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MATRIC NO: 17/SMB02/053

QUESTION ONE A. NUASA BANK

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE  
YEAR ENDED 31<sup>ST</sup> DECEMBER 2019

	₦	₦
Interest Income		18,500,000
Interest expense		(58,000,000)
Net interest income		<u>127,000,000</u>
Loan impairment charges		(2,880,000)
Net interest income after loan impairment charges		<u>124,123,000</u>
Fees and commission income		46,651,900
Fees and commission expense		(1,800,000)
Net fee and commission income		<u>168,974,900</u>
Net gains on financial assets held for trading	7,690,000	
Other income	<u>3,980,000</u>	11,670,000
Net impairment charges on financial assets	150,000	
Personnel expenses	23,700,000	
General and Administrative expenses	22,500,000	
Operating lease expenses	807,000	
Depreciation and amortization	12,115,000	
Other operating expenses	<u>27,273,000</u>	(86,545,000)
Profit before income tax		<u>94,099,900</u>
Income tax expense		(17,000,000)
Profit for the year		<u><u>77,099,900</u></u>

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NUASA BANK

Statement of ~~other~~ comprehensive income for the year ended 31<sup>st</sup>  
december, 2019

	#	#
Profit for the year		77,099,900
Other comprehensive income to be re-classified to profit or loss in subsequent years:		
Actuarial gain	655,769	
Income tax (25%)	<u>(163,942)</u>	491,827
Foreign currency translation difference 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>(1,020,107)</u>	<u>3,060,322</u>
Total comprehensive income for the year		<u><u>81,431,781</u></u>

QUESTION 16

## NUASA BANK

Statement of financial position of NUASA BANK for the year ended 31<sup>st</sup> december 2019

<u>ASSETS</u>	#	#
Cash and bank balance		455,296,196
Financial assets held for trading		16,652,356
Derivative financial assets		2,839,078
Available for sale assets		453,089,625
Assets held to maturity		2,007,253
Assets pledged as collateral		58,961,722
Loans and advances to banks		43,480
Loans and advances to customers		1,265,971,688
Restricted deposits and other assets		433,528,669
Investment in subsidiary		46,207,004
Property and equipment		84,919,798
Intangible Assets		4,501,296
Assets classified as held for sale		850,820
<b>Total assets</b>		<u><u>2,824,928,985</u></u>
 <u>LIABILITIES</u>		
Deposits from bank	42,360	
Deposits from customers	1,697,560,947	
Financial liabilities held for trading	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 funds	210,671,384	
Deferred tax liabilities	12,814,766	
	<u>2,245,504,609</u>	
Liabilities included in assets classified as held for sale	<u>847,600</u>	<u>2,246,352,209</u>
<b>Total Liabilities</b>		<u>2,246,352,209</u>

EQUITY

Share capital  
Share premium  
Retained earnings  
Other components of equity  
Total equity

₹

14,715,590  
123,471,114  
109,594,239  
330,795,833

₹

~~5185~~

518576,776  
2824,928,985

QUESTION 2 A. KUASA INSURANCE PLC

Statement of financial Position as at 31st December, 2017

<u>ASSETS</u>	#	#
Cash and cash equivalents		6,437,403
Financial assets		57,903,833
Trade receivables		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		<u>530,076</u>
		<u><u>79,385,266</u></u>

LIABILITIES

Finance lease obligation	49,854	
Insurance contract liabilities	55,379,977	
Investment contract liabilities	8,295,046	
Trade payables	1,547,548	
Other payables and accruals	2,432,087	
Current tax payable	518,443	
Deferred tax liability	263,422	
Derivative liabilities	319,274	
Borrowing	1,134,810	
Total liabilities	<u>69,940,491</u>	

EQUITY

Issued share capital	3,465,102
Share premium	2,824,389
Revaluation reserves	1,221,707

Available-for-sale reserve	(2,723,536)	
contingency reserve	3,482,076	
Retained earnings	1,026,516	
Exchange gains reserve	<u>148,521</u>	<u>9,444,775</u>
		<u>79,385,266</u>

