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MATRIC NO: 17/SMS02/012
DATE: 5/06/2020

QUESTION ONE

1a)

NUASA BOOKS
Statement of Profit or loss and other Comprensive Income for the year ended 31/12/2019

	₦
Intrest Income	185 000 000
Intrest Expense	(58 000 000)
Net Intrest Income	127 003 000
loan imparment charges	(2880 000
Net Intrest Income after Impairment charges	124 123 000
Fee and commission Income	46 651 900
Fee and Commission expenses	(18 00 000
Net Fee Income	44 851 900
Net gains on financial instrument	7690 000
Other Income	3980 000
Depreciation and Amortization	(12 115 000
Other Operating Expense	(27 273 00
Net Impairment Charge	(150 000)
Personal Expense	(23 700 000
General and Admin - Expense	(22 500 00
Operating lease Expense	(807 000
Profit before taxation	94 099 900
Income tax expenses	(17 000 00
Profit for the year	₦77,099,900

CONTINUATION OF 1A

	₦	₦
Profit for the year		77,099,900
Other Comprehensive Income to be reclassified to P/L in subsequent years:		
Actuarial gain	655769	
Income tax (25 %)	(163942)	491827
Foreign Currency translation differences for foreign operati	1039643	
Income tax (25 %)	(259911)	779732
Net Change in Fair Value available for sale Financial Assets	4080429	
Income tax (25 %)	(1020107)	3060322
Total Comprehensive Income for the year		81,431,781

1b)

NUASA BANK

Statement of financial position of Nuasa Bank for the year ended 31/12/19

	₦	₦
ASSETS		
Cash & Bank balances		455296
Derivative Financial assets		283907
Available for sales assets		453089
Assets held to maturity		200721
Assets pledged as collateral		5896172
Restricted deposits and other assets		4385286
Investment in subsidiaries		462070
Property and equipment		84979
Intangible assets		45012
financial assets held for trading		1665239
Assets classified as held for sale		850820
Total Assets		

LIABILITIES	
Current Income tax liabilities	24009720
Debt Securities Issued	92181923
Financial liabilities held for trading	2647469
loans and advances to banks	43480
loans and advances to customers	1 266 971 689
Derivative financial liabilities	2 606 586
Other liabilities	203 019 904
Other borrowed funds	210 671 384

QUESTION 2

2a)

NUASA Insurance PLC
Statement of Financial Position as at 31/12/2017

	₦	₦
ASSET		
Cash and Cash equivilants		643740
Financial assets		5790383
Trade receivables		123848
Reinssurance assets		2419064
Deferred accusation lost		264843
Other receivable and Prepayment		282 80
Deffered tax asset		1707077
Investment in subsides		2 308 69
Investment Property		1,115.000
Goodwill and other intangible asset		1120 871
Property and equipment		5111 828
Stationary deposit		530 000
Total Assets		817622

LIABILITIES	
Insurance Contract liabilities	55 329 97
Investment Contract liabilities	8295 046
Trade Payables	1 542 549
Other Payables & accurals	243208
Current tax payable	518 443
Depeared tax liability	263 422
Borrowing	713480
finance loose obilagation	49850

CONTINUATION OF QUESTION 2

	₦	₦
Derivative liabilities		319274
Total liabilities		6994049

EQUITY

Issue of shareholders	3 465 102
Share Premium	2 824 389
Revaluation reserve	1 221 787
Available for sale reserve	(2 723 536)
Exchange gain reserve	148521
~~Sta~~ Contingency reserve	3482076
Retained earnings	1,026 516
Total liability and Equity	79 385 266

QUESTION 3

CONTRAST:

ai) Originaity timing Difference: It is the initial timing difference between pretax accounting income and taxable income

Reversing Timing Difference: It includes those journal entries required to eliminate the impact timing difference had on deferred income tax in prior period.

ii) Current tax: It is the amount of tax (income) determined to be payable (recoverable) in respect of the taxable income (tax loss) for a period

Deferred tax: It is the tax effect of timing difference

COMPARE

ai) Although Timing Differences could be permanent or temporary both are used in the calculation of pretax net income for accounting ~~book~~ Purposes (books) which will be used for determination of income tax Purpose. When a difference in timing is temporary in nature, companies will make both originating and reversing entries to smooth out those variances over time

ii) Current Tax and Deferred tax are both used to calculate the total Income tax expenses in an Income tax.

3b) A deferred tax liability occurs when a business has a certain amount of income for an accounting Period and that amount is different from the taxable amount on their tax return.

Deffered tax typically refers to liabilities. wherein the amount entered on the balance sheet is payable at a future time and that is why Companies need to Compute and account for deffered taxes

c) JAYTEG LTD

Debenture Receivable

₦		₦	
P or l	17500	bank	16625
		WHT	875
	17500		17500

Debenture interest

₦		₦	
Bank	17860	P or l	1880
WHT	940		
	18800		1880

withholding tax

₦		₦	
Debenture received	875	debenture int.	940
bank	25		
	940		940

Bank a/c

₦		₦	
Deb. Rec	16625	Deb. Int.	178
		Current tax	3

Current tax

₦		₦	
bank	35000	bal b/d	65500
bal c/d	65000	P or l	34500
	100000		100000

Deffered tax

₦		₦	
bal c/d	16760	bal b/d	1580
		P or l	960
	16,760		1676

3c) JAYTEG LTD

Statement of Profit or loss for the year ended

₦

QUESTION 4

Night Fury Ng LTD & Light Fury Ng LTD

a Computation and Interpretation of Accounting Ratios

i) Dividend Pay out ratio

$$= \frac{DPS}{EPS} \times 100$$

DPS:

Night Fury $= \frac{60550\,000}{250\,000\,000}$

$= 0.2422$

Light fury $= \frac{56\,250\,000}{220\,000\,000}$

$= 0.2557$

$EPS = \frac{150\,000\,000 - 32000000}{250\,000\,000}$

$= 0.472$

$EPS = \frac{138250000 - 29800000}{220\,000\,000}$

$= 0.493$

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

$= 51.3\%$

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

$= 51.9\%$

ii) Earnings Yield

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

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

$= 14.5\%$

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

$= 19.3\%$

iii) Gearing ratio

$$= \frac{Debt}{Liquidity}$$

Night Fury $= \frac{26\,000\,000 + 6567000}{390\,275\,500}$

$= 0.23$

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

$= 0.18$

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

iv) Quick ratio

$$= \frac{CA - Inventory}{CL}$$

Night fury $= \frac{39400000 - 45600000}{65670\,000}$

$=$

Light fury $= \frac{45400\,000 - 50\,000\,000}{30\,650\,000}$

$=$

4v) ROCE

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

Night Fury $= \frac{150\ 000\ 000}{390\ 275\ 000}$

$= 0.3845 \simeq 0.38$

Light Fury $= \frac{138\ 250\ 000}{327\ 250\ 000}$

$= 0.4224 \simeq 0.4$