NAME:- Ibrahim Mubaraq Baranhwa
DEPARTMENT:- Accounting
MATRIC NO:- 17/SMS02/018

Question 1A NUASA BANK

Statement of ~~Financial~~ Profit or Loss and Other Comprehensive Income for The Year Ended 31st December 2019

	₦	₦
Interest Income		185,003,000
Less: Interest Expense		(58,000,000)
Net Interest Income		127,003,000
Less: Loan Impairment Charges		(2,880,000)
		124,123,000
Fee and Commission Income		46,651,900
Less: Fee and Commission Expense		(1,800,000)
		168,974,900
Net gains on financial Instrument held for trading		7,690,000
Other Income		3,980,000
		180,644,900
Net Impairment Charges on Financial Assets		(150,000)
Personnel Expenses		(23,709,000)
General and Administrative Expenses		(22,800,000)
Operating Lease Expenses		(802,000)
Depreciation and Amortization		(12,115,000)
Other Operating Expenses		(22,273,000)
Profit Before Tax		94,099,900
Less: Income Tax Expense		(17,000,000)
Profit For The Year		77,099,900

Pro–

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NUASA BANK

Statement Of Comprehensive Income for The Year Ended 31/12/2019

	₦	₦
Profit For The Year		77,099,900
Profit For The Year		
Other Comprehensive Income Not to be Classified		
Actual Gain		655,769
Income Tax on Actuarial Gain		(163,942)
Foreign Currency Translation Differences		1,039,643
Income Tax on Foreign Currency		(259,911)
~~Income Tax on Net Change~~ in Fair Value of available for sale financial assets		4,080,429
~~Net~~ Income Tax on Fair Value		(1,020,107)
		81,431,781

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3.

NUASA PLC

Statement of Financial Position as at 31/12/2019

	₦	₦
EQUITY & LIABILITIES		
EQUITY		
Retained Earnings		109,594,239
Other Components of Equity		330,795,833
Share Capital		14,715,590
Share Premium		123,471,114
Profit For The Year		
~~Non~~		
Non-Current Liabilities		
Loans & Advances to Banks	43,480	
" " to Customers	1,265,971,688	1,2660,151,168
Current Liabilities		
Current Income Tax Liabilities	24,009,770	
Debt Securities issued	92,131,923	
Financial liabilities held for trading	2,647,469	
Derivative financial liabilities	2,606,586	
Other liabilities	203,019,404	
Other borrowed funds	210,671,384	
Deferred Tax liabilities	12,814,766	
Liabilities included in assets classified as held for sale	847,600	

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NUASA Bank

Statement of Financial Position as at 31st December, 2019.

	₦	₦
Assets:		
Non-Current Assets		
Property & Equipments		84,929,298
Investment in Subsidiaries		46,203,004
Current Assets		
Cash & Bank Balances		455,296,196
Financial Assets		16,652,358
Derivative Financial Assets		2,839,078
Available for Sale assets		453,089,625
Assets held to maturity		2,002,253
Restricted Deposits and other assets		433,528,669
Intangible Assets		4,501,~~269~~296
Assets Classified held for sale		850,820
Deposits from banks		42,360
Deposits from customers		(,697,560,947)
Assets pledged as collateral		
		58,961,722

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N Question 2 A

NUASA INSURANCE PLC

Statement of Financial Position as at 31st December, 2017

	₦	₦
Asset		
Cash & Cash Equivalents		6,437,403
Financial Assets		57,903,833
Trade Receivable		123,848
Reinsurance assets		2,479,069
Other Receivables & Prepayments		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 Deposit		530,000
Deferred Acquisition Cost		264,824
		79,385,248

Equ

Equity & liabilities	
Retained Earnings	1,026,516
Contingency Reserve	3,482,076
Share Premium	2,824,389
Issued Share Capital	3,465,102
Exchange Gains Reserve	148,521
Available for Sales reserve	(2,723,536)
Revaluation reserves	1,221,707
	9,444,775

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Question 2A (Cont'd)

NUASA INSURANCE PLC

Statement of Financial Position as at 31/12/19

~~Non Current~~ Liabilities	₦	₦
Financial Lease Obligation	49,854	
Borrowing	1,138,840	
Derivative liabilities	319,274	
Insurance Contract liabilities	~~553~~ 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	69,944,491
		79,389,266

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Question 3

(3A) i

Originating Timing Difference	Reversing Timing Difference
This refers to the timing difference that occurs for the first time	This refers to the timing difference that occurs in subsequent accounting periods.

