TITLE PAGE

COMPUTERIZATION OF SHAREHOLDERS DIVIDEND
(A CASE STUDY OF FIRST BANK OF NIGERIA PLC)

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CERTIFICATION

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ABSTRACT

Computerization of dividend in First Bank of Nigeria Plc is a project work aimed at developing a speedy computer alternative to the slow mechanical and manual operations involved in dividend accounting in the case study. In order to do this the process involved in dividend accounting were carefully studied and, where necessary, modified to suit computer capabilities. The process involves (1) Listing of members in the register of members and transfer books: This involves not only updating the shares held by each old member, but registering new members; and (2) writing up the dividend book after dividend declaration.

This process was translated through the agency of flow charts into computer programs: program for updating summary Register of members file; program for printing the summary register on a hard copy; program for transferring the content of the summary Register of members into ordinary shares dividend book file, as it is only ordinary shares that exist in the case study; program for computing gross dividend, withholding tax, and net dividend and storing their results into the Dividend book file, and program for printing the content of the Dividend book file on a hard copy. The outputs of the programs are exactly the same as the outcome of the manual and mechanical process.

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CHAPTER ONE
GENERAL INTRODUCTION

1.0 Introduction

The industrial revolution that swept across Europe in the 17th century necessitated the expansion of capital (money) needed to finance the assets and productive operations of businesses. The small size of predominantly sole-proprietorship became quickly unsuitable, and the large-scale production forced upon businesses demanded much more capital than that sole-proprietors could provide. In the need to catch up with rapidly changing business environment, sole-owners began to shed certain of the ownership rights to certain willing members of the public who, invited to make investments, provide additional capital for the expansion of their businesses' operations. This co-ownership took the form of partnerships and co-operatives. However, because more expansion was made inevitable by the growing fortunes of the businesses, certain of the businesses became very complex, having a diluted co-ownership that was spread over a large number of persons. At this stage ownership had to be separated from management, and the owners came to be known as shareholders sharing in both profit and ownership commensurate to their individuals investments.

As a practice, which hardened over the years into a normative rule, that eventually enjoys the force of Law, the profit realised from each business is distributed among its owners periodically, usually once in a year, using a profit sharing formula that guarantees owners participation in the profit according to their respective amount of investments. The profit which is so distributed and the amount which specifically accrues to individual owner came to be known as dividend.

In the evolution of business structure from simple sole-proprietorship to complex companies, certain corporations came to be known as public limited liabilities, as these corporations made various invitations to the public at large through the financial market and the stock exchange to subscribe to or buy their shares. These corporations are

obliged to meet statutory requirements concerning shares and dividend, First Bank of Nigeria is one such Corporation.

1.1 Statement of Problem

Although banking in Nigeria is more than a hundred years old, banking processes are largely carried out manually, when a speedy alternative exists in the use of computers. The slow time consuming demand of dividend accounting, for example, makes the prospect of using computers to carry out this otherwise manual operations very attractive.

This project work is therefore designed to provide a computer alternative to the manual operations in corporate dividend accounting as is obtained in First Bank of Nigeria Plc.

1.2 Purpose of the Project Work

The purpose of this work is to design and construct a computer program for dividend accounting in First Bank of Nigeria Plc. Specifically this work is intended to design.

i. a program for listing and updating the Bank's Register of members;
ii. a program to transfer data from the register of members into the Dividend Book;
iii. a program to compute dividend for ordinary shareholders; and
iv. a program for writing the Ordinary Shares Dividend Record Book.

1.3 Significance of the Project

This project will be primarily useful to the accounting department of First Bank of Nigeria Plc. It will be used in making easy the bank's dividend accounting.

The project will also be useful to the Bank's register of shares that will use the programs of the project to update the Bank's register of members.

The programs in this project will find application in other banks because the programs conform to Generally Acceptable Accounting Principle (G.A.A.P).

1.4 Scope of the Project

This project is limited in scope to designing computer programs to determine the dividend and to print the dividend book of First Bank of Nigeria Plc for ordinary shareholders, Ordinary shares being the only class of shares, the others being not issued, that really exists in First Bank of Nigeria Plc.

1.5 Shares

To buy any number of shares is to acquire the ownership of the company proportionate to the number of shares bought, and any share is a unit of ownership (Tracy, 1978). In other words, as Garbutt (1981) defines it, "a share is the individual portion of the joint stock Company's capital owned by a shareholder". Thus in offering 100,000 ordinary shares for subscription, a company offers the public 100,000 units of membership, and whosoever acquires any given number of these shares acquires the given number of units of ownership of the company.

Each unit of share is absolutely equal to any other unit of share and receives an equal amount of profit paid out by the corporation. Thus Tracy (1978) Mantains "each share has one vote and participates equally with all other shares". While a share is a unit of ownership, many shares put together make up a stock. Thus, a common stock is made up of many ordinary shares. Mbat (1977) declares "a stock is made up of many shares". As a result, a stock share means an individual share among the shares that make up a stock. A stockholder usually owns a stock or a unit of many shares. A stockholder, therefore, is a holder of many shares.

1.5.1 Classes of Shares

Two classes of shares are distinguishable. These are:-

a. Ordinary Shares - also called common stock.

b. Preferred or Preference Shares - otherwise called preferred stock.

Each major class of share is broken down into a number of sub-classes, and each

sub-class represents a separate group of shares or stock. One sub-class is different from another sub-class of stock or shares in one or more basic respects; but within each sub-class of stock, all shares are qual in all respects and are undifferentiated (Tracy, 1978).

Common stock shares make up the equity or owner's capital of a company. They are issued for money provided or invested by those who completely own the company. The two types of complete owners of a company are those who provide the initial capital with which the company is started (founders) and those who subsequently acquired the ownership through the acquisition of shares in the company.

Shares of common stock have perpetual existence as once any is caused to be it cannot be cancelled or withdrawn, but may be transferred through selling it in the stock exchange. It may only cease upon a decision of the company's members to wind the company.

For our purpose, the subclass of common stock are:

1. (a) **Ordinary Shares:** Being the same as common stock, these are units and evidence of ownership ascribed to investors who either as founders of, or later investors in, a company provide the company's starting capital or both. Generally, ordinary shares encompass, and are not distinguished from, founders' shares; but specifically they are distinguished.

   (b) Founders or Deferred or management shares are those aspect of ordinary shares which belong exclusively to those investors who provided the company's starting capital.

2. Preferred or preference stock shares partly compose a company's debt capital, the other component being debenture stock or bond; however, preferred stock shares are essentially considered as, claims Garbutt (1981), "a hybrid between long term debt security (money borrowed for which the company is indebted) and equity (money provided by the company's owners)". Preferred stock evidences those who rather than invest their money in, and become complete co-owners of a company, want to be partial creditors. Garbutt (1981) argues, "Like debt, preferred stock has a fixed rate of income each year and like equity it has a perpetual life". This mixed

characteristic makes it neither perfect debt nor perfect equity. Preferred stock or shares are so called because they enjoy certain preferences over ordinary shares or common stock. They have prior claim on a company's profit and prior claim to repayment of capital in the event of winding up (Garbutte, 1981).

The classes of share called preferred shares are broken into the following subclasses:-

(1) **Cumulative Preferred Shares:** A preferred share is cumulative if, perhaps, owing to inadequate cash balance, payment of its cash dividend is postpond or carried forward over one or more years to such a later year when, profit or cash balance being sufficient, the arrears of all the unpaid dividends, brought forward, are added to the cumulative total and paid in cash, this cash payment being made first before any other dividends are paid in respect of other subclasses of shares.

(2) **Non Cumulative Preferred Shares:** These are shares for which the company is discharged from the obligation of making up unpaid dividends once they passed in any one-year. Khorry (1983) states "Non-cumulative means once passed, always passed".

(3) **Convertible Preferred Shares:** These are preferred stock shares which, at the option of the owner, can be converted to common stock shares by exchanging or trading it for a certain number of common shares. This conversion involves no cash payment but only exchange of securities.

(4) **Non-convertible Preferred Stock Shares**: These shares cannot be converted into common stock shares.

(5) **Participating Preferred Shares:** This is a preferred share which is entitled not only to the stated annual fixed dividend but also to a share of the remnant of dividends after the ordinary shares have benefited their maximum dividends.

(6) **Non-participating Preferred Shares:** This does not enjoy the added privilege of participating in the company's earnings.

(7) **Participating Cumulative Preferred Shares**: This shares has the implications of both a participating share and a cumulative share.

(8) **Redeemable Preferred Shares:** These shares have no perpetual existence. As the name imply, these shares can be redeemed by the corporation by paying back to the holders the money which they used in buying the shares and, thereby, withdrawing the shares existence. Thus, holders of redeemable shares ceases to bear claims to the shares when the corporation pays to them their investments and takes from them their share certificate.

1.5.2 Issues of Shares

Corporations issue shares of stock for two categories of capital.

a. Equity Capital - owner's investment

b. Debt Capital - raised by borrowing from a company's imperfect creditor's and imperfect owner's.

When shares of stock are issued, each shareholder is given a stock certificate that serves as the legal evidence of the number of shares owned. Shares are issued when a corporation is in need of long term funds - for long terms uses - which it decides to raise from an external source: The financial market, otherwise called the capital market. Accordingly to Mbat (1997) "the capital market is comprised of the primary market and the secondary market". For a company to issue shares to the investing public it must first be quoted or admitted into the primary market. Thereafter, the company must decide whether it should raise capital through the issue of shares (ordinary or preferred) or through the issue of debt instrument (bond) or both.

1.5.3 Share holder

Welsh and Short (1987) says, "The owners of a company are known as stock holders or shareholders". A shareholder therefore, is a person - individual, institution, and corporate body - who own at least a share in a company.

When a person acquires shares of capital stock, a stock certificate is issued as evidence

of an ownership interest in the corporation. The certificate states the name of the stockholder, date of purchase, type of stock, number of shares represented, and the characteristics of the stock.

Common stockholders or ordinary shareholders hold the ultimate power over the destiny of the corporation. The Laws of the state in which the firm is incorporated set their rights and responsibilities. In Nigeria these rights are contained in part A section vi of the Amended company and Allied Matters Decree (CAMD) of 1990.

The basic rights of common stockholders that most directly involve the accountant are:

1. **The right to vote:** Each share of stock is entitled to one vote in the election of directors and in resolutions or other matters required to be put to general vote of stockholders during annual, emergency, and any other meeting stipulated by law and the Articles of Association of the corporation. In exercising this right, the stockholder can, in accordance with some stipulated majority, amend the corporate charter or by laws, sell the assets of the corporation, merge the corporation with another entity, and issue new securities (additional common stock, bonds, and preferred stock). This right is transferable through an instrument called proxy.
2. **Right to sell their securities (shares):** A stockholder can sell his securities whenever he wishes without the approval of the corporation or other stockholders.
3. **Right to dividends:** Each share of stock is entitled to an equal share of any cash dividend paid by the corporation. However, this right is residual in the sense that dividends on common stock shares can be paid only after all dividends on all preferred stock shares have been paid.
4. **Residual claim on assets**: Common stockholders have residual claims on the company's asset. That is, in the event of the company winding up, each share of stock is entitled to an equal share of any capital returned to the stockholders. This right is residual because preferred stockholders must first be paid a certain winding up value per share before any capital is returned to the stockholders.

5. **Right to new issues:** Each share of stock is entitled to participate proportionally in the issue of any new shares, unless the right has been waived by vote of the stockholders.

6. **The right to inspect the corporate books**: The stockholder is entitle to:-

   a. One annual financial report, containing the three principal financial statements of the company, plus additional comments and explanations by management, and

   b. Quarterly financial reports.

7. The stockholder is entitled to equal access to any information published by the corporation, in addition to that communicated in its financial reports, if the information affects the value of the stock.

8. The stockholder is protected against the diminishment in value of the stock that may be caused by the issue of securities by the company, unless the stockholders by general vote approve the issue of the other securities.

9. Stockholders are protected against exploitation by management and other insiders, who might try to take advantage of the stockholders by virtue of their confidential knowledge of the corporation's affairs.

Preferred stockholders on the other hand do not enjoy full ownership right as they are considered imperfect owners and imperfect creditors. As a result, their stocks have a different implication for them specifically,

(1) Preferred stock has a maturity period, which is usually at the end of every business year. Payment of its dividend should, but must not, be made to it at this maturity period. Tracy (1978) claims, "if net income is not adequate, the corporation has a right not to pay the preferred stock dividends".

