NAME

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MATRIC NO:

17/SMS02/020

COURSE CODE:

ACC 302

DATE

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Department:

Accounting Department

(b)

statement of financial position of Nunan Bank
for the ended 31st dec 2019

Asset

cash and bank balances	455,096,196
financial asset held for trading	15,652,356
Derivative financial asset	2,839,078
Investment securities	
Available for sale asset	453,099,685
Asset held to maturity	2,007,253
Asset pledge as collateral	58961,722
Loan and advance to banks	43,480
Loans and advances to customers	1,265,971,688
Restricted deposit	433,528,669
Investment in subsidiaries	46,207,004
property and equipment	84,979,798
Intangible asset	45,01,296
Deferred tax asset	
Total Asset	2,824,078,165

Liabilities

Deposit from bank	42360
Deposit from customers	1,697,560,947
financial liabilities for trad	2,647,469
Derivative financial liabilities	2,606,586
Other liabilities	203,019,404
Current income tax liabilities	24,009,770
Debt securities issued	92,131,923
other borrowed fund	210,671,384
Deferred Tax liabilities	12,814,766
	2245504619

Capital and reserve	123,471,114
Share premium	14,715890
Share capital	109,594,239
Retained earnings	

Statement of financial position Extract

Net profit before Interests		470,800
Interest Income		(17,200)
		488,000
Interest Payable		(18,800)
		469,200
Taxation	Current tax 84500	
	Deferred tax 960	(85,460)
		453,740

Question (4)

Night fury Limited and Niged fury Limited

(1)

Dividend pay Out ratio

$$\frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$$

Niged fury

Dividend per share

$\frac{\text{Gross dividend}}{\text{No of Ord shares}}$

$= \frac{60,500,000}{250,000,000}$

$= 0.2420$

Light fury

Dividend per share

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

$= 0.2256$

Earning per share

$\frac{\text{PAT - Prefrence dividend}}{\text{No of Ord shares issued}}$

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Question 1 (a)

Muasa Bank:

Statement of Profit or Loss or other Comprehensive Income for Muasa bank for the year ended 31st dec 2019.

		N
Interest Income		185,003,000
Interest Expenses		(58,000,000)
Net Interest Income		127,003,000
Loan Impairment charges		(2880,000)
Net Interest Income after loan Impairment charges.		124,123,000
fee and Comm Income	46,651,900	
fee and Comm exp	(1,800,000)	
Net fee and Comm Income	44,851,900	44,851,900
Net gain on financial Instrument		7690,000
Other Income		3980,000
		180,644,900
Net Impairment reversal	150,000	
Personnel Expenses	23100,000	
Gen and admin exp	22800,000	
operating lease exp	807,000	
other operating exp	27,273,000	
	74430000	(74,430,000)
Profit before Income and tax		106,214,900
Income tax Expense		(17,000,000)
Profit of the year		89,214,900

Statement of Comprehensive Income. for the year ended 31st dec 2019

Profit for the year	89,214,900
Net change in fair value	4089429
Foreign Currency translation	1039643

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from the above computation Nigert fury had a Quick ratio of 1:0 which is below the ideal to be accepted but Ligert fury had a ratio of 1:4 which is even more than the accepted ideal. Ligert fury ratio is better because they can be able to meet their current liability in the future

5)

ROCE

Return on capital employed

$$= \frac{\text{Profit before Interest and Tax}}{\text{Equity + Noncurrent liability}} \times 100$$

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

= 38.4

Ligert fury = $\frac{138,250,000}{327,250,000}$

= 42.2

from the above computation ligert fury had more higher return than Nigert fury with 42.2.

Note: A potential Investor should invest with Ligert fury because their liquidity ratio, Profitability ratio and Investor ratio is more than the ~~Nige~~ Nigert fury.

~~Nigert fury~~

~~The~~ bank is likely to grant loan to ligert fury because they are likely to repay the loan at the right time because of their good liquidity position.