QUESTION 2 b

NURSA INSURANCE/BANK

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31st December, 2017

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Gross premium written	32,449,376
Reinsurance expenses	(3,662,162)
Net premium income	<u>28,787,214</u>
Commission income:	
Insurance contract	744,069
Pension and other contracts	<u>1,355,846</u>
Net underwriting income	<u>30,887,129</u>
Claims expenses:	
Gross claim expenses	13,045,452
Claim expenses received from reinsurers	(2,377,750)
Net claim expenses	<u>10,667,702</u>
Underwriting expenses	4,415,428
Investment income	<u>26,471,701</u>
Net realised gains	5,717,056
Net fair value losses	7,630,227
Other operating income	(88,000)
Personnel expenses	(569,965)
Other operating expenses	(3,039,353)
Finance cost	(3,540,411)
Profit before income tax	<u>(87,121)</u>
Income tax	<u>(603,688)</u>
Profit for the year	<u>(3,305,507)</u>
Net loss on available-for-sale financial asset	148,521
Exchange Gains on available-for-sale financial asset	

### Question 3

- a. 1. Originating time differences are timing differences which occur for the first time. WHILE reversing timing differences are those timing differences which reverses the originating time difference from previous accounting periods
- ii. Current tax is the amount of tax payable or recoverable by an entity in respect of its taxable profit or loss for a period. WHILE Deferred tax is simply an accounting measure rather than a tax levied by the government. It represents tax payable or recoverable in future accounting period(s) in relation to transactions which have already taken place.
- b. It is important for companies to compute and account for deferred taxes to enable them know the taxes chargeable for various accounting periods

a.

JAYTEE LTD

Debenture Interest Receivable			
	#		#
P or L	17,500	Bank	16,625
		Withholding Tax	875
	<u>17,500</u>		<u>17,500</u>

Debenture Interest Payable			
	#		#
Bank	17,860	P or L	18,800
Withholding Tax	940		
	<u>18,800</u>		<u>18,800</u>



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Withholding Tax		Tax	
Debt Interest Receivable	₹ 875	Debt Interest Payable	₹ 940
Bank	65		
	<u>940</u>		<u>940</u>

Bank		Tax	
Debt Interest Receivable	₹ 16,625	Debt Interest Payable	₹ 17,860
		Withholding Tax	65
		Current tax	35,000

Current Tax		Tax	
Bank	₹ 35,000	Bal b/d	₹ 65,500
Bal c/d	65,000	P or L	34,500
	<u>100,000</u>		<u>100,000</u>

Deferred Tax		Tax	
P or L	₹ 16,760	Bal b/d	₹ 15,000
Bal b/d	16,760	P or L	960
Bal c/d	<u>16,760</u>		<u>16,760</u>

Statement

Working

Capital Allowance	₹ 38,700
Depreciation	(35,500)
Timing Difference	<u>3,200</u>
Deferred tax @ 30%	960

3G Statement of Profit or Loss / Income statement

	₹	₹
Net profit before tax		470,500
Interest income		17,500
Interest		(18,800)
		<hr/>
		469,200
Taxation: Current tax	34,500	
Deferred tax	960	35,460
	<hr/>	<hr/>
		504,660
		<hr/> <hr/>

QUESTION 4

ALIGHT FURY

LIGHT FURY

$$1. DPA = \frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$$

$$\frac{0.282}{0.432} \times 100 = 65\%$$

$$\frac{0.281}{0.468} \times 100 = 64\%$$

$$11. \text{Earnings yield} = \frac{EPS}{MPS} \times 100$$

$$\frac{0.472}{0.325} \times 100 = 1.33 \text{ times}$$

$$\frac{0.468}{0.255} \times 100 = 1.7 \text{ times}$$

$$111. \text{Gearing ratio} = \frac{\text{Debt}}{\text{Total Capital}}$$

$$\frac{26000000}{390275500} = 0.07$$

$$\frac{27200000}{327250000} = 0.08$$

$$110. \text{Quick ratio} = \frac{\text{Current assets} - \text{Inventory}}{\text{Current liabilities}}$$

$$\frac{84900000 - 45500000}{65670000} = 0.6:1$$

$$\frac{95400000 - 50000000}{30650000} = 1.5:1$$

$$11. ROCE = \frac{PBIT}{\text{Capital Employed}}$$

$$\frac{150000000}{390275500} = 0.4$$

$$\frac{138250000}{327250000} = 0.4$$

INTERPRETATION

1. D

Workings

NIGHT FURY

$$1. \text{DPS} = \frac{\text{Gross Dividend}}{\text{No of ordinary shares}}$$

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

$$\text{DPS} = 0.2822$$

$$11. \text{EPS} = \frac{\text{PAT} - \text{Pref. Dividend}}{\text{No of ordinary shares}}$$

$$= \frac{118,000,000 - 10,000,000}{250,000,000}$$

$$= 0.432$$

LIGHT FURY

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

$$= 0.281$$

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

$$= 0.468$$