Olomu Evelyn oghenevbra
17/SMS02/050

Test (1Ai)

Statement of profit or loss as at 31st Dec 2019

	₦
interest income	185,003,000
Interest Expenses	(58,000,000
net interest income	127,003,000
loan impairment Charges	(2,880,000)
	124,123,000
fee & commission income	46,651,900
fee & Commission Expenses	(1,800,000)
	168,974,900
net gain of financial instruments	7,690,000
other income	3,980,000
	180,644900
net impairment charges on financial assets	(150,000)
personnel Expenses	(23,700,000)
General & Administrative Expenses	(22,500,000)
Depreciation & Amortization	(12,115,000)
other operating Expenses	(27,273,000)
operating lease Expenses	(807,000)
profit before taxe	94,099,900
income taxe Expenses	(17,000,000)
	77,099,900

1A. Statement of other comprehensive income for the year ended Dec 2019

	~~Af~~
Profit for the year	77,099,900
Other comprehensive not to be reclassified	
Actuarial gain	655769
Income tax relating to actuarial gain of 25%	(163942)
Foreign currency translation difference for foreign operation	1,039,643
Income tax relating to foreign operation of 25%	(25,9911)
Net change in fair value	4080429
Income tax relating to net change in fair value 25%	(1020107)
	81,431,781

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1B) Statement of financial position of NNUSA Bank for the year ended 31st dec 2019

Asset	
Cash & bank balances	455296196
financial asset held for trading	16,852356
Derivative financial asset	2,839078
Investment securities:	
Available for sales asset	453,089,625
Asset held ~~to~~ maturity	2,007,253
Asset pledge as collateral	58,961,722
loan & advance to banks	43,480
loan and advance to customers	1,265,971,688
Restricted deposit	433,528,669
Investment in subsidiary	46,207,004
property and equipment	84,979,798
intangible asset	4,501,296
Deferred tax asset	-
Total Asset	2,824,078,165
Liabilities:	
Deposit from bank	42,360
Deposit from customers	1697,560,947
financial liabilities for trade	2,647,469
Derivative financial liabilities	2,606,586
Other liabilities	203,019,404
current income tax liabilities	24,009,770
Debt securities issued	92,131,923
Other borrowed fund	210,671384
Deferred tax liabilities	12,814,766
	2,245,504,619

Capital & Reserve

	₦
Share premium	123,471,114
Share capital	14,715,590
Retained earnings	109,594239
	249328562

(29)

Statement of financial position as at 31st December 2017

Assets

	Ad
Cash & cash equivalent	6,437,403
Financial Asset	57,903,837
Trade receivable	123,848
Reinsurance asset	2,479,069
Deferred acquisition cost	264,842
Other receivable & prepayments	282,805
Deferred tax asset	1,707,077
Investment in subsidiaries	2,308,696
Investment property	1,115,000
Goodwill & other intangible asset	1,126,871
Property & equipment	5,111,828
Statutory deposit	530,000
	79,385,266

Equity:

Revaluation reserves	1,221,707
Available for sale reserve	(2,723,536)
Exchange gains reserve	148,521
Issued share Capital	3,465,102
Share premium	2,824,389
Contingency reserve	3,482,076
Retained earning	1,026,516
	9,444,775

Liabilities:

Finance lease obligation	49,854
Borrowing	1,134,840
Derivative liabilities	314,274
insurance contract liabilities	55,379,977
Investment	8,295,046
Current tax liabilities	518,443
Deferre tax "	263,422
Trade payable	1,547,548
other payables & accruals	2,432,087
	79385266

question 3

a) originating timing difference are timing difference that occur for the first time

Reversing timing differences are timing differences which reserve originating timing differences from previous accounting periods

Current tax is known as the amount of income tax payable or recoverable by an entity in respect of its taxable profit or loss for the period

Deferred Tax : is also known as an as accounting measured rather than a tax levied by the government.

3B

Deferred tax liability is important because it can be translate itself to an actual liability therefore which is resulting in larger liability in the future.

question 3

Debenture receivable

	₦		₦
P or L	17,500	Bank	17,500

Debenture payable

	₦		₦
Bank	18,800	P or L	18800

Current Tax A/c

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

Deferred Tax A/c

	₦		₦
bal c/d	16760	bal c/d	15,800
		P or L	960
	16760		16760

Bank A/c

	₦		₦
Deb receivable	17,500	Deb payable	18800
		Current tax	35,000

	₦
Capital Allowance	38,700
Depreciation	(35500)
Timing difference	3200
Taxation is 30%	960

Question 4)

i) Dividend pay-out ratio

$$\frac{DPS}{EPS} \times \frac{100}{1}$$

$$= \frac{\text{ordinary share dividend}}{\text{No of ordinary share}}$$

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

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

Night f $= \frac{0.2422}{0.472} \times \frac{100}{1} = 51.3$

Light $= \frac{0.2557}{0.493} \times \frac{100}{1} = 51.9$

Compar

ii Earning yield

PE/R $= \frac{MPS}{EPS} = \frac{\text{PAT} - \text{preference dividend}}{\text{No of ordinary shares}}$

Working

To get (PAT)

profit before tax − taxation for the year

150,000,000 − 32,000,000

PAT = 118,000,000

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

$\frac{3.25}{0.472}$ = 6.9 ≃ 7 time

Night fury takes 7 times to reecoup the shareholder investment in This case it will not be beneficial to the company compare to that of light fury.

Light = 138,250,000 − 29,800,000
= 108,450,000

Light fury =
$\frac{MPS}{EPS}$ = $\frac{108,450,000}{220,000,000}$ = 0.493

$\frac{2.55}{0.493}$ = 5.17 times

While light fury takes 5 times to ree-coups investment which is farber than that of night fury

Gearing Ration:

Night fury = $\frac{Debt + preference}{Equity}$

Gearning = $\frac{26,000,000 + 100,000,000}{390,275,500}$

$\frac{126,000,000}{390,275,500}$ = 0.32

it has to have upto 0.5 for it to be geared since it does not have, That means it will not be beneficial to The investors - but it is must better than light fury

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Continuation of Gearing Ratio

$$\text{Wright Energy} = \frac{\text{Debt} + \text{Preference}}{\text{Equity}}$$

$$= \frac{27,200,000 + 100,000,000}{507,250,000}$$

$$= \frac{127,200,000}{507,250,000} = 0.25$$

Wright has 0.25 it means it not gearing because it has to be measured to 0.5

vi) Quick Ratio:

$$\text{Wright Energy} = \frac{\text{Current Asset} - \text{inventory}}{\text{Current liability}}$$

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

$$= \frac{39,400,000}{65,670,000} = 0.59996 \simeq 1.6$$

$$\text{Wright Energy} = \frac{\text{Current Asset} - \text{inventory}}{\text{Current liability}}$$

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

$$= \frac{45,400,000}{30,650,000} = 1.48 \simeq 1.5$$

$$ROCE = \frac{\text{profit before interest tax}}{\text{capital present long term loan}}$$

v) Might fury :

$$\frac{150,000,000}{390,000,000} = 38.4\%$$

Comparisny :

Might fury has 0.38 which mean that they did not get up to or almost what was employed.

Light fury :

$$= \frac{138,250,000}{327,250,000} = 42.2\%$$

Comparisns :

Light fury has 42.2% which is more efficient than that of might fury & the light fury uses their resource effectively.

B) The potential investors should invest on Might fury because it has liquidity ratio which makes Might fury much better for the investors to invest in