(2) Preferred stockholders are entitled to fixed dividends, which must be paid before any dividend is paid to common stockholders. Preferred stockholders have a prior claim on the company's assets in the event of the corporation winding up. When a

company winds up, its assets are sold and its liabilities are settled from the money realised. Out of what is left, the preferred stockholders are first paid their entitlements before what is finally left is shared to the common stockholders.

1.6 Dividends

The English word dividend is taken from the Latin word dividendum, and the verb form of this Latin word is dividere - to divide. Dividend can be understood in three related senses. First, a business usually divides certain percentage of its net profit to its shareholders. That total amount that is so divided is called dividend; second, when this division is done, the individual portion of the total divided amount which accrues to a shareholder is called dividend; and third, the action itself of paying dividends to shareholders is called dividend. Thus, Tracy (1978) says, "The term dividend is applied to the total sum divisible and also to the portion received by each individual shareholder... distribution of profits by corporations are called dividends".

1.6.1 Types of Dividends

The are two types of dividends. Fixed and Variable dividends. Fixed dividends is the dividend that is paid on preferred shares. It is fixed because its rate is already stated right from when the preferred share was issued; so that this fixed and determined rate must be paid each time a dividend is declared. The rate is usually stated in the share or stock certificate issued to the buyer of a preferred stock shares, as a percentage of the preferred shares par value per share. The par value per share of a preferred share can be any amount, though a ₦100 per value is quite common. Preferred stock is normally issued for a price equal to, or very close to, its par value. Thus, if a company issues 50,000 6% preferred shares (of ₦100 per value) to share holders, then the company can pay 6/100 x 50,000, which is equal to ₦300,000.

On the other hand variable dividend is the payment of a variable or changing rate of dividend on a share. Variable dividend is paid on only ordinary shares (common stock). It is variable in the sense that the amount paid as dividend on the ordinary shares varies

from year to year. In one year, each of all the ordinary shares may receive 50k as dividend; while in the second year, each may receive 70k yet in the third year, each receive 40k. Tracy (1978), therefore, says, "... common stockholders (ordinary shareholders) are not promised any particular rate of cash dividends..."

1.6.2 **Determination of Dividends**

The issue of dividend can arise only if the board of directors certifies and formally decides that the corporation is within its legal right to declare a cash dividend (Company and Allied Matters Decree of 1990). This decision is dependent on

(1) **Sufficient Retained Earnings:-** Usually not al of all corporations net profit is paid out as dividends, certain part of it is retained as retained earnings in the corporation. The retained earnings are recorded in the Retained Earnings Account. In subsequent years when profits are not enough, the corporation may draw upon the retained earnings to pay its dividends. Thus it becomes a fundamental requirement that for the payment of dividends in any given year, a corporation must have accumulated a sufficient amount of retained earnings to cover the amount of dividends to be paid. Retained earnings are sufficient if, in the opinion of the directors, it is adequate, or at least can cover the payment of all fixed dividend. However, state laws usually place restrictions on cash dividends. For example, in Nigeria, as is true of most countries, cash dividends are limited to the balance in the retained earnings account. Thus no corporations can pay dividends beyond the amount stated as balance in the corporations retained earnings account. The following illustrates Retain Earnings Account.

TABLE 1:

Retained Earnings Account **₦(000)**

	Profit retained from Previous year	-	6,250
	Profit for the Current year	-	1,500
	Balance	-	7,750

(2) **Sufficient Cash:-** Cash is a current asset of corporations and it is recorded in the cash book as cash at hand and cash in bank. It is also a fundamental requirement that the corporation must have access to sufficient cash to pay the dividend and to meet continuing operating needs of the business. The mere fact that there is a large credit balance in the Retained Earnings Account does not mean that the board of directors can declare and pay dividends. For the purpose of growth, the corporation can plough back the retained earnings into the corporation. Thus, the cash generated in the past by earnings represented in the Retained Earnings Account may have been expended to acquire raw materials, buy operational assets and/or pay liabilities. Consequently there is no necessary relationship between the balance of retained earnings and the balance of cash on any particular date. Simply retained earnings is not cash.

Where these fundamental requirements for the payment of cash dividend is met then the next question is how much can be paid as dividends. To meet growth objectives most corporations do not disburse more than 40% of the average net income amount as dividends. Indeed Tracy (1978) Claims "while dividends may not exceed the balance in the Retained Earning Account", this balance is however, not the amount of cash dividends the corporation could distribute to shareholders".

The amount of cash dividends the corporation could distribute therefore depend on whether the dividend is fixed or variable. If the dividend is fixed as in the case of devends on preferred shares, then only that fixed amount is paid. For example, if a preferred share has a par value of ₦10 and 60% is stated as its fixed dividend rate then nothing more than ₦6.00 (6/100 x ₦10) will be paid. On the other hand if the dividend is variable as in case of ordinary shares dividend, then the following will determine how much is actually paid as dividends.

(3) **Government fiscal policy measures:** Most Government take measures to

stimulate their economies during recession and to crub inflation during inflationary swings. In Nigeria, one of the fiscal policy measures is restriction of money in circulation. This is to reduce consumption, hence demand, thereby reducing prices of commodities within the country on the one hand and reducing importation on the other hand. To restrict the disposable income of its citizens therefore, the Nigerian government places restrictions on the proportion of corporation net profit that can be paid out as dividends. Thus as a fiscal policy measures, no corporation in Nigeria can pay more than 60% of its net profit as dividends.

(iv) **Directors decision:** Despite this upper ceiling provided by government policy measures, corporations pay a far less percentage of their net incomes as dividends. Welsh and Short (1978) say one of the significance decisions faced by the board of directors of a corporation is how much of the earnings should be retained and how much should be distributed to the stockholders as dividends each year.

Thus the directors reserve the right to determine what percentage of net profit to pay as dividends to shareholders.

1.7 Decision to Pay

The decision to pay dividends is that of the directors, but this decision is subject to the approval of the shareholders in an Annual General Meeting. Annual general meetings are normally held once in each year. It is during this time that the directors give account of their stewardship and tell the shareholders their decisions concerning dividends.

Whatever amount the directors have decided is submitted to the shareholders as "proposed dividend" while the shareholders may reject the proposal or recommendation, they lack the legal energy or the right to increase the amount proposed. If the recommend or proposed dividend is acceptable to the shareholders, they will sanction or approve it. This sanctioning is called declaration. According to Tracy (1978).

> **Dividends are proposed... by the directors and declared by the company in general meeting, the shareholders having to pass a resolution sanctioning the proposed distribution.**

1.7.1 **Dividend Dates**

Once dividends are declared they must be paid, there is however, a time lag between declaration and payment. Declaration specify three important dates.

(1) **Declaration date:-** This is the date of official approval of dividend by board of directors.

(2) **Date of Record:-** This date follows the declaration date, usually by about one month. It is the date on which the corporation prepares the list of the current shareholders based on the stockholders records. The dividend is payable only to those names listed on the record date.

(3) **Date of Payment:-** This is the date on which the cash is disbursed to pay the dividend liability. It follows the date of record as specified in the dividend announcement.

1.7.2 **Payment**

Usually a corporation opens a separate dividend account in its bank. The declared dividend is subject to a federal Tax called withholding tax. This tax is deducted from the dividend and the net dividend is paid out to shareholders. To do this a cheque is written and drawn for the net amount of the dividend. This cheque is paid into the dividend account maintained at the corporation's bank. Then cheques, or dividend warrants, as they are called, are then drawn on this account for each shareholders portion and are sent to the shareholders concerned. Dividend warrants are sent to only shareholders whose names are listed in the registers of members and dividend record book. The shareholder is also issued in writing a statement showing the gross dividend, the income tax deducted and the net amount payable on receipt of the dividend warrant. A shareholder is expected to approach thee bank and clear it, if certain of the shareholders fail to clear their dividend warrants, a balance will be left in the account. This balance may be transferred into unclaim dividend account. However, the corporation is under obligation to pay this balance whenever, within 12 years, the relevant owners present their dividend warrants. After 12 years, however the corporation is discharged from this obligation.

In large corporations where total dividends are very large there are two thresholds that are normally passed in paying dividends. First the preferred stockholder receives upto the regular maximum before the common stockholders receive the balance. Where all the preference shares are fully participating, the threshold becomes three. First the preferred stockholders receive up to regular maximum, then, second, the common stockholders receive up to their regular maximum, third, the two classes of shares share any amounts above the second threshold in proportion to their total per value. In the case of partially participating preferred stock, the third threshold is modified in that a limit is placed on the preferred dividend beyond which all additional amount are paid to the common stockholders.

1.8 Definition of Terms

1. **Shares:-** The smallest indivisible unit of ownership right in a corporation, which entitles its holder to one unit of the corporation's profit, called dividend.
2. **Shareholder:-** A person or a group of persons, institutions or associations who hold ownership right in a corporation. A shareholder is otherwise called a member.
3. **Dividend:-** A portion of corporation's net profit, which is distributed among the shareholders according to the number of shares, held by individual members.
4. **Stock:-** This is a number of shares put together. It can literally be said to be plural of share. Thus a stockholder is the owner of many shares put together.
5. **Equity:-** Money which is invested in a business by persons who, therefore, become the owners of the business. In investing their money the investors acquire ordinary shares or stock.
6. **Capital:-** This is the money available to, and owned by, a business which the business uses in financing its operations and assets.

When this money comes from the owners of the business, it is known as Equity capital; and when it is borrowed, it is known as debt capital. Both equity and debt capital compose the business capital-structure.

7. **Paid Up Capital:-** This is the actual amount paid to a business by inventors who have received allocation of its shares.

8. **Retained Earnings:-** The portion of a business net profit set aside and plough back into the business for expansion and growth.

CHAPTER TWO

DIVIDEND ACCOUNTING

CASE STUDY

2.0 Introduction

In the past when each business had its own way of doing its accounting, each accountant or book keeper was forever a learner, learning anew the procedures of each next firm in which he takes up an employment. But today, to be useful, financial accounting information must be assemble and reported objectively. Those who must rely on such information must have a right to be assured that the data are free from bias and inconsistency, whether deliberately or not. For this reason a form of standardization evolved to harmonize the diversified peculiarities of accounting in different firms. Financial accounting now relies on certain standards or guides that have proved useful over the years in imparting accounting data. According to Dittrich (1988) "These standards are called Generally Acceptable Accounting Principles, GAAP". Besides, Laws internationally adopted which act as guides to procedures in accounting further ensures standardization. In Nigeria the Companies and Allied Matters Decree of 1990 provides a legal guide in Nigeria. It is against this guide and the GAAP that corporations declare and pay their dividend. One of such corporation is First Bank of Nigeria.

2.1.1 Historical Background of First Bank of Nigeria Plc

The First Bank of Nigeria Plc has a history that dates back to 1894 when Elder Dempster Limited set up a small cash agency to cater for a business which Dempster himself was part of in West Africa. A few years after, the Bank of British West Africa was formed to take over the cash agency and to provide full banking services. Later, branches were opened in the present Gambia, Sierra-Leone, Ghana, Nigeria and Cameroun.

In 1959 as territories became self-governing, the name of the bank was changed to Bank of West Africa Limited. A few years after, West Africa developing at a rate with which the bank could not cope, the Bank of West Africa Limited arranged with Standard Bank Limited, London and formed one very large bank. Thus in 1966, the name changed

again to Standard Bank of West Africa Limited.

In 1969, the Nigeria operations set up a head office in Lagos, upon incorporation as a Nigerian Company, its name being changed to STANDARD BANK OF NIGERIA LIMITED.

In 1979, the bank changed its name again to First Bank of Nigeria Limited to reflect the ownership structure of the Bank.

First Bank of Nigeria Plc in its efforts to enhance its corporate image and improve its Market share modified its structure in 1985. Five regional administrative units were created. These are:-

1. East Administration with regional Administrative Headquarters at Enugu
2. Central Administration with Headquarters at Kaduna
3. North Administration with Headquarters at Kano
4. South Administration with Headquarters at Lagos
5. West Administration with Headquarters at Ibadan.

