

✓ PROVE

EBIT

Capital Employed

Night Fury

150,000,000

390,275,500

= 0.38411

Light Fury

138,250,000

327,250,000

= 0.42211

(14)

Quick Ratio

$$\frac{\text{Curr CA} - \text{Inventory}}{\text{CL}}$$

Night Fury

84,900,000 - 45,500,000

65,670,000

= 0.59 ≈ 1

Light Fury 95,400,000 - 50,000,000

30,650,000

= 1.48

Quick Ratio = 1 : 1.5

(11) A bank will likely give loan to Light Fury because it has a higher return on capital employed ∴ it is likely to recover its investments faster.

(9)

11) I will advise share holders to invest in right buy because it has a higher earning yield <sup>that's why</sup> they are likely to receive their investment

2) NUABA INSURANCE PIC

STATEMENT OF FINANCIAL POSITION

ASSETS	
Cash and cash	6,437,403
Financial assets	57,905,855
Trade Rec	12,584,8
Reinsurance	2,478,069
Deferred acquisition cost	264,842
Other receivables	252,505
Deferred tax asset	1,707,077
Investment in subsidiaries	2,505,490
Investment property	115,000
Goodwill	11,20,871
Equipment	528,115
Repose	530,000

1,115,010,58

Statement of Financial Position

Net trading profit	A	470,500
Debtors interest acc	17,500	(15,800)
Debtors in payable		<u>469,200</u>
Current tax	85,500	
Dividend	24,100	
	<u>£ 96,600</u>	<u>(59,600)</u>
		<u>464,100</u>

But it is important for companies to consider deferred tax in order to enable them know the tax payable or recoverable in the future accounting periods.

Q4)

Dividend pay out

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

Right Furg

DPS = Gross dividend

Ordinary dividend

$$\frac{60,550,000 + 10,000,000}{250,000,000} = 0.28$$

70.28



W.H.T.

Bank

	N
current tax	4600

Current tax

Bank	4,600	Bal b/d	N
Bal c/d	65,000	Pov L	65,500
	<u>69,600</u>		4,100
			<u>69,600</u>

Deferred tax

Pov L	N	Bal b/d	N
	460		15,800
Bal c/d	14,840		
	<u>15,800</u>		<u>15,800</u>

working

D DDPHAI A = 38,700  
 L Depv (35,500)  
 3,200

Timing diff

3,200 @ 30%  
 = 960

Operating  
EPS

Total Capital

$$\frac{26,000,000 + 65,620,000}{590,000} = 0.25$$

Light Tury

$$\frac{22,000,000 + 50,650,000}{527,050,000} = 0.12$$

Quarterly  
Earning yield =  $\frac{EPS}{NPI}$

Night Tury

$$EPS = 0.432$$
$$NPI = 2805$$

$$\frac{0.432}{2805} = 1.5329$$

Light Tury

$$EPS = 0.42$$
$$NPI = 0.255$$

$$\frac{0.42}{0.255} = 1.647$$

Question 5

(a)

① Originating difference is the timing difference that occur for ~~the~~ the first time while reversing timing difference is a timing difference that reverses the originating timing difference from previous accounting periods.

② Current tax is the amount of income payable or recoverable by an entity in respect of the taxable profit, while deferred tax represents the tax payable or recoverable in future accounting periods.

(c)

TOTAL LTD

<u>ORIGINAL INCOME TAX</u>		<u>DEFERRED TAX</u>	
PROFIT	17,500	TOTAL	17,500
	<u>12,500</u>		<u>17,500</u>

DEFERRED TAX PAYABLE

<u>BANK</u>	<u>TOTAL</u>
18,500	18,500
<u>18,500</u>	<u>18,500</u>

2)

Liabilities

	<u>At</u>
Finance lease borrowing	49,854
Derivative	1,134,840
Insurance Liab	319,274
Investment Liab	55,379,977
Current tax	8,295,046
Deferred	518,443
Trade payables	263,422
Other payables	1,547,540
	2,432,057
	<hr/>
	70,389,191

