

AIGBOGUN EFE MARLENE

ACC 302

17/8MS02/005

QUESTION 1

NUASA BANK

A STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31st December, 2019.

	₦
Interest Income	185,008,000
Interest Expense	<u>58,000,000</u>
Net Interest Income	127,008,000
Loan Impairment Charges	<u>(2,880,000)</u>
Net Interest Income after impairment Charges	124,128,000
Fees and Commission Income	46,651,900
Fees and Commission Expense	<u>(1,800,000)</u>
	168,979,900
Net gains on Financial Instruments	7,690,000
Other Income	<u>3,980,000</u>
	180,649,900
Net impairment Charges	<u>(150,000)</u>
Personal Expenses	<u>(23,700,000)</u>
General & Admin Expenses	<u>(22,500,000)</u>
Operating Lease Expense	<u>(807,000)</u>
Depreciation & Amortization	<u>(12,115,000)</u>
Other Operating Expenses	<u>(27,273,000)</u>
Profit Before tax	94,099,900
Income tax Expenses	<u>(17,000,000)</u>
Profit for the year	<u><u>77,099,900</u></u>

NUASA BANK

Statement of Other Comprehensive Income for the year Ended
31st December, 2019:

Profit for the year	*	77,099,900
Other Comprehensive Income to be re-classified to P/L in Subsequent years;		
Actual Gain	655,769	
Income tax of 25%	<u>(63,942)</u>	491,827
Foreign Currency translation Differences for foreign Operations	1,039,643	
Income tax of 25%	<u>(259,911)</u>	779,732
Net Change in Fair Value available for Sale Financial Assets	4,080,429	
Income tax of 25%	(1,020,107)	<u>3,060,322</u>
Total Comprehensive Income for the year		<u>81,431,781</u>

QUESTION 1.

B.

NUASA BANK

STATEMENT OF FINANCIAL POSITION OF NUASA BANK
FOR THE YEAR ENDED 31ST DECEMBER, 2019.

<u>ASSETS.</u>	₦.	₦
Cash and Bank Balances.		455,296,196
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
Restricted deposits and Other Assets		433,528,669
Investment in Subsidiaries		46,207,004
Property and Equipment		84,979,798
Intangible Assets		4,501,296
Financial Assets held for trading		16,652,356
Assets Classified as held for Sale		850,820

TOTAL ASSETS.

EQUITY AND LIABILITIES.

EQUITY & RESERVES:

Retained Earnings.	109,594,239
Other Components of Equity	330,795,833
Share Capital	14,715,590
Share premium	<u>123,471,114</u>

LIABILITIES:

Current Income tax Liabilities	24,009,770
Debt Securities Issued	92,181,923
Financial Liabilities held for trading	2,647,469
Loans and advances to Banks	43,480
Loans and advances to Customers	1,265,971,638
Derivative Financial Liabilities	2,606,568
Other Liabilities	203,019,404

Question 1B

Question 1B continued...

Other Borrowed Funds	210,671,384	
Deposits from Customers	1,697,560,947	
Deposits from Banks	42,860	
Deferred Tax Liabilities	12,814,766	
Liabilities Included in Assets classified as held for sale	<u>847,600</u>	<u>_____</u> <u>=====</u>

QUESTION 2

NUASA INSURANCE PLC.

A. STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2017.

ASSETS:

	#	#
Cash & Cash Equivalents		6,487,403
Financial Assets		57,903,833
Trade Receivable		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		530,000
		<u>79,385,266</u>

~~LIABILITIES~~
EQUITY AND LIABILITIES.

EQUITY:

Issued Share Capital	3,465,102	
Share Premium	7,824,389	
Revaluation Reserves	1,221,707	
Available-for-Sale Reserves	(2,723,536)	
Exchange Gains Reserve	148,521	
Contingency Reserve	3,482,076	
Retained Earnings	<u>1,026,516</u>	9,444,775

QUESTION 2

LIABILITIES:

	*	*
Finance Lease Obligations	49,884	
Borrowing	1,134,840	
Derivative Liabilities	319,274	
Insurance Contract Liabilities	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	<u>2,432,087</u>	<u>69,940,491</u>
		<u><u>79,385,266</u></u>

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Question 3.

a.	<u>Originating Timing Differences</u>	<u>Reversing Timing Differences</u>
	Type of Timing Differences that occur for the first time	Reverse the Originating timing differences from the previous Accounting Records

b.	<u>Current tax</u>	<u>Deferred Tax</u>
	Amount of tax payable in respect of its taxable profit/loss for a period	It is an accounting measure. Tax payable is in relation to transactions which have already taken place.

b. It is important for companies to ~~recognize~~ compute and account for deferred taxes because the tax liability would eventually transform into an actual liability which may result in a larger tax liability in the future and failure to compute or account for this tax liability may result to misinterpretation of reported profits.