In the Bank's organogram (see Appendix A) the Managing Director is the Chief Executive. Below him comes the line of executive directors in charge of corporate resources, planning and operations, finance and international banking, and finance and international technology. Below the level of executive directors comes the line of deputy general managers incharge of the various departments and geographical areas. The departments are personnel, special banking, corporate finance, international finance and planning, information technology, legal and inspectorate. Following the level of deputy general managers comes the assistant general managers incharge of sub-departments and in regional areas. These are followed by operational managers incharge of sub-departments and, lastly, by non-managerial staff.

2.2 **Dividend Declaration and Payment in First Bank of Nigeria Plc**

While the annual meeting of First Bank of Nigeria Plc for the year ended 31st December 1997 is, at the time of this study, yet to be held, a choice has to be made

between the years ended 1995 and 1996. For our purpose, 1995 is preferred to 1996 because of a number of interesting complications in 1995. These are:-

1. The recapitalisation of a portion of existing reserve
2. The issue of bonus share concluded during this year

These two introduced additional computations in share and dividend accounting which is of interest to this project. The year 1995 has the following features.

1. **The Group**

   (1) First Bank of Nigeria Plc has a major subsidiary FSB (Merchant Bankers) Limited whose accounts are consolidated with those of the parent company, First Bank of Nigeria Plc (see note 7 in appendix B). Both the subsidiary and the parent company make up the First Bank group, and it is in respect of this groups performance that a dividend was proposed and declared (see 1 in appendix C), the share capital of First Bank of Nigeria Plc being by extenstion to the share capital of the group (see note 11 appendix D).

   (2) **Share Capital**

   (a) **Fully Paid:-** The Group, like the Bank, has a fully paid up capital of 430, 395, 528 ordinary shares of 50k each amounting to the sum of ₦215,197,764 (see number 9 in Appendix E, and last row of third column, in 1 as well as information 2 in Appendix F).

   (b) **Changes in ownership Structure:-** First bank of Nigeria Plc offered for sale 120, 941, 195 ordinary shares of 50k each, being part of standard chartered Bank Africa Plc's shares held in First Bank of Nigeria Plc. This offer for sale, concluded during 1995, was Standard Chartered Bank Africa's Plc's policy of partial divestment and in compliance with the regulation's of Bank of England (see number 6.1 in appendix C). This sale while reducing the shareholding of standard chartered Bank of Africa Plc from 38% to 9.9%, increased the percentage holding of the Nigerian publication from 62% to 90.1%. This is shown below by figure 1.

FIGURE 1: Substantial Interest in Shares in First Bank of Nigeria Plc

	1995	%	1994	%
Standard Chartered Bank Africa Plc	42,609,157	9.9	163,550,350	38.0
Nigerian Public	387,786,371	90.1	266,845,176	62.0
	430,395,528	100	430,395,528	100

Source:- 1995 Annual Report and Accounts, First Bank of Nigeria Plc

(c) **Recapitalization of General Reserve:**

The board of directors, at a proposed 26th Annual General meeting to be held on the 27th April, 1995, recommended to the shareholders that a bonus of 107,598,882 shares amounting to N53,799,441 be distributed on the basis of one share for every four shares previous held (see note 6.2 in appendix c and note 15 in appendix G).

Though the meeting was not held as at the 1995 accounts and reports, the directors implemented the proposal, dividing the total shares previously held by four thus arriving the recommended figures:

Table 2: Calculation of Bonus Shares

$$\text{Number of Shares: } \frac{430,395,528}{4} = 107,598,882$$

Thus for every four shares held by a shareholder one new share is issued to him or her as a bonus. The 'bonus issue' is so called because it is like a gift, involving no payment, but merely conversion of some of the banks general reserve to shares. This increased the share capital by the capitalized sum, as illustrated below.

Table 3: Enlarge Share Capital

	1 Number of shares	Amount ₦
Previously held shares	430,395,528	215,197,764
Add: Bonus	107,598,882	53,799,441
	---	---
Increase or Enlarged Shares	537,994,410	268,997,205
	=========	=========

To do this, the bank recapitalized (convert to share capital) ₦53,799,441 out of its general reserves as illustrated below

Table 4: Capitalization of General Reserve

DATE	PARTICULARS	AMOUNT (₦)	
31/12/94	Capital	215,197,764	
	General Reserve	811,151,000	

		1,026,349,764	
		==========	
27/4/95	CAPITAL	251,197,764	
	Add: Bonus	53,799,441	268,997,205
	General Reserve	811,151,000	
	Less Bonus	53,799,441	757,351559
	Total		**1,026,349,764**

In the illustration above the banks original capital as at 31st December, 1994 stood at ₦215,197,764, and its General reserve was ₦811,151,000 (see note 14 in appendix H). However, after the capitalization the capital grew from ₦215,197,764 to ₦268,997,205 while the General reserve fell from ₦811,151,000 to ₦757,351,559, the increase and decrease being due to the addition and subtraction of the capitalized amount of ₦53,799,441 respectively.

(d) Dividend

Out of the after tax profit of ₦1,009,068,000 realized in 1995, the directors proposed at the 27th annual General meeting for the year ended 31st December, 1995, a dividend of 376,596,087 rounded off as ₦376,597,000 in the profit and loss account (see 23 in appendix 1 and note 23 in appendix J). The Dividend per share (DPS) is 70k or 140% (see not 23 Appendix J, and Last row of fourth columns of information 4 Appendix K). The DPS is arrived at thus.

Table 5: Calculation of Dividend per Share

$$DPS = \frac{\text{Total Dividend proposed}}{\text{Total number of shares}} = \frac{₦376,596,087}{537,994,410} \quad ₦0.70k$$

This means that every 50k worth of shares will be paid a dividend of 70k. However, because DPS are also stated in the form of percentage, the DPS percentage will be

$$70/50 \times 100 = 140\%$$

Thus 140% of every 50k will be paid on the 50k dividend. This 140% of 50k is 70k. The dividend rate becomes 140% of every 50k worth of shares.

(e) **Withholding Tax**

The withholding tax is a fixed tax, which must be deducted from the dividend in line with the Federal Government fiscal policy measure of taxation. In 1995 the withholding tax was 2.3%.

(f) **Share holders**

There are a total of 118,328 shareholders in First bank of Nigeria Plc. (See column 2 of information 3 appendix).

2.3 **Dividend Dates**

The following are the dividend dates presented in the order in which they occur for the year ended 31st December 1995.

(a) **Record Dates:**

The record dated was 17th April, 1996. Between 11th and 17th of April, 1996, both dates inclusive, the register of members and Transfer Books of the company were closed. The most important transfer book for our purpose is the ORDINARY SHARES TRANSFER BOOK which notes the movement of shares as some members sell part or all their shares or acquire more during the year. The purpose of share Transfer Book is to update the number of shares, which each shareholder held during the year. In 1995 two important things happened concerning shares. The sold shares were acquired by other shareholders. Second a bonus of one share was given to any four shares held previously by shareholders. Because First Bank of Nigeria Plc treats its record book as private confidential information, and because the Bank's register of shares, therefore, may not divulge such classified information to non-members of the bank, the movement or transfer of shares arising from these two events is reflected in the following summarised information obtained from the Bank's ordinary shares Transfer Book, to illustrate the record kept in shares Transfer Books.

TABLE 6: **Ordinary Shares Transfer Book**

OSTL FOLIO	HELD IN 1994	TRANSFER IN 1995			HELD IN 1995
		SOLD	BOUGHT	BONUS	
101	44,451			11,113	55,564
102	1,105,212			276,303	1,381,516
103	7,717,721			1,929,428	9,647,138
104	12,405,444			3,101,361	15,506,806
105	25,563,532			6,390,883	31,954,418
106	69,922,462			17,480,613	87,403,064
107	43,081,056			10,422,256	53,773,571
108	69,989,024			17,422,256	87,111,279
109	19,144,944			4,786,236	23,931,179
110	18,234,348		40,172,751	14,601,775	73,008,874
111	163,550,352	120,941,195		10,652,289	53,261,446
112			51,731,417	12,932,854	64,664,271
113			29,037,027	7,259,257	36,296,284
	430,395,528	120,941,195	120,941,195	107,598,882	537,994,410

The first column shows the shares which the members held in 1994. Then, thee were only eleven shareholders. In 1995 the shareholder with folio number 111 sold 120, 941, 195 shares out of his 163, 550, 352 shares. This is shown in the second column. This sold shares are acquired or bought by one existing shareholder (with folio number 110) and two new shareholders (with folio numbers 112 and 113). The respective number of shares bought is shown in the third column. Thus, the shareholders increased from eleven to thirteen. The fourth column shows the bonus shares issued to all the shareholders. The bonus-shareholders figure are one quarter of the shares held by the shareholders respectively. Since the shareholder with folio number 110 bought 40,172,751 additional

shares, his total shares increased to 58,407,099, and one quarter of this increased total shares is 14,601,775. Also since the shareholder with folio number 111 sold 120,941,195 shares out of his 163,550,352 shares, his remaining shares are 42,609,157. One quarter of these remaining shares is 10,652,289. The fifth column shows the enlarged shares held by the respective shareholders. The figures in the fifth column are respectively the summation of the shares held before the Bonus issued and the Bonus shares issued. The shareholder with folio number 101 had 44452 shares and a bonus of 11,113 shares, his enlarged share becomes 55,564 (44,451 plus 11,113) shares. The shareholder with folio number 111 had 42,609,157 shares after selling 120,941,195 shares, and his bonus is 10,652,289 shares, therefore his enlarged shareholding is 53,261,446 (42,609,157 plus 10,652,289) shares. Thus the shares in the fifth column are the updated shares of the company and the dividend declared is based on this updated, enlarged share capital.

It is from the updated record of the ordinary share transfer Book that the listing was done in the register of members. The listing was closed on the 17th of April, 1995. The following shows the summary register of members as at 17th April, 1996.

TABLE 7: **Summary Register of Members as at 17th April, 1995**

RML FOLIO	NAME	ADDRESS	NO. OF SHARES HELD
101	Abdul, M.A	No.8, Eyoma St., Calabar	55564
102	Clark, J.O	P.O. Box 31, Enugu	1,381,516
103	Omede, K.L	P.O. Box 16, Aba	9,647,138
104	John, B.N	No. 10, Ebin St., Sapele	15,506,806
105	Boso, R.M	No. 4, Boso Rd, Minna	31,954,418
106	Olukoba, J.P	24, Idowu Tailor St., Lagos	53,772,571
107	Thorp, W.Y	16, Egede St., Ogoja	53,772,571
108	Musa, M.M	10, Garba Sofi St., Kano	87,111,279
109	Abedo, T.J	P.M.B. 1041, Hadi	23,931,179
110	Oklo, R.L	17, Ilorin St. Lokoja	73,008,874
111	Standard Chartered Bank Africa Plc.	P.O. Box 3340 Durham England.	53,261,446
112	Abiodu, B.L	P.M.B. 1486, Lagos	64,664,271
113	Ikanna, H.B	24, Hensaw St., Calabar	36,296,284

(ii) **Declaration Date**

On the 25th of April, 1996 the Board of Directors of First Bank of Nigeria Plc declared a 70k per share cash dividend on the 537,994,410 ordinary shares of 50k each. The dividend was paid to stockholders of record at 17th April 1996 on 31st May, 1996.

After the declaration date, the Ordinary Shares Dividend Record Book was written. In writing the Dividend Record Books, the fully paid up shares held as indicated in the summary register of members are converted to their Naira value by multiplying them by 50k a piece.

