

T DUNDUN UKUEMI ORITSEMORE
19/5/2021

Solution to Question 1 (A)

NUASA BANK
Statement of Profit or Loss and Other Comprehensive Income for the
Year ended 31st December
2019.

	₦
Interest Income	185,003,000
Interest Expense	(58,000,000)
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Loan Impairment charges	127,003,000
	(2,880,000)
	<hr/>
Fee & Commission Income	124,123,000
Fee & Commission Expense	46,651,000
	(1,800,000)
	<hr/>
Net gains on financial Instruments	168,974,900
Other Income	7,690,000
	3,980,000
	<hr/>
Net impairment charges	180,644,900
Personal Expenses	(150,000)
General & Admin Expenses	(23,700,000)
Depreciation & Amortization	(22,500,000)
Operating lease expense	(12,115,000)
Other operating expense	(807,000)
	(27,115,000)
	<hr/>
	94,009,900
Income tax expenses	(17,000,000)
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	<u>77,009,900</u>

Statement Of Other Comprehensive Income for the
Year ended 31st December
2019

	A	R
Profit for the year		77,099,900
Other Comprehensive Income to be re-classified		
Actual gain	655,769	
Income tax (25%)	<u>(163,942)</u>	491,827
Foreign translation differences for foreign operations	1,039,643	
Income Tax (25%)	<u>(259,111)</u>	779,732
Net fair value av. for sale - total financial assets	4,080,429	
Income Tax (25%)	(1,020,107)	<u>3,060,322</u>
Total comprehensive income for the year		<u><u>81,431,781</u></u>

Solution to Question 1B

NUASA BANK

Statement Of Financial Position for The Year Ended
31st December, 2019

	A	B
Cash & Bank balances	455,296,196	
Derivative financial Assets	2,839,048	
Assets available for sale	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	
Investments in subsidiaries	46,207,004	
Property and equipment	84,979,798	
Intangible Asset	450,296	
Financial asset held for trading	16,652,356	
Asset classified as held for sale	850,820	
LIABILITIES		
Current income tax liabilities	24,009,770	
Debt Securities Issued	92,131,923	
Financial liabilities held for trading	2,647,467	
Loans & advances to banks	43,480	
Loans & advances to customers	1,263,971,684	
derivative financial liabilities	2,606,586	
Other liabilities	203,019,404	
Other borrowed funds	210,641,384	
Deposits for customers	1,692,560,942	
Deposits from banks	42,360	

Deferred tax liabilities
liabilities included in assets
classified as held for sale

At

At

12,819,766
847,600

EQUITY AND RESERVES

Retained earnings

Other components of equity

Share capital

Share premium

109,594,239

330,495,833

14,715,590

123,276,114

Statement of Financial Position As At 31st December 2017

Assets	A	R
Cash and cash equivalents		6,437,403
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		1,709,077
Investments in Subsidiaries		2,308,690
Investment in property		1,115,000
Goodwill including other intangible assets		1,120,871
Property & equipments		5,111,828
Statutory deposit		530,000
LIABILITIES		<u>79,885,266</u>
Borrowing	1,134,840	
Finance lease obligation	49,854	
Derivative liabilities	319,274	
Insurance contract liabilities	55,379,977	
Investment contract liabilities	8,295,046	
Current tax payable	518,443	
Trade payables	263,422	
Other payables & accruals	1,547,548	
	<u>2,432,087</u>	
		69,940,491
EQUITY		
Issued share capital		3,465,102
Share premium		2,824,389
Revaluation reserves		1,221,702

Exchange gain reserve
 Contingency funds reserves
 Retained Earnings
 Reserve available for re-sale

A
 148,521
 3,482,076
 1,026,516
 (2,723,536)

 79,835,266

Solution to 2B

NUSA INSURANCE PLC
 STATEMENT OF PROFIT OR LOSS AS AT 31st December
 2019

Gross premium written	*	A
Re-insurance expense		22,499,376
Commission income: Insurance contract		(3,607,162)
Person and other contract		28,787,214
Net underwriting income		744,069
Gross claim expenses:		1,355,846
claim expenses recovered from resources		30,887,129
Net claim expenses		13,645,452
Underwriting expenses		(2,372,750)
Underwriting profit		10,667,702
Net realized Investment Income		4,415,428
Net realized gains		26,471,701
Net fair value losses		5717,056
Other operating income		\$ 630,222
Personnel expense		(88,000)
Other operating expenses		569,965
Finance cost		3,039,353
		3,540,441
		87,121
		<u>20,496,133</u>

QUESTION 3

3A

COMPARISON (Originating time difference & Reversing time difference)

<u>Originating time difference</u>	<u>Reversing time difference</u>
This timing difference occurs for the first time in an accounting situation	This timing difference reverse originating timing difference from previous accounting periods

< Current tax (Deferred Tax) >

<u>Current tax</u>	<u>Deferred tax</u>
This can be seen as the amount of income tax payable or recovered by an entity/company due to its taxable profit or loss for the accounting period	This is the amount rather than the tax imposed by the government. It is taxable or recoverable in the future accounting periods in relation to transactions that took place

(3B)

It is necessary for companies to compute and account for deferred tax because paying in advance to create deferred tax assets can assist the entity to gain a decrease in their payable tax liability for future purposes.

According to IAS 12 (Income taxes), deferred tax usually results in liability being recognised within the statement of financial position.

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Jay Tee Limited

Debtore Interest Receivable

	₹		₹
Profit or Loss	17,500	Bank	16,625
		withholding Tax	875
	17,500		17,500

Debtore Interest

	₹		₹
Bank	17,860	Por L	18,800
WHTT	940		
	18,800		18,800

Withholding Tax

	₹		₹
debtore rev	875	Debtore	940
Bank	65		
	940		940

Bank

	₹		₹
deb. rev	16,625	debtore intn	17,860
		current tax	35,000

Current Tax

	₹		₹
Bank	35,000	Bal b/d	65,500
Bal c/d	65,000	Por L	34,500
	100,000		100,000

Deffered Tax

	₹		₹
Bal c/d	16,760	Bal b/d	15,000
	16,760		16,760

Statement of Profit or Loss

	₹	
Net Profit	470,500	
Income interest	17,500	
Interest paid	(18,500)	* among difference
Capital allowance	469,200	
Depreciation	85,700	
	(35,500)	3200

QUESTION 4

Night Fury Nigeria Limited And Light Fury Nigeria Limited

4a Computation and Interpretation of Accounting Ratios

c) Dividend pay-out ratio

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

for Night Fury

$$\text{DPS} = \frac{60,550,000}{250,000,000} = 0.2422$$

$$\text{EPS} = \frac{150,000,000 - 32,000,000}{250,000,000}$$

$$= \frac{118,000,000}{250,000,000} = 0.472$$

$$\therefore \text{DPR} = \frac{0.2422}{0.472} \times 100 = 51.3\%$$

for Light Fury

$$\text{DPS} = \frac{56,250,000}{220,000,000} = 0.2557$$

$$\text{EPS} = \frac{138,255,000 - 29,800,000}{220,000,000}$$

$$= \frac{108,450,000}{220,000,000} = 0.493$$

$$\text{DPR} = \frac{0.2557}{0.493} \times 100$$