

NAME - OLADOLU BOYINSOLAMI

Matric No: 17/SM502/048

Date - 5/6/2020

ACC302

TEST

1a.

NUTSA Bank

Statement of profit or loss and other Comprehensive Income  
for the year ended 31st December, 2019

	N	N
Interest Income	185,003,000	
Interest Expense	<u>(58,000,000)</u>	127,003,000
Loan impairment Charges		<u>(2,880,000)</u>
		124,123,000
Fee and Commission Income		46,654,900
Fee and Commission expense		<u>(1,800,000)</u>
Net fee income		44,854,900
Net gains on financial instrument other income		7,690,000
		3,980,000
Depreciation & Amortization		(12,115,000)
Other operating Expenses		(27,275,000)
Net impairment charges on financial assets		(150,000)
Personnel Expenses		(23,700,000)
General & Admin expenses		(22,500,000)
Operating lease expense		<u>(807,000)</u>
Profit before taxation		94,099,900
Income tax expense		<u>(17,000,000)</u>
Profit for the year		<u>77,099,900</u>

19.11.

NUTSA 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:

Actuarial Gain

65,769

Income Tax (25%)

(1,63,942)

49,827

Foreign Currency Translation Differences for foreign operations

1,039,643

Income tax (25%)

(2,59,911)

779,732

Net Change in Fair Value available for Sale Financial Assets

4,08,0429

Income Tax (25%)

(1,02,0107)

3,06,0322

Total Comprehensive Income for the year

81,431,781

NUISA INSURANCE PLC

Statement of Financial Position as at 31st December 2017

£

£

Assets

Cash & Cash Equivalents	6,437,403
Financial Assets	57,903,833
Trade Receivable	123,848
Reinsurance Asset	2,479,069
Deferred acquisition Cost	264,842
Other receivable and Prepayment	282,805
Deferred Tax asset	1,707,077
Investment in Subsidiaries	2,308,690
Investment Property	1,115,000
Goodwill and other intangible assets	1,120,871
Property & Equipment	5,111,828
Statutory Deposits	530,000
<b>Total assets</b>	<u><u>81,762,266</u></u>

Liabilities

Insurance Contract Liabilities	55,379,977
Investment Contract Liabilities	8,295,046
Trade Payable	1,547,548
Other payables & accruals	2,432,087
Current tax payable	508,443
Deferred tax liability	203,422
Borrowing	1,134,840
Finance lease obligations	49,854
Derivative Liabilities	319,274
<b>Total liabilities</b>	<u><u>69,940,491</u></u>

## 2a Equity

Issued Share Capital  
Share Premium  
Revaluation Reserve  
Available for sale reserve  
Exchange Gain reserve  
Contingency Reserve  
Retained Earnings  
Total Liability & Equity

3,468,602  
2,824,389  
1,221,787  
(2,723,536)  
448,521  
3,482,076  
1,028,516  
79,385,266

36) **Contrast** originating time differences are timing differences that occur for the first time while reverse timing differences are timing differences which reverse originating timing differences from previous records also the **Originating** timing differences can be seen as the entry due to its tax payable or recovered by the period while its tax payable (profit or loss) for the accounting period.

Current tax can be seen as the amount of income tax payable or recovered by an entity due to its taxable profit or loss for the accounting period while deferred tax is the amount rather than the tax imposed by the government. It is the tax payable or recoverable in the future accounting periods in relation to transactions that took place.

b) It is important for companies to compute an amount for deferred tax because paying in advance to create deferred tax asset can aid a business looking to decrease their tax liability in the future being recognized within the statement of financial position.

37) **Compare** timing differences could be permanent or temporary, both are used in the calculation of pre-tax net income for accounting purposes (books) which will be used for determination of income tax purposes. When a difference in timing is temporary in nature, companies will make both ~~opposite~~ originating and reversing entries to smooth out those variances over time.

38) Current tax and deferred tax are both used to calculate the total income tax expense in an income tax.