In the Dividend Book for share the amount of shares in naira held by each shareholder is shown. The dividend to be paid to him/her is shown, the amount of withholding tax deducted from the dividend is shown and the net dividend to be paid him/her is shown. The Ordinary Shares Dividend Book is shown below

TABLE 8: **Ordinary Shares Dividend Book**

OSL FOLIO	NAME	AMOUNT PAID UP ON SHARES	AMOUNT OF DIVIDEND AT 140%	AMOUNT OF TAX AT 2.3%	NET DIVIDEND
101	Abdul, M.A	27,782	38,894.8	899.58	38,000.22
102	Clark, J.O	690,758	467,061.2	22,242.41	944,818.79
103	Omede, K.L	4,823,569	6,752,996.6	155,318.92	6,597,677.8
104	John, B.N	7,753,403	10,854,764.2	249,695.58	10,605,104.62
105	Boso, R.M	15,977,209	22,368,092.6	514,466.13	21,853,626.47
06	Olukoba, J.P	43,701,532	61,182,144.8	1,407,189.33	59,774,955.47
07	Thorp, W.Y	26,886,285.5	37,640,799.7	865,738.39	36,775,061.31
08	Musa, M.M	43,555,639.5	60,997,895.3	1,402,491.59	59,575,403.71
09	Abedo, T.J	11,965,589.5	16,751,825.3	385,291.98	16,366,533.32
10	Oklo, R.L	36,504,437	51,106,211.8	1,175,422.87	49,930,768.93
11	S.C.B.A. Plc.	26,630,723	37,283,012.2	857,509.28	36,425,502.92
12	Abiodu, B.L	32,332,135.5	45,264,989.7	1,041,094.76	44,223,894.94
13	Ikanna, H.B	18,148,142	25,407,398.8	584,370.17	24,823,023.63
		268,997,205	**376,596,087**	**8,661,709.00**	**367,934,377**

(iii) **Payment Date**

Dividend Warrants were posted on 31st May 1996 to members whose names appear in the register of members. (For all the dividend dates see the marked places in appendix M)

CHAPTER THREE

DIVIDEND ACCOUNTING SYSTEM DESIGN

3.1 Introduction

Presented in this chapter is the programming Language, and resources used in this project plus their descriptions. In doing so the elements of this chapter are presented in the following order: programming Language, files, algorithms and programming.

3.1.1 Programming Language

Since this project's topic has to do with computerisation, it is inevitable that this project involves computer programming - the act of writing a prigrammes - and programmes: for our purpose, a set of coded instructions designed, by a user, to inform a computer, of the related steps required by it to carry out a given task. The task of programming requires both expertise in programming and wisdom in choosing for use an appropriate programming language - a code used in writing a computer program - a program Language called dBASE IV is chosen.

The choice is predicated upon various disabilities and limitations inherent in certain other programs such as Basic, Fortran, Pascal and Clipper. Considering the program need of this project work, for example, Basic, Pascal and Fortran call for so much keying-in in processes and proficiency in programming that they are unsuitable for novices. While they may be used to create text files, they are as ill-suited for very large, voluminous database as they can hardly be made to access more than a fill by a program. In the same vein, Oracle, though having advanced database capabilities, requires high programming skills, which may not be easily guaranteed. Also despite Clipper's simple text editor for entering program instructions, it has very limited features. And DBASE III's assistant mode is found by users to be too restrictive.

dBASE IV, combining all the capabilities of the other programming Languages, but having non of their limitations and disabilities, satisfies more the user need for computerising Shares and dividend accounting.

3.1.2 **Files**

For the purpose of this project work, two dBASE files, each fashioned after the relational mode, are created and used to store and process data. These are summary Register of member's file and ordinary share dividend Book file. The choice of only these two files is informed by the fact that the issued and fully paid share capital of First Bank of Nigeria Plc is made up of only ordinary shares.

The summary Register of members, file shows the names and number as well as amount of shares of each ordinary shareholder entitled to participating in the dividend declared in a given year. The file has five filed names. The firs Name, R FOLIO, is the column header and the member's folio number: a membership number by which each member is identified. The field name is of numeric field type, has a filed width for six numeric data, requires no decimals, and needs no index. The second field name, NAME, the column header for member's names and initials, is of character filed type. It has a field width for 20 non-decimalised character data and requires no index. ADDRESS, the third field name, is for members addresses. While it is of character field type and has a field width for thirty characters, it has no need for index. NUMSHARES is the fourth field name. While it is of numeric field type and has a width for twelve non-decimalised numeric data, it requires no index. The last field name is AMT-PAID. It is meant for the amount of money which each shareholder paid on his shares. It is of numeric field type and has a field width for twelve numeric data, which is decimalised. But it requires no index. The file has five fields, but its records are not fixed in number, but variable.

Table 9: Below depicts the structure of the file for the summary Register of members.

TABLE 9: **Summary Register of Members file Structures**

FIELD NAME	FIELD TYPE	WIDTH	DEC	INDEX
RFOLIO	NUMERIC	6		N
NAME	CHARACTER	20		N
ADDRESS	CHARACTER	30		N
MNUMSHARES	NUMERIC	12		N
AMPTPAID	NUMERIC	12	2	N

The gross dividend, tax deductible and net dividend of each member is recorded in the Dividend Book. Thus, the second file, the created for ordinary shares Dividend Book, has six field names. The firs RfOLIO, is numeric in its field type. It has six data field width, the data being expressed not as a decimal fraction and needing no index. The second field name is NAME. Its field type is character and its field width is twenty. Its character data is not decimalised, and it requires no index. AMTPAID, the third field name, concerns the Amount Paid on shares by each shareholder. Its field type is numeric, which is decimalised, and its field width is twelve. It requires no index. DIVIDEND is the fourth fields name and concerns the gross dividend payable to the shareholders apiece. Its data is expressed to two decimal places. Like DIVIDEND the fifth and sixth field names, TAX and NET DIVID (short form of Net Dividend) have numeric field types and twelve numeric data field widths. Their respective data are expressed to two decimal places and they have no need for index. This file has six fields and variable number of records. The structure of the file for ordinary shares Dividend Book is shown in Table 10.

TABLE 10: **Ordinary Shares Dividend Book File Structure**

FIELD NAME	FIELD TYPE	WIDTH	DEC	INDEX
RFOLIO	NUMERIC	6		N
NAME	CHARACTER	20		N
AMTPAID	NUMERIC	12	2	N
DIVIDEND	NUMERIC	12	2	N
TAX	NUMERIC	12	2	N
NETDIVID	NUMERIC	12	2	N

The following abbreviations are used in the two files

ABBREVIATIONS	MEANING
RFOLIO	Member's Folio Number
NAME	Member's names and initials
AMTPAID	Amount Paid upon shares
DIVIDEND	Calculated gross dividend
ADDRESS	Member's Address
NUMSHARES	Number of shares held
TAX	Withholding Tax
NETDIVID	Net Dividend payable

3.1:3 **Algorithms**

In order to write programmes for solving problems posed by this project works, algorithms in the form of six different non-numeric flow charts were employed. These flowcharts are for

I. Updating Summary Register of Members

ii. Listing of members in Summary Register of Members (screen/printer)

iii. Transferring members' Record to Dividend Book

iv. Computing Dividends

v. Writing the Dividend Book

(a) Screen output

(b) Printer output

Programs 2 and 5 require printing on a hard Copy. For the FLOWCHARTS depicting the programs see APPENDIX N1 - 5

3.1:4 **Programming Modules**

The objective of programming in this project is to write programs for:

1. Updating Summary Register of Members
2. Printing out the updated summary Register of members (screen/printer output)

3. Transferring member's record to dividend book
4. Computing dividends
5. Writing or printing the dividend Book (screen/printer output)

In programming for updating summary Register of members file the following sequence is used. First, the computer is instructed to request the user to supply into a formatted screen the data needed to update the record of a member, at a time. The data requested includes the members folio number which the computer is instructed to use as the search key second, the computer is instructed to search the summary Register of members file for a folio number which matches the search key, and if such a folio number is found, to replace the date in that particular file's record with the data in the formatter to seek a blank record space in the file and enter the date in the formatted screen into the blank record space in their appropriate fields. Thereafter, the computer is instructed to ask the user if he/she wishes to supply another set of data for the purpose of updating the file. Thus, the entire process is repeated as many times as records for updating are available, using the DO WHILE. T. LOOP which causes the process to terminate if the users answer is "**No**" or to continue if the users answer is "**Yes**".

The program for listing summary Register of members is written to instruct the computer to first List the content of the Register on the screen then to print the content on a hard copy. Programming for these related ends proceed as follows:

(1) To print out the summary Register on the screen for viewing, the computer is instructed to display record title, data and column headers which are already supplied by the programmer. The computer in doing this instructs the user to supply the date, as dates are variables. The computer is next instructed to display in consecutive rows memory contents of the respective field names, FOLIO, NAMES, ADDRESS, NUMSHARES, below each of the corresponding column headers. In any event in which the screen space is exhausted, the computer is instructed to pause and request the user to instruct it to continue, if he so desire by pressing any key, after he has read through the displayed data. On continuation, the computer is instructed to clear the screen leaving only the title, date

of records and column headers, and thereafter, to print out a new set of records continuing from the next record to that at which it previously stopped. To do this, the agency of a Do WHILE .NOT. END of FILE Loop is used. The Loop is incorporated with a Skip command to enable successive records to be accessed.

(2) A program for sending the contents of the summary Register of members to the printer is written. In writing this program,, the Format of the program is made the same as that of the screen output excepts that

a. The output is first directed to the text file from where it can be printed on a hard copy. This is to enable a back up copy of the output to be kept in a diskette.

b. The programs instruct the computer to pause after every page is printed out, to enable a new page to be printed in the text file.

c. A modular program is used to enable the title, date of record, and column headers to be reprinted every time a new page is printed in the text file.

Thus, two programs have been incorporated into one,

(I) A program to send the file output to a text file, to be printed on a hard copy.

(ii) A procedure header program to enable the title and date of records be printed after every page is exhausted.

Programming for the transfer of member's record to Dividend Book proceeded as follows:

Firstly, the computer is instructed to open and use the Summary Register of members. Secondly, it is then instructed to work with only the relevant fields to be copied to the Dividend Book. Thirdly, the fields RFOLIO, NAME and AMTPAID are accessed by the computer and transferred into the DIVIDEND BOOK.

In the course of programming for dividend computation, the following sequence was adopted; first the computer is instructed to request the user to enter the year's dividend per share and tax rate. Second, the computer is instructed to read in from the Dividend Book File the amount paid on shares by any one member. Then to compute, in consecutive order, the member's gross dividend, withholding tax, and net dividend; and to transfer the result of the computation into the same file in the appropriate fields. A DO

WHILE.NOT.END of FILE Loop is used to repeat the process, making the computer to read in a next member's amount paid on shares. At the end of the file the Loop is exited, terminating the program.

The program for printing the Dividend book is divided into two.

i. Screen output

ii. Printer output.

First, the computer is instructed to display the title, date of records and column headers on the screen, then it is instructed to transfer file contents or Field names in the file to memory variables. The computer is thereafter instructed to print these memory variables below their appropriate column headings on the screen. The computer is instructed to halt, when the screen space is exhausted with records, and to request the user to press any key to continue. At this continuation, the computer is instructed to clear the screen of data, save record title, date and column headings. This process is automated using a Do WHILE.NOT.END of THE FILE Loop. A skip command is incorporated to enable the program access other records. After the last record has been displayed, the field date of each numeric field, except RFOLIO, is summed up and the result printed below the last record under the appropriate field name.

To print on a hard copy requires two stages. The first stage is sending the output to a text file, then printing on a hard copy from the text file. The output is the same as that on the screen. To do this the computer is instructed to direct the output to pause after every 25 lines have been prigged, to enable a new page to be printed in the text file. A set of instructions comprising a modular program is used to enable the title, date of record, and column headings to be printed on every new page. Thus, two programs are integrated, these are:

(I) A program to enable the output run into a text file. Note that output from the text file can be directed to the printer for a hard copy.

(ii) A procedure header program to enable the title, date of record and column

headings to be printed at every new page in the text file.

The end of the program is summarised in a program called the Main Menu program. Here all programs are incorporated into one program and run from it. A design screen is usually displayed by the computer requesting you to pick any program you want to run. If a program is picked or selected, the main menu program calls it into function and it is run. On completion the program returns to the main menu program. If, however, you have finished your program, the main menu terminates when a key is pressed. This is automated using a DO CASE..... END CASE structure in a DO WHILE.T.Loop.

CHAPTER FOUR

SYSTEM IMPLEMENTATION

4.0 Introduction

The purpose of this chapter is to present written program's output as they appear both on computer screen and hard copy. To do this, outputs of the programs are presented in the same sequence programs are presented.