It is also required in IASB (Presentation of FS) in preparation of financial statements.

c. JAYTEE LTD.

<u>Debtore Receivable.</u>		<u>Debtore Interest</u>	
	₱		₱
P/L	17,800	Bank	17860
		W.H.T	875
	<u>17800</u>		<u>18000</u>

<u>Withholding tax</u>		<u>Bank</u>	
	₱		₱
Debtore Rec.	875	Debtore Int.	940
Bank	65		
	<u>940</u>		<u>940</u>

<u>Bank</u>	
	₱
Debtore Rec.	16625
Debt Int.	17850
Current tax	35000

QUESTION 3

Current tax			
	₹		₹
Bank	35,000	Bal b/d	65,500
Bal b/d	65,000	P/L	34,500
	<u>1,00,000</u>		<u>1,00,000</u>

Deferred Tax			
	₹		₹
Bal b/d	16,760	Bal b/d	15,800
	<u>16,760</u>	P/L	960
			<u>16,760</u>

STATEMENT OF PROFIT OR LOSS

	₹
Net Profit	470,500
Interest Income	17,500
Interest paid	(18,800)
	<u>469,200</u>
Capital Allowance	38,700
Depreciation	(35,500)
Timing Difference	<u>3,200</u>

Deferred tax $30\% \times 3200 = 960$

QUESTION 4

~~NIGHT FURY LTD AND LIGHT FURY NIG.~~

NIGHT FURY NIG, LTD. AND LIGHT FURY NIG. LTD.

A Computation and Interpretation of Accounting Rates.

i. Dividend Pay-Out Ratio

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

NIGHT FURY

$$\begin{aligned} \text{DPS} &= \frac{60,550,000}{250,000,000} \\ &= 0.24 \end{aligned}$$

$$\begin{aligned} \text{EPS} &= \frac{154,000,000 - 32,000,000}{250,000,000} \\ &= 0.47 \end{aligned}$$

$$\begin{aligned} \text{DPR} &= \frac{0.24}{0.47} \times 100 \\ &= 51.06\% \end{aligned}$$

ii. Earnings Yield = $\frac{\text{EPS}}{\text{MPS}} \times 100$

For Night Fury

$$\begin{aligned} &\frac{0.472}{3.25} \times 100 \\ &= 14.5\% \end{aligned}$$

LIGHT FURY

$$\begin{aligned} \text{DPS} &= \frac{56,250,000}{220,000,000} \\ &= 0.26 \end{aligned}$$

$$\begin{aligned} \text{EPS} &= \frac{138,250,000 - 29,800,000}{220,000,000} \\ &= 0.49 \end{aligned}$$

$$\begin{aligned} \text{DPR} &= \frac{0.26}{0.49} \times 100 \\ &= 53.06\% \end{aligned}$$

For Light Fury

$$\begin{aligned} &\frac{0.493}{2.55} \times 100 \\ &= 19.3\% \end{aligned}$$

iii. Gearing Ratio = $\frac{\text{Debt}}{\text{Equity}}$

QUESTION 4 continued.

For Night Fury

$$= \frac{26000000 + 65,670,000}{390,275,500}$$

$$= \frac{91,670,000}{390,275,500}$$

$$GR = 0.23$$

For Light Fury

$$= \frac{27200000 + 30,650,000}{327,250,000}$$

$$= \frac{57850000}{327,250,000}$$

$$GR = 0.18$$

Both Night & Light Fury are lowly geared meaning that they have more equity Capital than debts to be paid. However Night Fury is less geared.

iv. Quick Ratio = $\frac{\text{Current Assets} - \text{Inventory}}{\text{Current Liabilities}}$

For Night Fury

$$= \frac{39400000 - 45500000}{65,670,000}$$

=

For Light Fury

$$\frac{45400000 - 50000000}{30650000}$$

=

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

NF

$$= \frac{15000000}{390,275,000}$$

$$= 0.38$$

LF

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

$$= 0.42$$