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Other component of equity	380,795,88
capital and Reserve attributable to equity shareholders	578,576,976
Total liability and equity	2,824,081,395

Question (3)

a)
1) Originating Timing differences are timing differences that occour for the first Time
2) Reversing timing differences are timing differences which Reverse Originating timing differences from previous accounting periods

b). Current tax is the Amount of Income tax payable or recoverable by an entity in respect of its taxable profit or loss for the period
• Deferred Tax is an accounting measure rather than a tax levied by the government ; It represent tax payable or recoverable by an future accounting Periods

b)
i) It is Important because deferred tax liability can translate itself to an actual liability therefore resulting in larger liability in the future

ii) Ignoring defered tax can lead to reported profit being misinterpreted
iii) The matching of items recognised in an entity financial statement is consistent with

the requirement of IAS 1 Presentation of financial statement.

JAY TEE LIMITED.

Solution

Debenture Receivable

P or L	17,500	Bank	17,500

Debenture payable

Bank	19,800	P or L	19800

Current TAX a/c

Bank	35,000	bal b/d	65,500
		P or L a/c	34500
bal c/d	65,000		
	100,000		100,000

Deferred Tax a/c

		Bal b/d	15,800
bal c/d	16,760	P or L	960
	16760		16,760

Bank a/c

Deb Receivable	17,500	Deb payable	19800
		Current tax	35,000

Capital allowance	88700
Depreciation	(85500)
Timing difference	3200
Taxation 30%	960

from the above computation ligert fury has 105% price earing ratio meaning they have larger return on shareholder's investment

(3)

Gearing ratio

$= \dfrac{\text{Debt}}{\text{Debt + Equity}}$

Night fury

$= \dfrac{26{,}000{,}000}{390{,}275{,}500}$

$= 0.06$

$= 0.1$

Light fury

$= \dfrac{27{,}200{,}000}{327{,}280{,}000}$

$= 0.08$

$= 0.1$

Both ligert fury and Night fure are lowly geared ~~which means~~ because it is less than 0.5 which means they finance their business with their capital ~~rather from finan~~ and instead of finance from outsiders

(4)

Quick Ratio

$\dfrac{\text{Current asset} - \cancel{\text{total}}\ \text{Inventory}}{\text{Current liability}}$

Night fury $= \dfrac{84{,}900{,}000 - 45{,}500{,}000}{68{,}670{,}000}$

$= \cancel{0.5}\ 1.0$

Ligert fury $= \dfrac{95{,}400{,}000 - \cancel{30{,}680{,}000}\ 50{,}000{,}000}{30{,}680{,}000}$

$= 1.4$

Nigetfury
= PAT = 180,000,000 − 82,000,000
= 118,000,000

$$EPS = \frac{118,000,000 - 0}{250,000,000}$$

= 0.472

Ligetfury.
= PAT = 138,250,000 − 29,800,000

$$= \frac{109,450,000 - 0}{220,000,000}$$

= 0.498

Dividend payout Ratio C. Nigetfury

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

= 51%

Ligetfury

$$= \frac{0.2556}{0.493}$$

= 52%

from the above computation Nigetfury had a dividend payout ratio of 51% while ligetfury had 52% meaning Ligetfury has large portion of distributable earnings paid to share holders.

(e)

Earning yield

~~AAPS~~ $\frac{\text{Earnings per share}}{\text{market price per share}}$

= Nigetfury

$$= \frac{0.2422}{0.325} = 75\%$$

Ligetfury

$$= \frac{0.2556}{0.255} = 100$$

NULASA PLC

Statement of financial position as at 31st dec 2017.

Asset	₦
Cash and cash equivalent	6,437,463
financial asset	57,903,833
Trade receivable	123,843
Reinsurance asset	2,479,069
Deferred acquistion cost	264,84
other receivable payable	282,805
Deferred tax asset	1,707,077
Investment subsidiary	2308,690
Investment Property	1,115,000
Good will and other intangible asset	1,120,871
property and equipment	5,111,828
statutory deposit	530,000
	79385261
Liabilities	
Insurance Contract liab	55,379,977