(For program codes see appendix O)

4.1 Output

TABLE 11: **Screen Output/Format**

(I) **For Data Entry**

DATA UPDATING
FOLIO ----------
NAME ----------
ADDRESS ----------
SHARES HELD ----------
AMOUNT PAID ----------
TO CONTINUE (Y/N)

TABLE 12: **Register of Members As At 12/12/98**

For Ordinary Shareholders

RML FOLIO	NAME	ADDRESS	NUMBER OF SHARES HELD
102	EJIKE G.A	BRIDGE INV. KABBA	22551.00
103	BENSON K.L	NO4 AKPU ST. OWERRI	12520.00
104	CKL FOODS PLC	NO 24 ETSU I/L BIDA	20400.00
105	KULU J.KULU	ASO-TECH IND. ABA	11210.00
106	ATULUKU B.A	BASSA LGC OGUMA	5800.00
107	OBASANJO K.T	13 OLUK. ST KABA	40500.00
108	LAGBAJA L.D	ANTHONY VILL. LAGOS	420.00
109	AGADA K.D (DR)	GEN.HOSP.ANKPA	1500.00
110	AKAGWU G.O	G.G.S.S DEKINA	500.00

TABLE 12 **Register of Members As At 12/12/98**

For Ordinary Share Holders

RML FOLIO	NAME	ADDRESS	NUMBER OF SHARES HELD
1234	BLESSING	MAKANJOLA	34355.00
108	BLESSING BARIN	KUBWA, ABUJA	23456.00
107	GOODNESS	ABUJA	5678.00
105	REJU, JOSEPH	23, KUBWUBA ST, KUBWU	4532.00
106	ESTHER ZACHEUS	DEPT.L/S, SOKOTO	2356.00
101	AKAGWO J.O.A.	13 HOSP. LANE, ANKPA	2345.00
101	AKAGWO J.O.A	13 HOSP. LANE, ANKPA	12345.00
102	JIMOH, H.B (MRS)	14 BOSO RD, MINNA	235667.00
101	AKAGWA, J.O.A	13 HOSP. LANE, ANKPA	12345.00
101	AKAGWA, J.O.A	13 HOSP. LANE, ANKPA	12345.00
101	AAA	WWWWW	44.00
234	SDFGG	TYYUUU	5 6 6 7 . 0 0

TABLE 13

Dividend Record Book as at 12/12/98

F/N	NAME	AMOUNT PAID UPON SHARES ₦	AMOUNT OF DIVIDEND 140% ₦	AMOUNT OF TAX AT NET 2.3% ₦	DIVIDEND ₦
108	BLESSING .B.	3567.23	4994.12	114.86	4879.26
107	GOODNESS	456.77	639.48	14.71	624.77
105	REJU, JOSEPH	897.44	1256.42	7.56	321.41
106	ESTHER .Z.	897.44	1256.42	28.90	1227.52
101	AKAGWO J.O.A.	1234.80	1728.72	39.76	1687.96
101	AKAGWO J.O.A	1233.60	1727.04	39.72	1686.32
102	JIMOH, H.B (MRS)	567789.70	794905.58	18282.83	776622.75
101	AKAGWA, J.O.A	2345.70	3283.98	75.53	3208.45
101	AKAGWA, J.O.A	1234.90	1728.86	39.76	1689.10
101	AAA	888.00	1243.20	28.59	1214.61
234	SDFGG	576788.00	807503.20	18572.57	788930.63
102	EJIKE G.A.	11255.50	15757.70	362.43	15395.27
103	BENSON K.L.	6260.00	8764.00	201.57	8562.43

TABLE 13

Dividend Record Book as at 12/12/98

F/N	NAME	AMOUNT PAID UPON SHARES ₦	AMOUNT OF DIVIDEND 140% ₦	AMOUNT OF TAX AT NET 2.3% ₦	DIVIDEND ₦
101	AKAGWA J.O.A	2345.70	3283.98	75.53	3208.45
101	AKAGWA J.O.A	1234.90	1728.86	39.76	1689.10
101	AAA	888.00	1243.20	28.59	1214.61
234	SDFGG	576788.00	807503.20	18572.57	788930.63
102	EJIKE G.A	11255.50	15757.70	362.43	15395.27
103	BENSOL K.L	6260.00	8764.00	201.57	8562.43
104	CKL FOODS PLC	10200.00	14280.00	328.44	13951.56
105	KULU J. KULU	5605.00	7847.00	180.48	7666.52
106	ATULULU B.A	2900.00	4060.00	93.38	3966.62
107	OBASANJO K.T	20250.00	28350.00	652.05	27697.95
108	LAGBAJA L.D	210.00	294.00	6.76	287.24
109	AGADA K.D (DR)	750.00	1050.00	24.15	1025.85
110	AKAGWO G.O	250.00	350.00	8.05	341.95
TOTAL		**2435615.02**	**3409861.04**	**78426.78**	**3331434.28**

TABLE 14: **Screen Output/Format**

(vi) **FOR SUMMARY OF PROGRAMS**

MAIN MENU

A. UPDATING REGISTER OF MEMBERS

B. LISTING OF MEMBERS REGISTER

C. TRANSFERRING RECORDS

D. COMPUTING DIVIDENDS

E. LISTING DIVIDEND BOOK

PICK CHOICE (A,B,C,D,E)

CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

5.0 Summary

This Project is intended to computerize the otherwise Manual and Mechanical means of determining shareholders dividend in first Bank of Nigeria Plc. In order to do this, computer programs to update the Register of members File, print out the updated Register, calculate members respective gross dividends, withholding tax, and net dividends; then store all these in a dividend Book file, and print out the Dividend Book, were written. These programs replaced the manual and mechanical process used in Dividend determination in the bank. The outputs of these programs are exactly the same as the outcome of the mechanical processes.

5.1 Limitation of the Project

The Register of members and transfer books have structures and uses making them difficult to reproduce as data files in the computer. Apart from the fact that these books must be constantly available to the register of shares for the purpose of recording continuous transactions relating to membership and shares acquisition and transfers, and recording new share balances after each transaction, these books are made up of great many sheets bounded together, each sheet or group of indefinite number of sheets containing information about just one member. The structure of these books and fact that each member can engage in countless number of shares acquisitions and transfers, necessitating and indefinite number of information sheets, make the two dimensional computer files highly wasteful poor alternatives if one computer file were to correspond to one sheet in the books. Thus, a summary Register of members contains only information, extracted from these books, which are relevant to dividend computation. The contents of this register are transferred to a computer file, the updating of which is easily done, at listing times every year, using the transfer books.

5.2 Conclusion

The computerization of accounting operations as they relate to dividend in First Bank of Nigeria Plc, has the implication of a zero-sum game to the bank and the accounting firms that carry out this operations for the bank:messrs Adetona Isichei and Co and KPMG Peat Marwick, Ani Ogunde & Co. (First Bank of Nigeria Plc 1995 annual reports and Accounting:27). While the bank will, in carrying out these processes in-house, save a lot of money which would have been spent in payment to these firms, these firms will record a decline in their gross earnings by the same amount. However, the in-house accounting operations concerning dividend, made easy and more profitable by the use of computer, has the following implications for First Bank of Nigeria Plc.

(I) The bank's overhead every year will reduce in proportion to the amount that would have been spent contracting these operations out.

(ii) As a result;

(a) The bank's Earnings Before Interest - if any - and Tax (EBIT) will increase.

(b) The after tax net profit to be appropriated between statutory reserve, Dividend, and General reserve will increase.

(c) The nominal value of the bank's share in the stock exchange will experience rise.

The advantages should be attractive to the bank enough to consider the option provided by computer technology. This is arguably true when consideration is given to the fact that the Long term cost of acquiring and installing relevant computer technology will be far less than the Long term cost of buying the services of private accounting firms.

5.3 Recommendations

Based on the relative ease and cost effectiveness with which dividend computation is done using a computer, and the experience emerging from the execution of this project, the following recommendations are made.

(1) The content of this project should be made available to the management of First

Bank of Nigeria Plc so that they can appreciate the possibility of computerizing dividend accounting processes in their bank.

(2) The content of this project should be made available to the computer science department of schools to enrich their information base in computer programming.

(3) It is recommended that further research be carried out on computerization of share in the specific accounting process of journalizing, and ledgerising the allotment, calls and payment of share as complementary operations to the dividend accounting dealt with in this project.

(4) Further projects should be executed in the computerization of dividends in other corporations, especially those which issue both ordinary and preference shares.

(5) This program may be repeated using other equally suitable programming Languages in order to determine which programming Languages presents the greatest ease to both the computer and the user.

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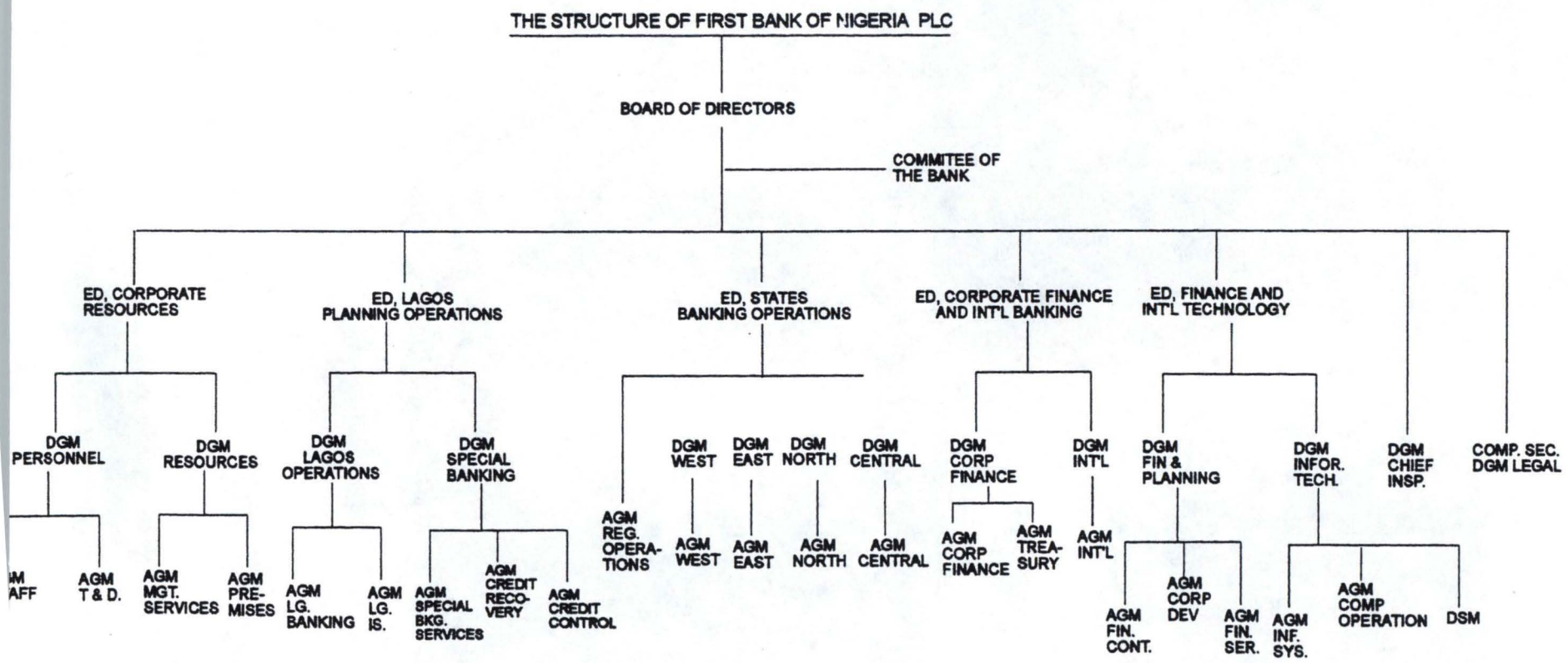
THE ORGANOGRAM OF FIRST BANK OF NIGERIA PLC.

APPENDIX A



Notes on the Accounts (Cont'd)

.5 Investments in dated securities comprise Federal Republic of Nigeria Development Stocks; quoted and unquoted equities and debenture stocks. They are stated at cost. In accordance with the Bank's accounting policy to hold such investments until the date of maturity, no provision has been made in these financial statements to cover shortfall or credit between the market value and cost at the balance sheet date. At 31st December, 1995 there was a shortfall of ₦5,243,000; (1994 – ₦3,016,000).

.6 In the opinion of the directors, the market value of the unquoted investments is not lower than cost.

.7 The Bank's major subsidiary company FBN (Merchant Bankers) Limited commenced business on 1st August, 1990. First Bank of Nigeria Plc has 60% holding of its paid up capital. The accounts of FBN (Merchant Bankers) Limited are consolidated with those of the parent company.

.8 FBN (Merchant Bankers) Limited has a wholly owned subsidiary, Premium Securities Limited, with a paid up capital of ₦5,000,000. The accounts of Premium Securities Limited are consolidated with those of its holding company.

