 57850,000$$

$$327,250,000$$

$$= 0.18$$

Both companies are lowly geared meaning that they have more equity capital than debts to be paid. However Light Fury is less geared.

④ Quick Ratio

For Night Fury

$$= 39,400,000 - 45,500,000$$

$$= 65,670,000$$

For Light Fury

$$= 45,400,000 - 50,000,000$$

$$= 30650,000$$