4. Night Fury

Dividend Payout Ratio = $\frac{\text{Dividend Per share}}{\text{earnings Per share}}$

DPs = $\frac{\text{Gross dividend}}{\text{No of ordinary shares}}$

EPS = $\frac{\text{PAT} - \text{Pref dividend}}{\text{No of ordinary shares}}$

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

= 0.2822

EPS = $\frac{\overset{(150-32)}{118,000,000} - 10,000,000}{250,000,000}$

= 0.432

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

= 65.3%

Earnings Yield

= $\frac{\text{EPS}}{\text{MPS}}$ = $\frac{\text{Earnings Per share}}{\text{market Per share}}$

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

Light Fury

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

= 0.281

EPS = $\frac{\overset{(135,250-26,800)}{108,450,000} - 5,505,000}{220,000,000}$

= 0.468

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

= 64%

ii - Earnings Yield = $\frac{\text{EPS}}{\text{MPS}}$

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

Originating and Reversing timing Differences

Originating timing difference: These are timing differences that occur for the first time.

Reversing timing difference: These are timing differences that reverse the originating timing differences from the previous periods.

Current tax and deferred tax

Current tax: This is the amount of tax payable by an entity from its taxable profit or loss in a period.

deferred tax: This represents the tax payable in future periods in relations to transactions that have taken place.

~~why is~~ Deferred tax will translate to actual liability in future periods.

Ignoring deferred tax will lead to the reported profit in a period to be misinterpreted.

JAYTEE Ltd

Debenture Receivable

	₦		₦
P or L	17,300	bank	16,625
		WHT	875
	17500		17500

Debenture interest

	₦		₦
Bank	17,860	P or L	18,800
WHT	940		
	18,800		18,000

withholding Tax

	₦		₦
debenture Rec	875	debenture int	~~900~~ 940
bank	65	~~bank~~	
	940		940

bank

	₦		₦
debenture Rec	16625	Debenture int	17,860
		Current tax	3,500

Current tax

	₹		₹
bank	35,000	bal b/d	65,500
bal c/d	65,000	P o. L	34,500
	100,000		100,000

Deferred tax

	₹		₹
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	3200

Deferred tax 30% × 3200 = 960

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

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

Light Fury

iii) $\frac{\text{Debt}}{\text{Capital}} = \frac{27,20[illegible]}{33[illegible]}$

$= 0.$[illegible]

4 continuation

Interpretation:

	Night Fury	Light Fury
ii	Earnings Yield: Their potential returns is more than Light Fury	Their potential returns is less
iii	Gearing ratio: They use less of their debt to finance	They use more of their debt to finance
iv	Quick Ratio: They ~~cannot~~ can ~~do~~ hardly cover up their liabilities	They can cover up their liabilities
v	ROCE: They are more efficient than profitable	They are also more efficient than profitable

b i) Investors should invest in Night Fury because it is more viable

ii) Bank should grant loan to ~~Night~~ Light fury because they can easily offset their liabilities

Lightfury

iii Gearing ratio = $\frac{\text{Debt}}{\text{Total capital}}$

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

$= 0.07$

iv Quick Ratio

$= \frac{\text{Current Assets} - \text{inventory}}{\text{Current liability}}$

$\frac{84,900,000 - 45,500,000}{65,070,000}$

$= 0.6 : 1$

V ROCE = $\frac{\text{PBIT}}{\text{Capital employed}}$

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

Interpretation

1 - DPR = They give more percentage of dividend than ~~to~~ Lightfury

Lightfury

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

$= 0.08$

$\frac{\text{Current Assets} - \text{inventory}}{\text{Current liability}}$

$\frac{95,400,000 - 50,200,000}{30,650,000}$

$= 1.5 : 1$

$\frac{\text{PBIT}}{\text{Capital employed}}$

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

They give lesser percentage to shareholders than Nightfury

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Finance lease	49854
Derivative liabilities	319,274
	69,940,491

Equity

Issued share capital	3468,107
Share premium	2,834,389
Revaluation Reserve	1,224,787
Available reserve	(2,723,536)
ex. mong gain reserve	148,521
contigency reserve	3,482,076
Retained earnings	1,026,516
	79,385,266

Scanned with CamScanner

Other comprehensive income

	₦	₦
Profit for the Year		77,094,000
Actuarial gain		655,758
foreign currencies differences in foreign operations		1,039,643
Net change in fair value		4,080,409
		82,874,891

6 NUASA BANK

Statement of financial position as at 31st December 2019

	₦	₦
Assets		
Cash and bank balances		455,246,196
financial assets		16,652,346
Available sales Assets		453,059,625
Assets held to Maturity		2,007,357
Derivative financial assets		2,839,075
Assets for sale		850,520
investment in subsidiaries		46,307,009

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NAME IFICHU MICHAEL

MATRIC NO 17/SMS02/C74

COURSE ACC 302

TEST (ONLINE)

Question 1

a

NUASA Bank

Statement of Profit or Loss and other comprehensive income for the year ended 31st December 2018

	₦	₦
Interest Income		185,003,000
Interest Expense		(58,000,000)
Net interest income		127,003,000
loan impairment charges		(2,880,000)
		124,128,000
fees and commission income		46,651,900
fees and commission expense		(1,809,000)
		168,979,000
Net gains on financial instrument/items		7,690,000
Other income		3,485,000
		180,044,000
Net impairment charge on financial assets		(198,000)
Personnel expenses		(23,900,000)
General and Administrative expenses		(23,500,000)
Operating lease expense		(527,000)
Profit before tax		94,099,900
Income tax expense		(17,000,000)
profit for the year		77,049,900

2

MUASA Insurance PLC

Statement of financial Position as at 31st Dec 2017

	₦
Cash and cash equivalent	6,437,403
financial asset	57,903,833
Trade receivable	123,848
Re insurance Asset	2,429,069
Deferred acquisition cost	2,641,842
other Receivables and Prepayment	282,805
Deferred Tax asset	1,707,077
Investment in subsidiaries	2308,690
investment property	1,115,000
Goodwill and other intangible assets	1,120,871
property and equipment	5,111,828
Statutory deposit	530,000
Total Asset	79385,266

Liabilities

Insurance contract	55,379,977
Investment contract	8,295,046
Trade payable	1,547,548
Other payable & Accruals	2,432,081
Current tax payable	518443
Deferred tax liability	263422
Borrowing	1,134,840