.9 The accounts of the other three subsidiaries namely First Trustees (Nigeria) Limited, First Dependants (Nigeria) Limited and First Nominees (Nigeria) Limited, which are wholly-owned, are not consolidated with those of the parent company, as the directors consider the amount involved to be insignificant.

.10 The Bank has an investment of ₦56,900,000 representing 28.45% in Kakawa Discount House Limited which commenced operation in November, 1995. The accounts of Kakawa Discount House Limited have not been consolidated in the financial statements as a result of the immateriality of its results to the operation of First Bank of Nigeria Plc.

4. LOANS AND ADVANCES

		The Group		The Company	
		1995	1994	1995	1994
.1	**Summary**	₦'000	₦'000	₦'000	₦'000
	Secured against real estate	3,615,849	1,713,487	3,545,387	1,627,625
	Otherwise secured	11,962,663	7,366,708	11,090,771	7,223,145
	Unsecured	2,049,719	1,091,295	2,041,343	1,080,944
		17,628,231	10,171,490	16,677,501	9,931,714
	Assets realisation and recoveries in suspense	(2,505)	(3,932)	(2,505)	(3,932)
		17,625,726	10,167,558	16,674,996	9,927,782
	Deduct: Provision for doubtful debts (Note 4.3.)	(4,959,294)	(4,003,936)	(4,933,545)	(3,987,156)
		12,666,432	6,163,622	11,741,451	5,940,626

APPENDIX C

Report of the Directors

The directors have pleasure in submitting to the members their report and audited financial statements of the group for the year ended 31st December, 1995.

1. RESULTS

	₦'000	₦'000
The profit for the year after taxation and minority interest was		937,490
Less: Appropriations:		
Transfer to statutory reserve	157,087	
Proposed dividend	376,597	
		533,684
Retained profit transferred to general reserve		403,806

The proposed dividend of 70 kobo per ordinary share which is subject to withholding tax is based on the enlarged capital of 537,994,410 ordinary shares of 50 kobo each after reflecting the 1994 bonus of 1 for 4.

2. LEGAL FORM

The Bank which commenced operations in Nigeria in 1894 as a branch of Bank of British West Africa Limited was incorporated as a private limited liability company in Nigeria in 1969 and was converted to a public company in 1970. The Bank's shares are quoted on the Nigerian Stock Exchange.

3. PRINCIPAL ACTIVITIES

The company engages in the business of commercial banking whilst its major subsidiary, FBN (Merchant Bankers) Limited carries on the business of merchant banking.

4. BUSINESS REVIEW AND FUTURE DEVELOPMENT

The company has during the year carried out banking activities in accordance with its memorandum of association.

FBN (Merchant Bankers) Limited, the Bank's major subsidiary had a successful year.

5. FIXED ASSETS

Movements in fixed assets during the year are shown in Notes 6 and 7 on pages 43 to 45. In the opinion of the directors, the market value of the Bank's properties is not less than the value shown in the accounts.

6. SHARE CAPITAL

.1 In line with Standard Chartered Bank Africa Plc's policy of partially divesting its portfolio of non-core activities, and in order to meet Bank of England regulatory requirement the offer for sale of 120,941,195 ordinary shares of 50 kobo each out of its holding was concluded during the year.

.2 The directors recommended for the consideration of members at the 26th Annual General Meeting scheduled for Thursday, April 27, 1995 that the sum of ₦53,799,441 be set aside out of general reserve to be capitalised by issuing one ordinary bonus share of 50 kobo to existing shareholders for every four ordinary shares previously held. The meeting had not been held as at 31st December, 1995.

APPENDIX D

Balance Sheet

AS AT 31ST DECEMBER

		The Group		The Company	
		1995	1994	1995	1994
Assets	Notes	N'000	N'000	N'000	N'000
Cash & short-term funds	1	31,558,388	12,601,425	29,920,537	11,738,352
Bills discounted	2	9,338,116	12,400,776	8,251,260	10,793,578
Investments	3	151,051	91,178	152,951	115,178
Loans and advances	4	12,666,432	6,163,622	11,741,451	5,940,626
Other assets	5	6,135,579	4,276,822	6,084,585	4,225,444
Equipment on lease	6	344,701	69,562	150,838	34,480
Fixed assets	7	3,678,181	1,227,990	3,519,333	1,106,902
Total Assets		63,872,448	36,831,375	59,820,955	33,954,560
Liabilities					
Deposits and current accounts	8	43,464,097	25,021,533	41,641,080	23,275,471
Taxation	9	341,924	485,676	275,234	370,196
Other liabilities	10	13,802,193	9,113,468	12,129,665	8,478,508
		57,608,214	34,620,677	54,045,979	32,124,175
Capital And Reserves					
Called-up share capital	11	215,198	215,198	215,198	215,198
Statutory reserve	12	590,702	433,615	483,269	358,751
Exchange difference reserve	13	1,700,770	140,855	1,700,770	140,855
General reserve	14	1,119,157	811,151	942,637	667,429
Bonus issue reserve	15	53,800	—	53,800	—
Core capital		3,679,627	1,600,819	3,395,674	1,382,233
Asset revaluation reserve	16	2,379,302	448,152	2,379,302	448,152
Capital and Reserves		6,058,929	2,048,971	5,774,976	1,830,385
Minority interest		205,305	161,727	—	—
		6,264,234	2,210,698	5,774,976	1,830,385
		63,872,448	36,831,375	59,820,955	33,954,560
Contingent liabilities and other obligations on behalf of customers and customers' liability therefor	26	2,349,600	2,597,778	1,482,377	1,851,278

Mahmoud I. Atta — Chairman
Joseph Oladele Sanusi — Managing Director and Chief Executive
Christopher F. Awosika — Executive Director

The notes on pages 37 to 53 form part of these accounts.

Report of the Directors (Cont'd)

.3 The directors recommend, subject to the adjustment for 1994 bonus issue, the declaration of bonus shares out of general reserve in the proportion of one ordinary bonus share of 50 kobo for every four ordinary shares previously held by existing shareholders.

7. DIRECTORS

.1 The names of the present directors are listed on page 5.

.2 In accordance with the company's articles of association, E. N. Omatsola (Mrs.) and Messrs. K. N. Radford, A. Sadauki, B. Usman and J. N. Gamde, retire by rotation and being eligible offer themselves for re-election.

.3 Messrs. C. F. Awosika, M. Ibrahim, U. J. Ekaette and U. A. Mutallab who were appointed to the Board since the last Annual General Meeting retire and being eligible offer themselves for election.

.4 Messrs. Ahmadu Aminu Ahmadu, A. R. O. Ayeni, D. P. Broughan and P. N. Mayes resigned from the Board since the last Annual General Meeting.

.5 The directors regret to announce the death of Alhaji Ahmadu Aminu Ahmadu since the last Annual General Meeting.

8. DIRECTORS' INTERESTS

The interests of the directors in the issued share capital of the company as recorded in the register of directors' shareholdings as at 31st December, 1995 are as follows:

	Ordinary shares of 50k each 31st December	
	1995	**1994**
M. I. Atta (Direct)	12,950	—
M. I. Atta (Indirect)	1,928,720	325,922
J. O. Sanusi	454,056	441,106
C. I. Adimorah	158,926	123,458
C. F. Awosika	82,254	—
J. N. Gamde	20,782	13,332
M. Ibrahim	29,380	—
U. A. Mutallab	1,033,762	—
O. I. Ogunsanya	30,771	4,993
A. Okunuga (Ms.)	266,666	266,666
E. N. Omatsola (Mrs.)	129,952	117,002
A. Sadauki	106,280	93,333
B. Usman	87,450	160,000

None of the directors has notified the company for the purposes of Section 277 of the Companies and Allied Matters Decree, 1990 of any disclosable interests in contracts with which the company was involved as at 31st December, 1995.

9. SUBSTANTIAL INTEREST IN SHARES

.1 The ordinary shares of the company as at 31st December, 1995 were held as follows:

	1995	**%**	**1994**	**%**
Standard Chartered Bank Africa Plc	42,609,157	9·9	163,550,352	38·0
Nigerian citizens and associations	387,786,371	90·1	266,845,176	62·0
	430,395,528	100·0	430,395,528	100·0

APPENDIX F

Shareholders' Information

FOR THE YEAR ENDED 31ST DECEMBER

1. INCORPORATION AND CAPITALISATION HISTORY

The Bank was originally incorporated as Bank of British West Africa in 1894 with an Authorised Share Capital of 100,000 Pounds divided into 10,000 Ordinary shares of 10 Pounds each. As at the date of this report, the history of the Bank's authorised and fully paid-up share capital was as follows:

Date	Authorised Capital ₦	Issued and fully Paid Capital ₦	Consideration
31st December, 1973	10,000,000	9,700,000	Cash
10th June, 1975	15,000,000	11,640,000	1 for 5 Bonus
27th July, 1976	15,000,000	13,968,000	1 for 5 Bonus
28th July, 1977	25,000,000	20,952,000	1 for 2 Bonus
27th July, 1978	30,000,000	29,333,000	2 for 5 Bonus
28th December, 1978	40,000,000	29,333,000	—
26th July, 1979	50,000,000	43,999,200	1 for 5 Bonus
24th July, 1980	70,000,000	46,314,947	Cash
24th July, 1980	70,000,000	55,577,936	1 for 5 Bonus
30th April, 1981	100,000,000	61,135,729	1 for 10 Bonus
29th April, 1982	150,000,000	61,135,729	—
16th April, 1986	150,000,000	67,249,301	1 for 10 Bonus
9th April, 1987	150,000,000	80,699,161	1 for 5 Bonus
27th April, 1989	150,000,000	80,699,161	Stock split from ₦1 to 50k shares
29th April, 1993	150,000,000	107,598,882	1 for 3 Bonus
28th April, 1994	300,000,000	215,197,764	1 for 1 Bonus
27th April, 1995	300,000,000	215,197,764	1 for 4 Bonus (Outstanding)

2. BENEFICIAL SHAREHOLDING

.1 The shareholding structure of the Bank as at 31st December, 1995 was as follows:

Shareholder	Number of Shares held	Amount ₦	Percentage (%) Shareholding
Foreign:			
Standard Chartered Bank Africa Plc	42,609,157	21,304,579	9·9
Nigerian Citizens/Associations:			
Nigerian Public	387,786,371	193,893,185	90·1
	430,395,528	215,197,764	100·0

.2 At 31st December, 1995 no shareholder other than as noted held more than 10% of the issued share capital of the company.

Notes on the Accounts (Cont'd)

15. BONUS ISSUE RESERVE

	The Group		The Company	
	1995	1994	1995	1994
	N'000	N'000	N'000	N'000
At 1st January,	—	—	—	—
Transfer from general reserve (Note 14)	53,800	—	53,800	—
At 31st December,	53,800	—	53,800	—

In 1995, the Board recommended to the members at the proposed 26th Annual General Meeting that a bonus of 107,598,882 amounting to N53,799,441 be distributed on the basis of one share for every four shares previously held. The necessary approvals have not been received and the Annual General Meeting had not been held at the date of these accounts.