Equity

Revaluation Reserves	1,221,707
Available reserve	(2,723,536)
Exchange gain reserve	148,521
Issued share capital	8,465,102
Share premium	2,824,389
Contingency reserve	3,428,076
Retained earnings	10,26,516
	<hr/>
	9,390,775

(10)



17/5/2019/046

The statement of Profit or Loss for Nuasa  
Bank as at 31st Dec 2019

NUASA BANK A/C

	K
Interest income	185,003,000
Interest expenses	(58,000,000)
Net interest income	<u>127,003,000</u>
Loan impairment charges	(2,880,000)
Net interest income after loan impairment	124,123,000
Fees and commission income	<u>46,651,900</u>
Fees and commission exp	1,800,000
Net Fee and commission income	<u>168,974,900</u>
Net gains on Financial instruments	7,690,000
Other income	3,980,000
Net impairment charges	(150,000)
Personnel expenses	(23,700,000)
Operating lease exp	(807,000)
General and admin exp	(22,500,000)
Other operating exp	(27,275,000)
Depreciation and amortization	<u>(58,000,000)</u>
Profit before income tax	48,214,900
Income tax expense	<u>(17,000,000)</u>
Profit for the year	31,214,900



Liabilities

Current income tax L	24,009,790
Rebt securities sold	92,151,923
Deposits from banks	42,360
Deposits from customers	1,697,560,947
Financial liabilities	2,647,469
Loan to banks	43,450
Loan to customers	1,265,971,653
Derivative Financial liabilities	9606,586
Other liabilities	203,019,404
Other borrowed funds	210,671,354
Deferred tax liability	12,519,766
Liabilities including	802,600
	<u>1,281,826,555</u>

Equity

Capital and reserves	
Retained earning	109,594,939
Other components of equity	330,795,833
Share capital	14,715,1590
Share premium	123,471,114
	<u>578,576,776</u>

①

QUASA INSURANCE INC

Profit or loss statement

GROSS PREMIUM REVENUE  
Reinsurance Exp

8,049,376

Net premium income

(3,662,162)

Commission income

28,787,214

miscor correct  
revenue

744,069

1,555,880

Net underwriting income

50,857,109

Claims and Exp

Gross claim

claims Exp

215,045,452

(9,377,750)

Net claim expenses

41,554,831

Underwriting exp

5,629,535

Other operating income

569,985

Personnel exp

(3,039,353)

Other operating exp

(3,540,411)

②

EPS

=  $\frac{\text{PAT} - \text{Prefer dividend}}{\text{Ordinary shares}}$

$$\frac{115,000,000 - 10,000,000}{250,000,000}$$

$$= 0.432$$

$$\therefore \text{EPS} = \frac{0.28}{0.432}$$

$$= 0.653 \times 100$$

$$= 65\%$$

Light Fury

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

$$= \frac{56,950,000}{220,000,000}$$

$$\text{Dividend payout} = 0.26$$

$$\text{EPS} = \frac{108,450,000 - 5,505,000}{220,000,000}$$

$$= 0.47$$

$$\text{DPO} = \frac{0.26}{0.47} \times 100$$

$$= 55\%$$



1 Kenya  
ALUWA BANK PLC

Profit or loss comprehensive income  
for the year

Net change  
Foreign currency translation

(15) Statement of Financial Position of ALUWA  
BANK PLC as at 31st Dec, 2019

ASSETS  
MUTUAL BANK

Available financial assets

ASSETS held temporarily

ASSETS as collateral

Other assets

Investment in subsidiaries

Property and equipment

Intangible assets

ASSETS held for sale

ASSETS held for trading  
cash and bank balances

1

31,214,900  
655,369  
4,050,429  
1,039,643

36,990,341

9,839,078

453,059,625

2007,253

58,961,722

433,528,669

46,207,004

84,939,298

4501,096

850,820

16,652,356  
~~16,652,356~~  
455,296,196  
696,581,858