(ii)

Current Tax	Deferred Tax
This refers to the amount of income tax payable or recoverable by an entity in respect to its amount of its taxable profit or loss for a period.	This is an accounting measure rather than tax levied by government. It represents tax payable or recoverable in future accounting periods in relation to transactions which have already taken place.

Question 3B

It is important for companies to compute and account for deferred taxes because

(i) A deferred tax liability will ultimately translate itself into an actual liability. For example, resulting in a larger tax liability in future periods.

(ii) The matching of items required in an entity's financial statement is consistent with the requirements of IAS 1 presentation of financial statements and the preparation of a entity's financial statement

(iii) Ignoring deferred tax may lead to the reported profit in a period being mis-interpreted.

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Question 3C

~~2i~~

JAYTEE Ltd

Debenture Receivable a/c

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

Debenture Interest

	₦		₦
Bank	17,960	P or L	18,800
WHT	840		
	18,800		18,800

Withholding Tax a/c

	₦		₦
Debenture rec	875	Debenture	840
Bank		Bank	35
	875		875

Bank a/c

	₦		₦
Debenture rec	16,625	Debenture Interest	17,960
		Current tax	35,000

Current Tax

	₦		₦
Bank	35,000	Bal b/d	65,500
Bal c/d	65,000	P or L	34,500
	100,000		100,000

Deferred Tax a/c

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

Statement of Profit or loss

	₦
Net Profit	470,500
Interest income	17,500
Interest Paid	(18,800)
	469,200
Capital allowance	38,700
Depreciation	(35,500)
Timing Difference	3,200

Deferred Tax = 30% x 3200 = 960

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

$\frac{26,000,000}{390,275,500} = 0.067 = 0.07$

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

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

$= 0.6 : 1$

(v) ROCE = $\frac{\text{PBIT}}{\text{Capital Employed}}$

$\frac{150,000,000}{390,275,500} = 0.4$

Interpretation

DPR ÷ They give more percentage of dividend than light fury

Light Fury

(iii) $\frac{\text{Debt}}{\text{Capital}} = \frac{27,200,000}{327,250,000}$

$= 0.08$

(iv) ~~Current Assets~~ = 2

(iv) Quick Ratio = $\frac{\text{Current Assets} - \text{Inv}}{\text{Current liability}}$

$= \frac{95,400,000 - 50,100,000}{30,650,000}$

$= 1.5 : 1$

(v) ROCE = $\frac{\text{PBIT}}{\text{Capital Employed}}$

$= \frac{138,250,000}{327,250,000} = 0.4$

They give lesser percentage to ~~share holder~~ shareholders ~~than Ni~~ compared to Night Fury.

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(4i) Night Fury

$$\text{Dividend Payout} = \frac{\text{Dividend Per Share}}{\text{Earnings Per Share}}$$

$$DPS = \frac{\text{Gross Dividend}}{\text{No of Ordinary Shares}}$$

$$EPS = \frac{\text{PAT} - \text{Preference Dividend}}{\text{No of Ordinary Shares}}$$

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

$= 0.282$

~~EPS = 150,000~~

$$EPS = \frac{150,000,000 - 34,000000}{250,000,000}$$

$= 0.432$

$$DPR = \frac{0.282}{0.432} \times \frac{100}{1}$$

$= 65.3\%$

$$\text{Earnings Yield} = \frac{EPS}{MPS} = \frac{\text{Earnings Per Share}}{\text{Market Per Share}}$$

$$\frac{0.432}{0.325} = 1.33 \text{ times}$$

Light Fury

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

$= 0.281$

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

$= 0.468$

$$DPR = \frac{0.281}{0.468} \times 100$$

$= 64\%$

(ii) Earnings Yield $= \frac{EPS}{MPS}$

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

Mubarak Bolarinwa

Light Fury

... 56,250,000

Ibrahim Mubarak Bolarinwa

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Question 4 (Cont'd)

Night Fury	Light Fury
(Ai) Earnings Yield:- Their potential returns is more than light fury	Their potential returns is lesser than Night Fury
(ii) Gearing Ratio:- They use less of their debt to finance	They use more of their debt to finance.
(iii) ~~ROCE~~ Quick Ratio:- ~~They may~~ can hardly cover up	
(iii) Quick Ratio They may not be able to cover up their liabilities	Quick Ratio:- They can easily cover up their liabilities
(iv) ROCE:- They are more efficient than profitable	They are also more efficient than profitable

(Bi): Bank should grant ~~than loan~~ loan to light fury because they can easily offset their liabilities

(ii) Investors should invest in Night Fury because it is more viable.