16. FIXED ASSETS REVALUATION RESERVE

	The Group		The Company	
	1995	1994	1995	1994
	N'000	N'000	N'000	N'000
At 1st January,	448,152	448,152	448,152	448,152
Surplus during the year (Note 7)	1,931,150	—	1,931,150	—
At 31st December,	2,379,302	448,152	2,379,302	448,152

17. INTEREST EARNINGS

Interest on advances	3,554,229	2,449,978	3,154,177	2,258,377
Income from treasury bills, certificates and stabilisation securities	1,381,108	1,586,476	1,381,108	1,418,605
Interest on deposits	1,191,004	73,980	1,191,004	73,980
	6,126,341	4,110,434	5,726,289	3,750,962

18. INTEREST EXPENSES

Customers and Staff	2,115,205	1,311,307	1,863,871	1,206,768
	2,115,205	1,311,307	1,863,871	1,206,768

19. COMMISSION AND OTHER INCOME

Commission and bills charges	1,999,355	1,438,998	1,865,885	1,304,895
Foreign exchange	204,883	91,292	175,023	80,819
Dividend from investments	49,214	24,500	49,214	24,500
Lease income	140,111	38,038	93,690	—
Sundry income	460,439	211,020	361,187	193,820
	2,854,002	1,803,848	2,544,999	1,604,034

APPENDIX II

Balance Sheet

AS AT 31ST DECEMBER

Assets	Notes	The Group 1995 N'000	The Group 1994 N'000	The Company 1995 N'000	The Company 1994 N'000
Cash & short-term funds	1	31,558,388	12,601,425	29,920,537	11,738,352
Bills discounted	2	9,338,116	12,400,776	8,251,260	10,793,578
Investments	3	151,051	91,178	152,951	115,178
Loans and advances	4	12,666,432	6,163,622	11,741,451	5,940,626
Other assets	5	6,135,579	4,276,822	6,084,585	4,225,444
Equipment on lease	6	344,701	69,562	150,838	34,480
Fixed assets	7	3,678,181	1,227,990	3,519,333	1,106,902
Total Assets		63,872,448	36,831,375	59,820,955	33,954,560
Liabilities					
Deposits and current accounts	8	43,464,097	25,021,533	41,641,080	23,275,471
Taxation	9	341,924	485,676	275,234	370,196
Other liabilities	10	13,802,193	9,113,468	12,129,665	8,478,508
		57,608,214	34,620,677	54,045,979	32,124,175
Capital And Reserves					
Called-up share capital	11	215,198	215,198	215,198	215,198
Statutory reserve	12	590,702	433,615	483,269	358,751
Exchange difference reserve	13	1,700,770	140,855	1,700,770	140,855
General reserve	14	1,119,157	811,151	942,637	667,429
Bonus issue reserve	15	53,800	—	53,800	—
Core capital		3,679,627	1,600,819	3,395,674	1,382,233
Asset revaluation reserve	16	2,379,302	448,152	2,379,302	448,152
Capital and Reserves		6,058,929	2,048,971	5,774,976	1,830,385
Minority interest		205,305	161,727	—	—
		6,264,234	2,210,698	5,774,976	1,830,385
		63,872,448	36,831,375	59,820,955	33,954,560
Contingent liabilities and other obligations on behalf of customers and customers' liability therefor	26	2,349,600	2,597,778	1,482,377	1,851,278

Mahmoud I. Atta — Chairman
Joseph Oladele Sanusi — Managing Director and Chief Executive
Christopher F. Awosika — Executive Director

The notes on pages 37 to 53 form part of these accounts.

APPENDIX I

Profit and Loss Account

FOR THE YEAR ENDED 31ST DECEMBER

		The Group		The Company	
		1995	1994	1995	1994
Income	**Notes**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Interest earnings	17	6,126,341	4,110,434	5,726,289	3,750,962
Interest expenses	18	(2,115,205)	(1,311,307)	(1,863,871)	(1,206,768)
Net interest income		4,011,136	2,799,127	3,862,418	2,544,194
Commission and other income	19	2,854,002	1,803,848	2,544,999	1,604,034
		6,865,138	4,602,975	6,407,417	4,148,228
Overheads	20	(5,334,280)	(3,236,112)	(5,108,655)	(3,062,848)
Profit before charge for doubtful accounts		1,530,858	1,366,863	1,298,762	1,085,380
Provision for bad & doubtful accounts	21	(299,173)	(187,734)	(298,727)	(211,853)
Exceptional items	22	6,624	—	6,624	—
Profit before taxation		1,238,309	1,179,129	1,006,659	873,527
Taxation	9	(229,241)	(422,935)	(176,536)	(320,000)
Profit after taxation		1,009,068	756,194	830,123	553,527
Minority interest		(71,578)	(81,069)	—	—
Profit attributable to ordinary shareholders		937,490	675,125	830,123	553,527
Dealt with as follows					
Statutory reserve	12	157,087	117,600	124,518	83,029
Dividend	23	376,597	215,198	376,597	215,198
General reserve	14	403,806	342,327	329,008	255,300
		937,490	675,125	830,123	553,527

The notes on pages 37 to 53 form part of these accounts.

Notes on the Accounts (Cont'd)

	The Group		The Company	
	1995	1994	1995	1994
	₦'000	₦'000	₦'000	₦'000
21. PROVISION FOR BAD AND DOUBTFUL ACCOUNTS				
Loans and advances (Note 4.3)	88,339	139,733	79,369	141,135
Other assets	169,544	94,014	170,000	75,718
Inter bank placements (Note 1)	(18,450)	(19,348)	(5,150)	(5,000)
Bills discounted (Note 2)	57,490	(26,665)	52,258	—
Investments (Note 3·1b)	2,250	—	2,250	—
	299,173	187,734	298,727	211,853
22. EXCEPTIONAL ITEMS				
Consist of the followings:				
Exceptional income (Note 22a)	957,063	—	957,063	—
Exceptional charge (Note 22b)	(950,439)	—	(950,439)	—
	6,624	—	6,624	—

22a. Exceptional income represents gain arising from conversion of the bank's balances held with banks outside Nigeria.

22b. Exceptional charge represents shortfall arising from actuarial valuation of the pension fund as explained in note 20.4.

23. DIVIDEND				
Final proposed	376,597	215,198	376,597	215,198

The proposed dividend of 70 kobo per 50 kobo ordinary share is based on the enlarged share capital of 537,994,410 after taking into account the 1994 bonus issue of 107,598,882 ordinary shares of 50 kobo each. The dividend is subject to deduction of withholding tax at the appropriate rate.

24. CHAIRMAN'S AND DIRECTORS' EMOLUMENTS AND PENSIONS

	The Company	
	1995	1994
	₦'000	₦'000
.1 Emoluments		
Fees:		
Chairman	116	80
Other directors	376	403
	492	483
Emoluments as managers	3,583	3,684
	4,075	4,167
Highest paid director	756	753

Shareholders' Information (Cont'd)

3. ANALYSIS OF SHAREHOLDINGS AS AT 31ST DECEMBER, 1995

The range of shareholding as at 31st December, 1995 is as follows:

Range of holdings			Number of Shareholders	% of share-holders	Number of Shares held	% of holdings
1	—	99	1,079	0·91	44,451	0·01
100	—	199	10,838	9·16	1,105,213	0·26
200	—	499	28,621	24·19	7,717,710	1·79
500	—	999	20,653	17·45	12,405,445	2·88
1,000	—	1,999	20,730	17·52	25,563,535	5·94
2,000	—	4,499	24,740	20·91	69,922,451	16·25
4,500	—	9,999	6,968	5·89	43,018,057	10·00
10,000	—	49,999	4,138	3·50	69,689,023	16·19
50,000	—	99,999	305	0·26	19,144,943	4·45
100,000	—	999,999	222	0·19	58,407,099	13·57
1,000,000	—	4,999,999	29	0·02	51,731,417	12·02
5,000,000	—	9,999,999	3	0·00	16,942,908	3·94
10,000,000	—	99,999,999	2	0·00	54,703,276	12·70
	Total		118,328	100·00	430,395,528	100·00

4. TEN-YEAR DIVIDEND HISTORY

Dividends declared for the last ten years were as follows:

Financial Year Ended	Date Declared	Total Amount ₦'000	*Dividends Per Share	Percentage
31st December, 1986	13th March, 1987	17,045	22k	44
31st December, 1987	24th March, 1988	24,039	27k	54
31st December, 1988	18th May, 1989	24,039	27k	54
31st December, 1989	9th April, 1990	24,210	15k	30
31st December, 1990	16th July, 1991	6,285	2.5k	5
31st December, 1991	16th July, 1992	—	—	—
31st December, 1992	17th May, 1993	66,809	40k	80
31st December, 1993	8th April, 1994	150,639	70k	140
31st December, 1994	27th April, 1995	215,198	50k	100
31st December, 1995	25th April, 1996	376,600	70k	140

* Dividends declared were subject to deduction of withholding tax at appropriate rates.

PAYMENT No.	INTERIM OR FINAL	ISSUE TYPE	RATE PERCENT	YEAR ENDING
042	FINAL	ORD. SHARES	80.00	30/09/95

HOLDING	ORD. SHARE	AMOUNT GROSS	TAX	AMOUNT PAYABLE
437	2000	87.40	8.74	78.66

W/H TAX RATE %
10.00

DATE PAYABLE
10/04/95

WARRANT No.
95106237

S0008829

00098921

Annexed is a warrant for payment of dividend/interest as shown. This amount should be included in the return of income required by any Board of Inland Revenue in Nigeria, and this notice should be carefully preserved by the shareholder and attached to any claim for payment of tax which may be made.

We certify that the withholding tax payable in respect of this dividend has been or will be paid by the company to the appropriate tax authority.

All correspondence should be addressed to the registrars of the company, [redacted] Burma Road, Apapa, Lagos.

THEODORA AZINGE (MRS)

SECRETARY

Triple One Computer & Security Printing. Tel: 882530, 0

APPENDIX L

APPENDIX L

APPENDIX M

Notice of Annual General Meeting

Notice is hereby given that the 27th Annual General Meeting of the members of First Bank of Nigeria Plc will be held at the Congress Hall, Nicon Noga Hilton Hotel, Abuja on Thursday 25th April, 1996 at 12.00 noon to transact the following business:

ORDINARY BUSINESS

1. To receive the audited accounts for the year ended 31st December, 1995, together with the reports of the Directors, Joint Auditors and Audit Committee thereon.
2. To declare a dividend
3. To elect Directors
4. To approve the remuneration of the Directors
5. To authorise the Directors to fix the remuneration of the Joint Auditors.
6. To elect members of the Audit Committee.

SPECIAL BUSINESS

7. To consider and if thought fit, to pass the following resolution as an ordinary resolution: "That pursuant to Article 47 of the Articles of Association of the Company, the Directors having so recommended, it is desirable to capitalise the sum of N67,249,301 from the balance of General Reserve and accordingly that such sum be set free for distribution amongst the members on the register of members at the close of business on 10th April, 1996 on condition that the same be not paid in cash but applied in paying up in full at par 134,498,602 of the unissued ordinary shares of 50 kobo each to be allotted, distributed and credited as fully paid-up to and amongst such members in the proportion of one new ordinary share for every four ordinary shares held by them on that day, and such new shares shall rank for all purposes paripassu with the existing issued ordinary shares of the Company, the shares so distributed being treated for all purposes as capital and not as income and these new shares shall not qualify for payment of dividend in respect of the 1995 accounts, and the Directors shall give effect to this resolution on receipt of the necessary permission from the authorities."

PROXY

A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a Proxy to attend and vote in his stead. A Proxy need not also be a member. All instruments of Proxy should be duly executed and stamped at the Stamp Duties office, and deposited at the registered office of the Company or the office of the Registrar, Plot 2, Abebe Village Road, Iganmu, Lagos not less than 48 hours before the time for holding the meeting.

DIVIDEND WARRANTS

If the dividend recommended by the Directors is approved by members at the Annual General Meeting, the dividend warrants will be posted on 31st May, 1996 to members whose names appear in the Register of members at the close of business on 10th April, 1996.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members and Transfer Books of the Company will be closed from 11th to 17th April, 1996 (both dates inclusive) for the purpose of payment of the dividend.

NOTE

Any member may nominate a shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the Secretary of the Company at least 21 days before the Annual General Meeting.