# Jay Tee Ltd

Debit		Credit	
P/L	17,500	Bank	16,625
		Withholding tax	875
	<u>17,500</u>		<u>17,500</u>

Debit		Credit	
Bank	17,860	P/L	18,780
With	940		
	<u>18,800</u>		<u>18,800</u>

Debit		Credit	
Debit Rec.	875	Debit Int.	940
Bank	65		
	<u>940</u>		<u>940</u>

Debit		Credit	
Debit Rec.	16,625	Debit Int.	17,860
		Current tax	35,000

Debit		Credit	
Bank	35,000	Bal'd	65,500
Bal'd	65,000	P/L	34,500
	<u>100,000</u>		<u>100,000</u>

Debit		Credit	
Bal'd	14,700	Bal'd	15,800
		P/L	960
	<u>14,700</u>		<u>16,760</u>

## Statement of Profit or Loss

Net Profit	46,750
Interest Income	17,500
Interest Paid	(18,800)
	<u>46,920</u>
Capital allowance	38,700
DEPRECIATION	(35,500)
Timing Difference	<u>3,200</u>
Deferred tax = 30% x 3,200	
= 960	

NUUSA BANK

Statement of Financial Position of NUUSA Bank for the Year ended 31st December, 2019

Assets

Cash & Bank Balances	455,296,196
Derivative financial assets	2,839,078
Available for sale assets	463,089,625
Assets held to maturity	2,007,253
Assets pledged as collateral	58,961,720
Restricted deposits & other assets	433,528,669
Investment in subsidiaries	46,207,004
Property & Equipment	84,979,798
Intangible assets	4,501,296
Financial assets held for trading	16,654,356
Assets classified as held for sale	850,820
<b>Total Assets</b>	<hr/>

Liabilities;

Current income for tax liabilities	24,009,970
Debt securities issued	92,131,923
Financial liabilities held for trading	2,647,469
Loans & advances to banks	43,480
Loans & advances to customers	1,285,971,688
Derivative financial liabilities	2,606,586
Other liabilities	203,029,404
Other borrowed funds	219,671,384
Deposit from customer	1,697,560,907
Deposit from banks	42,860
Deferred tax liabilities	12,814,766
Classified as held for sale	847,600
<b>Total Liabilities</b>	<hr/>

Equity & Reserves

Retained earnings	109,594,239
Other components of equity	330,795,833
Share Capital	144,715,590
Share premium	12,314,7114
<b>Total</b>	<hr/>

④ Night Fury Ltd & Light Fury Nig Ltd

⑤ Computation & Interpretation of Accounting Ratios

① Dividend Pay out Ratio  
$$= \frac{DPS}{EPS} \times 100$$

Night Fury  
$$DPS = \frac{60,559,000}{250,000,000}$$
$$= 0.2422$$

Light Fury  
$$DPS = \frac{56,250,000}{250,000,000}$$
$$= 0.2257$$

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

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

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

$$DPR = \frac{0.2257}{0.493} \times 100$$
$$= 45.7\%$$

② Earnings Yield  
$$= \frac{EPS}{MPS} \times 100$$

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

Light Fury  
$$= \frac{0.493}{2.55} \times 100$$
$$= 19.3\%$$

③ Gearing Ratio  
$$= \frac{Debt}{Equity}$$

Night Fury  
$$= \frac{26,000,000 + 65,670,000}{390,275,500}$$
$$= \frac{91,670,000}{390,275,500}$$
$$= 0.23$$

Light Fury  
$$= \frac{27,000,000 + 37,650,000}{327,250,000}$$
$$= \frac{64,650,000}{327,250,000}$$
$$= 0.19$$



Both Companies are lowly geared meaning that they have more equity capital than debts to be paid. ~~that they have~~

(iv) Quick Ratio =  $\frac{\text{Current Assets} - \text{Inventory}}{\text{Current Liabilities}}$

For Nishat Fung  
 =  $\frac{39,400,000 - 45,500,000}{65,620,000}$   
 = 5.31

Light Fung  
 =  $\frac{45,400,000 - 50,000,000}{30,650,000}$   
 = -0.15

(v) ROCE =  $\frac{\text{Profit (Return)}}{\text{Capital employed}}$

For Nishat Fung  
 =  $\frac{15,000,000}{39,275,000}$   
 = 0.38%

Light Fung  
 =  $\frac{13,825,000}{32,725,000}$   
 = 0.42%

Interpretation

Nishat Fung	Light Fung
① - DPR = They give more percentage of dividend than Light Fung	They give less percentage to shareholders than Nishat Fung
② - Earnings yield: Their potential return is more than Light Fung	Their potential return is less
③ - Gearing ratio: They use less of their debt to finance	They use more of their debt to finance
④ - Quick Ratio: They can hardly cover up their liabilities	They can cover up their liabilities easily
⑤ - ROCE: They are more efficient than profitable in Nishat Fung because their turnover should be higher, it is more viable	They are also more efficient than profitable
⑥ - Bank should grant loan to Light Fung because they can easily offset their liabilities.	