

NUASA BANK

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		
Actual Gain	655,769	
Income Tax (25%)	<u>(163,942)</u>	491,827
foreign currency translation differences for foreign Operations	1,039,643	
Income Tax (25%)	<u>(259,911)</u>	779,732
Net change in fair value available for Sale financial Assets	4,080,429	
Income Tax (25%)	<u>(1,029,107)</u>	<u>3,060,322</u>
Total Comprehensive Income for The Year		<u><u>81,431,781</u></u>

KOLANDRE OLUMIDE

17/5/2021

Accounting

2

MUASA BANK

Statement Of Profit Or loss and Other Comprehensive Income
for the year ended 31st December 2019

Interest Income	185,003,000
Interest Expense	(58,009,000)
Net Interest Income	127,063,000
Loan impairment charges	(2,889,000)
Net interest Income After impairment charges	124,123,000
Fee and Commission income	46,651,900
Fee and Commission Expense	(1,800,000)
Net Fee Income	44,851,900
Net gains on financial instrument	7,690,000
Other Income	3,980,000
Depreciation and Amortization	(12,119,000)
Other Operating Expense	(27,273,000)
Net impairment charge	(150,000)
Personnel Expense	(23,700,000)
General and Admin Expense	(22,500,000)
Operating Lease Expense	(8,010,000)
Profit before taxation	94,099,900
Income Tax Expense	(17,000,000)
Profit for the year	<u>77,099,900</u>

KOLAWOLE OLUMIDE

17/5/2015 02/031

Accounting

Question 2

NUASA Insurance plc

Statement of Financial Position as at 31st Dec 2017

Asset	
Cash and cash equivalents	6,437,403
Financial Assets	57,903,833
Trade receivable	123,848
Reinsurance Asset	2,479,069
Deferred Acquisition cost	2,641,842
Other receivable and Prepayment	283,805
Deferred Tax Asset	1,707,077
Investment -	2,308,690
Investment Property	1,119,000
Goodwill and Other intangible Asset	1,120,871
Property and Equipment	9,111,828
Statutory deposit	530,000
Total Asset	<u>81,763,266</u>

LIABILITIES

Insurance contract liabilities	55,379,977
Investment Contract liabilities	8,295,046
Trade payable	1,547,548
Other payable and accruals	2,432,087
Current tax payable	518,413
Deferred Tax liability	263,442
Borrowing	7,134,840
Financial lease obligation	49,854
Derivative liabilities	319,274
Total Liabilities	<u>69,940,491</u>

Equity	2,824,389
Share Premium	3,466,102
Issued share capital	1,221,787
Revaluation reserve	(2,723,536)
Available for sale reserve	148,521
Exchange gain reserve	3,482,076
Contingency reserve	.
Retained earnings	<u>4,026,516</u>
Total Liability and Equity	<u>79,389,266</u>

KOLAWOLE OLUMIDE

17/50502/031

Accounting

3a Originating time difference is a timing difference which occurs for the first time and this difference occurs between capital allowances and depreciation.

While reversing timing difference or timing differences that reverse the originating timing difference from the previous periods.

3ii Deferred Tax are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. While

Current Tax is based on that time of taxable transaction. Current tax is calculated on the basis of the tax laws enacted at the balance sheet date; where the company and its subsidiaries operate and generate taxable income.

3ib Deferred tax is an accounting measure that is used to match the tax effects of transactions with their accounting impact.

It is important for companies to compute this tax as it eliminates the effect of timing differences in such a way that the tax charge reported to the shareholders is in direct relation to the related profit.

JANTEE LTD

Debit		Credit	
Par 1	17,500	Bank	16,625
		WHT	875
	<u>17,500</u>		<u>17,500</u>

Debit		Credit	
Bank	17,860	Par 2	18,000
WHT	940		
	<u>18,000</u>		<u>18,000</u>

Debit		Credit	
Debit Rec	875	Debit Int	940
Bank	25		
	<u>940</u>		<u>940</u>

Debit		Credit	
Debit Rec	16,625	Debit Int	17,860
Bank		Cur Tax	35,000

Debit		Credit	
Bank	35,000	Bal bid	65,500
Bal bid	65,000	Par 1	34,500
	<u>100,000</u>		<u>100,000</u>

Debit		Credit	
Bal bid	16,760	Bal bid	13,800
		Par 2	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	<u>3,200</u>

Deferred Tax 30% x 3200 = 960

4.

Mighty Fly Ltd & Light Fly Ltd

Computation and Interpretation of Accounting Ratios

Dividend Pay-out Ratio

$$= \frac{\text{Dps}}{\text{Eps}} \times 100$$

MF

$$\text{Dps} = \frac{60,550,000}{250,000,000} \\ = 0.2422$$

$$\text{Eps} = \frac{150,000,000 - 32,000,000}{250,000,000} \\ = \frac{118,000,000}{250,000,000} \\ = 0.472$$

$$\therefore \text{DPR} = \frac{0.2422}{0.472} \times 100 \\ = 51.3\%$$

LF

$$\text{Dps} = \frac{56,250,000 - 29,800,000}{220,000,000} \\ = 0.2557$$

$$\text{Eps} = \frac{138,250,000 - 29,800,000}{220,000,000} \\ = \frac{108,450,000}{220,000,000} \\ = 0.493$$

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

ii Earnings Yield

$$= \frac{\text{Eps}}{\text{mps}} \times 100$$

for MF

$$= \frac{0.472}{3.25} \times 100 \\ = 14.5\%$$

LF

$$= \frac{0.493}{2.50} \times 100 \\ = 19.3\%$$

iii. ~~Earning~~ ~~Ratio~~

Gearing Ratio

$$= \frac{\text{Debt}}{\text{Equity}}$$

for MF

$$= \frac{26,000,000 + 69,670,000}{390,275,500}$$

$$= \frac{95,670,000}{390,275,500}$$
$$= 0.23$$

for LF

$$= \frac{27,200,000 + 30,650,000}{327,250,000}$$

$$= \frac{57,850,000}{327,250,000}$$
$$= 0.18$$

Both companies are lowly geared, that is, they have more equity capital than debts to be paid.

MF is less geared.

(iv) Quick Ratio

$$\frac{\text{Curr Assets} - \text{Inventory}}{\text{Curr liabilities}}$$

MF

$$= \frac{99,900,000 - 19,500,000}{69,670,000}$$
$$= 0.6:1$$

LF

$$= \frac{92,400,000 - 50,000,000}{30,650,000}$$
$$= 1.5:1$$

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NE

LF

$$\text{ROCE} = \frac{\text{P. BIT}}{\text{Capital Employed}}$$

$$\frac{\text{PBIT}}{\text{Capital Employed}}$$

$$\frac{150,000,000}{390,275,500} = 0.4$$

$$\frac{138,250,000}{377,250,000} = 0.4$$

They give more percentage
Of dividend than Light
fury

They give less percentage
to shareholders than Light
fury