Abdul. M. Kareemat
17/sms02/001

Question 1a.

1)

ALUASA BANK

Statement of Profit or loss and 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
Loan impairment charges		(2,880,000)
		124,123,000
Fee & commission Income		46,651,900
Fee & commission expense		(1,800,000)
		168,974,900
Net gains on Financial instruments		7,690,000
Other Income		3,980,000
		180,644,900
Net impairment charges		(150,000)
Personnel Expenses		(23,700,000)
General & Admin Expenses		(22,500,000)
operating lease expense		(807,000)
Depreciation & Amortization		(12,115,000)
other operating expenses		(27,293,000)
Profit before tax		94,079,900
Income tax expenses		(17,000,000)
Profit for the year		77,079,900

Equity

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	1,026,516	9,444,775
		79,385,266

Continuation to NO-1a

NUASA BANK

Statement of 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% x 1,039,643)	(259,911)	779,732
Net change in fair value available for sale financial assets	4,080,429	
Income tax (25% x 4,080,429)	(1,020,107)	3,060,322
Total comprehensive income for the year.		81,431,781

NUASA Insurance Plc

Statement of Financial Position as at 31st Dec. 2017

Question 16.2a

	₦	₦
Assets		
Cash and cash equivalents		6,437,403 ~~6,43~~
Financial Assets		57,903,833
Trade Receivable		123,848
Reinsurance Assets		2,479,069
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
		79,385,266

Liabilities		
Finance Lease obligation	49,854	
Borrowing	1,134,840	
Derivative Liabilities	319,274	
Insurance contract liabilities	55,379,977	
Investment Contract liabilities	8,295,046	
Current Tax payable	518,443	
Deferred Tax liability	263,422	
Trade payables	1,547,548	
Other payables and accruals	2,432,087	69,940,491

Liablities included in Assets	17, 814, 766	
Liabilities included in Assets		
lassified as held for sale	847,600	3,512,367,377
TOTAL LIABILITIES		
QUITY AND RESERVES		
Retained Earnings	109, 594,239	
ther Components of Equity	330, 795,833	
Share capital	14, 715, 590	
Share premium	123, 471, 114	
OTAL		578,576,776

3 ~~Comparison~~ Comparision:

Originating time difference	Reversing time Differences
This is the type of 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).
Current tax:	Deferred 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.	This 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 and account for deferred tax because paying in advance to create deferred tax assets can be that a business/company looking for a how to decrease their tax liability in the unforeseeable 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.

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3(

JAYTEE LTD

Debenture Receivable

	₦		₦
P&L	17,500	Bank	16,625
		WHT	875
	17,500		17,500

Debenture Interest

	₦		₦
Bank	17,860	P&L	18,800
WHT	940		
	18,800		18,800

With holding Tax

	₦		₦
Debenture Rec.	875	Debenture Interest	940
~~Bank~~ Bal c/d	65		
	940		940

Current Tax

	₦		₦
Bank	35000	Bal b/d	65,500
Bal c/d	65000	P&L	34,500
	100,000		100,000

Bank A/c

	₦		₦
Debenture ~~Interest~~ Receivable	16,625	Debenture Interest	17,860
Bal c/d	36235	Current Tax	35,000
	52860		52860

Deferred Tax

	₦		₦
Bank			
Bal c/d	16,760	Bal b/d	15,800
		P&L	960
	16,760		16,760

Workings

Capital Allowance	38700
Depreciation	(35,500)
	3200

Deferred Tax @ 30% x 3200 = 960

Statement of profit or loss

		₦
Net profit		470,500
Interest Income		17,500
Interest Paid		(18,800)
		469,200
Tax: Current Tax	34,500	
Deferred Tax	(16,760)	(17,740)
		486,940

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~~i) Dividend Yield = $\frac{\text{Dividend Per share}}{\text{Market per share}}$~~

~~Might~~

QUESTION 4

i) Dividend Pay-out Ratio = $\frac{\text{Dividend per share}}{\text{Earnings per share}}$

$$DPS = \frac{\text{Gross Dividend}}{\text{No. of ord. shares issued}}$$

$$\text{Night Fury} = \frac{60{,}550{,}000 + 10{,}000{,}000}{250{,}000{,}000}$$

$$= 0.28$$

$$\text{Light Fury} = \frac{56{,}250{,}000 + 5{,}505{,}000}{220{,}000{,}000}$$

$$= 0.28$$

$$EPS = \frac{\text{Profit after tax} - \text{Preference Dividend}}{\text{No. of ordinary share issued}}$$

$$\text{Night Fury EPS} = \frac{118{,}000{,}000 - 10{,}000{,}000}{250{,}000{,}000}$$

$$= 0.43$$

$$= 43 \text{ Kobo}$$

$$\text{Light Fury EPS} = \frac{108{,}450{,}000 - 5{,}505{,}000}{220{,}000{,}000}$$

$$= 0.47$$

$$= 47 \text{ Kobo}$$

$$DPR = \text{Night Fury} = \frac{0.28}{0.43} \times 100$$

$$= \cancel{65\%}\ 65\%$$

$$\text{Light Fury} = \frac{0.28}{0.47} \times 100$$

$$= 60\%$$

The above computation which shows the large ~~position~~ portio for which the company's earnings, are being paid to ordinary shareholders.

ii) $$\text{Earnings yield} = \frac{EPS}{MPS} \times 100\%$$

$$\text{Night Fury} = \frac{43}{325} \times 100\%$$

$$= 13\%$$

$$\text{Light Fury} = \frac{47}{255} \times 100$$

$$= 18\%$$

The above computations shows the potential return of the shareholders' investment towards the business.

iii) $$\text{Gearing} = \frac{\text{Debt}}{\text{Total Capital}}$$

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

$$= \frac{91{,}670{,}000}{390{,}275{,}500}$$

$$= 0.23$$

Light Fury $= \frac{27,200,000 + 30,650,000}{327,259,000}$

$= 0.18$

The above computation of the Gearing ratios shows that it is that the both companies are slowly geared since they are both less than 0.5 which means the business is financed with more of capital than debt.

v) Quick Ratio $= \frac{\text{Current Assets} - \text{Inventory}}{\text{Current liabilities}}$

Light fury $= \frac{84,900,000 - 45,500,000}{65,670,000}$

$= 0.60$

Light fury $= \frac{95,400,000 - 50,000,000}{30,650,000}$

$= 1.48$

v) ROCE $= \frac{\text{Profit}}{\text{Capital employed}} \times 100$

Light Fury $= \frac{150,000,000}{390,275,500} \times 100$

$= 0.38 \times 100$

$= 38\%$

Light Fury $= \cancel{138} \frac{138,250,000}{327,250,000} \times 100$

$= 0.42 \times 100$

$= 42\%$

The above computation shows that the company is profitable and efficient which is the Night Fury Company while. The above computation also shows that the company (Light Fury) is more profitable and more efficient than Night Fury.

(ii) The potential ~~shar~~ investors should rather invest their shares in Light Fury.