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MATRICO: 16/SMS02/049

COURSE CODE: ACC

TEST

1a.

NUASA BANK

STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DEC 2019

Interest income	185,003,000
Interest expenses	(58,000,000)
Net interest income	127,003,000
impairment charges	(2,880,000)
Fee & Commission income	124,123,000
Fee & Commission expenses	46,651,900
Net gains on financial instrument	(1,800,000)
Other income	168,974,900
Net impairment charges	7,690,000
Personal expenses	3,980,000
General & admin expenses	180,644,900
operating lease expense	(150,000)
Depreciation & Amortization	(23,700,000)
Other operating expenses	(22,500,000)
profit before tax	(807,000)
income tax expenses	(12,115,000)
profit for the year	(27,273,000)
	94,099,900
	(17,000,000)
	77,099,900

NUASA BANK  
 STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED  
31ST DECEMBER 2019

Profit for the year	K	K
		77,099,900
Other comprehensive income to be reclassified to P/L in subsequent years;		
Actuarial gain	655,769	
Income Tax (25%)	<u>(163,942)</u>	491,827
Foreign Currency translation Differences for foreign operations	1,039,643	
Income Tax (25%)	<u>(259,911)</u>	799,732
Net change in Fair value	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>

## NHATA INSURANCE PLC

## STATEMENT OF FINANCIAL POSITION AS AT 31ST DEC 2017

Assets

Cash and cash equivalents	6,437,423
Financial assets	57,903,833
Trade receivable	123,848
Reinsurance assets	2,479,069
Deferred acquisition cost	264,842
Other receivables and prepayment	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
	79,385,266

Liabilities

Finance lease obligation	49,854
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
... - contract accounts	2,432,087
	69,940,491

Equity

~~5,405,102~~  
3,469,102

Issued share capital

2,824,389

Share premium

1,221,707

Revaluation reserves

(2,723,536)

Available for sale reserve

148,521

Exchange gains reserve

3,482,076

Contingency reserve

1,026,516

Retained earnings

9,444,775  
79,388,266

26. ALUATA INSURANCE PLC

STATEMENT OF PROFIT OR LOSS

Gross premium written	R
Reinsurance expenses	32,449,396
Net premium income	(3,662,162)
	<hr/>
	28,787,214
Commission income:	
Insurance Contract	744,069
Pension and other Contract	1,355,846
Net underwriting income	<hr/>
	30,887,129
Claims expenses:	
Gross claim expenses	13,045,452
Claim expenses recovered from re-insurers	(2,377,250)
Net claim expenses	<hr/>
	10,667,702
Underwriting expenses	4,415,428
Underwriting profit	<hr/>
	26,471,701
Investment income	5,717,056
Net realized gains	7,630,227
Net fair value losses	(58,000)
Other operating income	569,965
Personnel expenses	3,039,353
Other operating expenses	3,520,417
Finance cost	87,121
	<hr/>
	20,496,133
	<hr/>

## Comparison:

<u>Originating time difference</u>	<u>Reversing time difference</u>
This is the type of timing difference that occurs for the first time in a situation	This is a type of timing difference that reverse/change the originating timing differences from previous accounting periods (years)
<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 the tax payable or recoverable in the future accounting periods in relation to transactions that take place

- 6 It is important for companies to compute and account for deferred tax because paying in advance to create deferred tax assets can aid a business/company looking to decrease their tax liability in the future period. Deferred tax is accounted for in accordance with IAS 12, Income taxes deferred tax normally result in a liability being recognized within the statement of financial position.

JAYTEE LTD

Debenture interest receivable

PorL	17,500	Bank	16,625
		WHT	875
	<u>17,500</u>		<u>17,500</u>

Debenture interest

Bank	17,860	PorL	18,800
WHT	940		
	<u>18,800</u>		<u>18,800</u>

WHT

Debenture rec	875		940
Bank	65		
	<u>940</u>		<u>940</u>

Bank

Debenture rec	16,625		17,860
		Current tax	35,000

Current tax

Bank	35,000	Bal b/d	65,500
Bal c/d	65,000	PorL	34,500
	<u>100,000</u>		<u>100,000</u>

Deferred Tax

Bal old	16,760	Bal b/d	15,000
		PorL	960
	<u>16,760</u>		<u>16,760</u>

Statement of Profit or Loss

Net profit	₹ 470,500
Interest income	17,500
Interest paid	<u>(18,800)</u>
	469,200
Capital allowance	<u>38,700</u>
Depreciation	<u>(35,500)</u>
Timing difference	<u>3,200</u>

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



# NIGHT FURY NIG LTD & LIGHT FURY NIG LTD

4a. Computation and interpretation of accounting ratios

i Dividend payout ratio

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

For Night Fury

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

$$EPS = \frac{150,000,000 - 32,000,000}{250,000,000} = \frac{118,000,000}{250,000,000} = 0.472$$

$$\therefore DP2 = \frac{0.2422}{0.472} \times 100 = 51.3\%$$

ii Earnings yield

$$= \frac{EPS}{MPS} \times 100$$

For Night Fury

$$= \frac{0.472}{3.25} \times 100 = 14.5\%$$

For Light Fury

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

$$EPS = \frac{138,250,000 - 29,800,000}{220,000,000} = \frac{108,450,000}{220,000,000} = 0.493$$

$$\therefore DP2 = \frac{0.2557}{0.493} \times 100 = 51.9\%$$

For Light Fury

$$= \frac{0.493}{2.55} \times 100 = 19.3\%$$

iii Gearing ratio

$$= \frac{\text{Debt}}{\text{Equity}}$$

For Night Fury

$$= \frac{26,000,000 + 65,670,000}{390,275,500}$$

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

$$= 0.23$$

For Light Fury

$$\frac{27,200,000 + 30,650,000}{327,250,000}$$

$$= \frac{57,850,000}{327,250,000}$$

$$= 0.18$$

Both companies are lowly geared meaning that they have more equity capital than debts to be paid. However fury is less geared.

iv Quick ratio

$$\frac{\text{Current assets} - \text{Inventory}}{\text{Current liabilities}}$$

For Night fury

$$= \frac{39,400,000 - 45,500,000}{65,670,000}$$

=

For light fury

$$= \frac{45,400,000 - 50,000,000}{30,650,000}$$

=

v. ROCE

$$= \frac{\text{Profit (return)}}{\text{Capital employed}}$$

For Night fury

$$= \frac{15,000,000}{390,275,000}$$

$$= 0.3845$$

$$= 0.38$$

For light fury

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

$$= 0.4224$$

$$= 0.42$$