BY ORDER OF THE BOARD

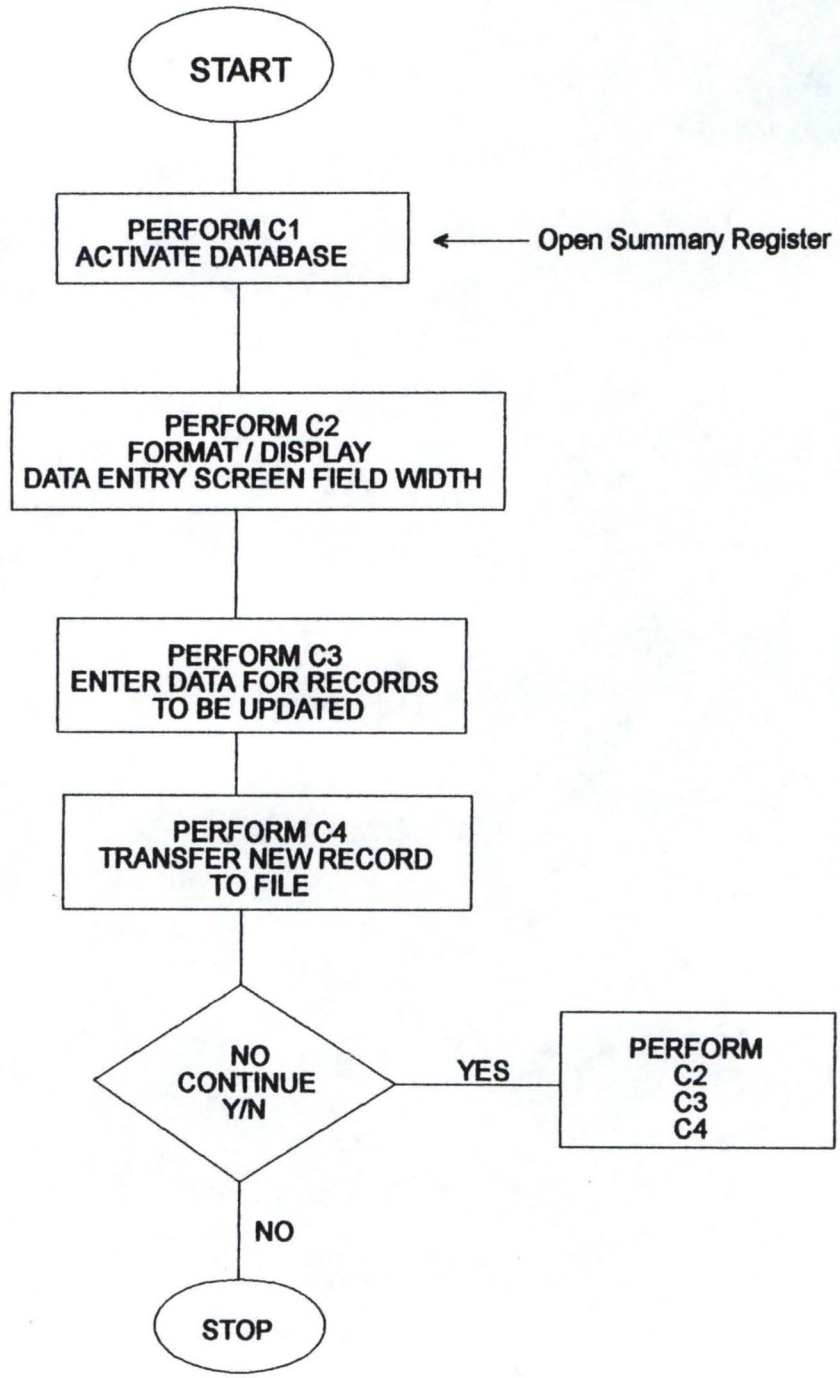
Afolabi Olasope
Company Secretary

35, Marina,
Lagos.

DATED 18TH MARCH, 1996.

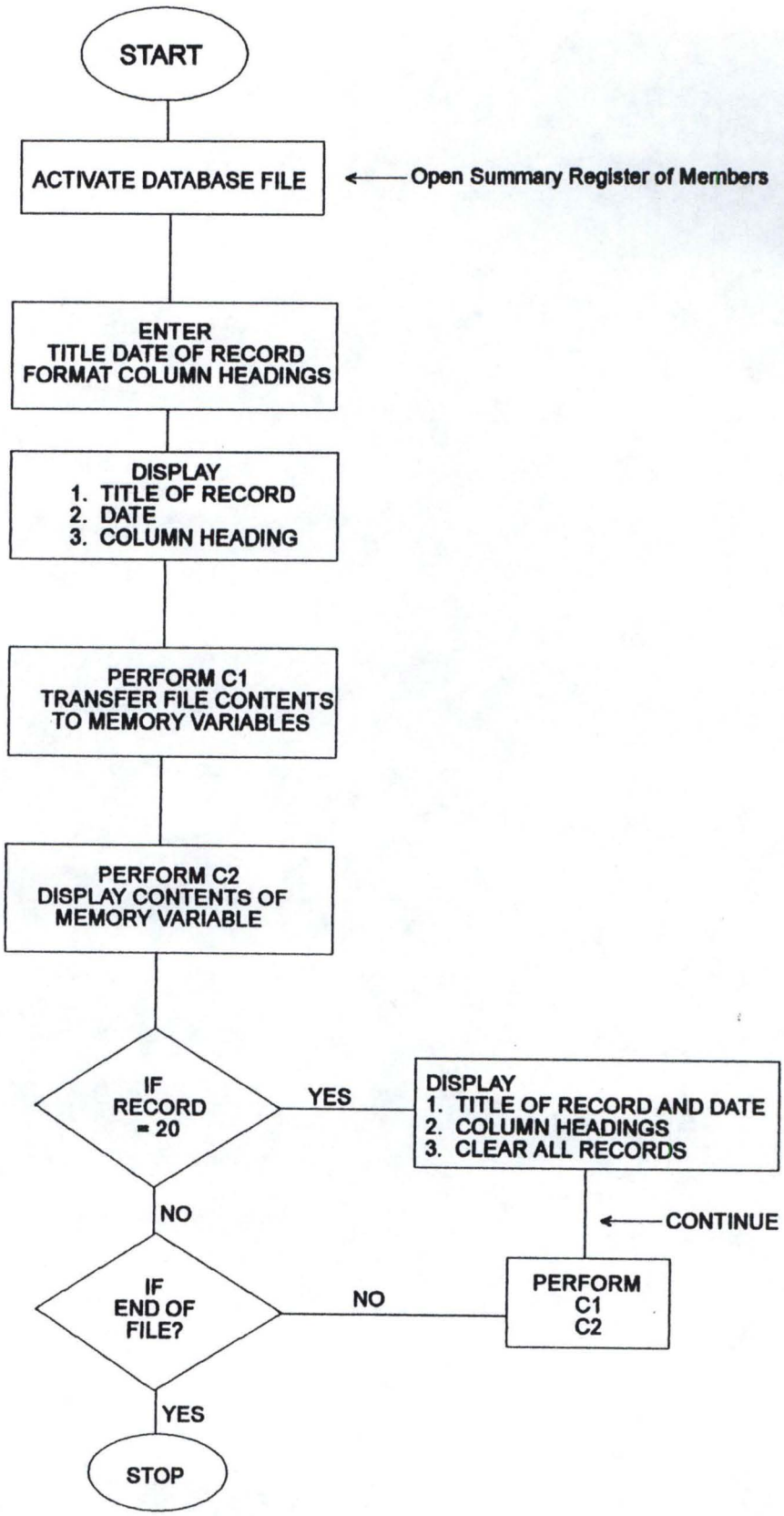
APPENDIX N1

Updating Summary Register of Members

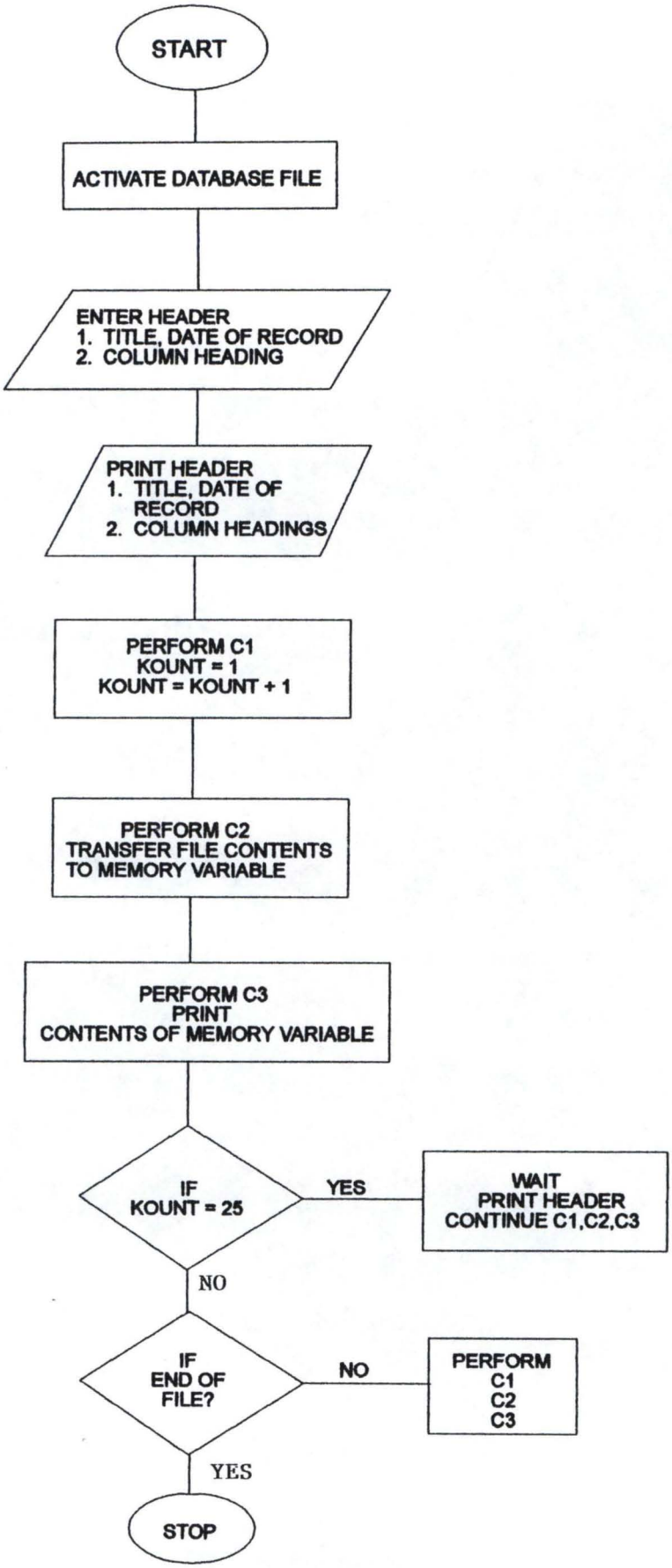


APPENDIX N2

LISTING OF MEMBERS IN SUMMARY REGISTER OF MEMBERS (SCREEN OUTPUT)

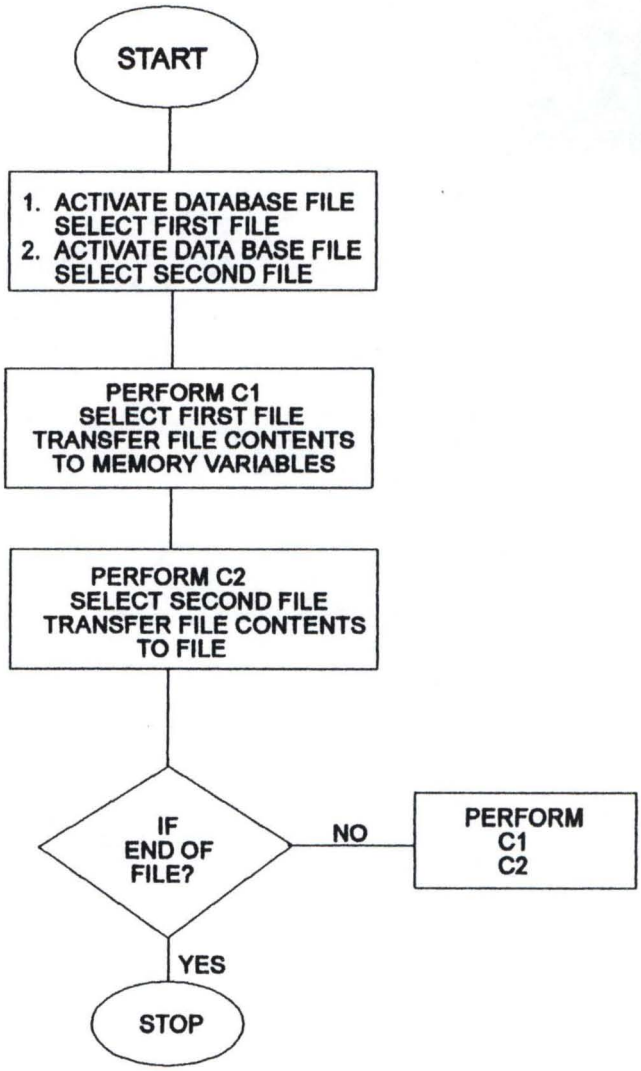


LISTING OF MEMBERS IN SUMMARY REGISTER OF MEMBERS (PRINTER OUTPUT)



APPENDIX N3

TRANSFER OF MEMBERS RECORD TO DIVIDEND BOOK

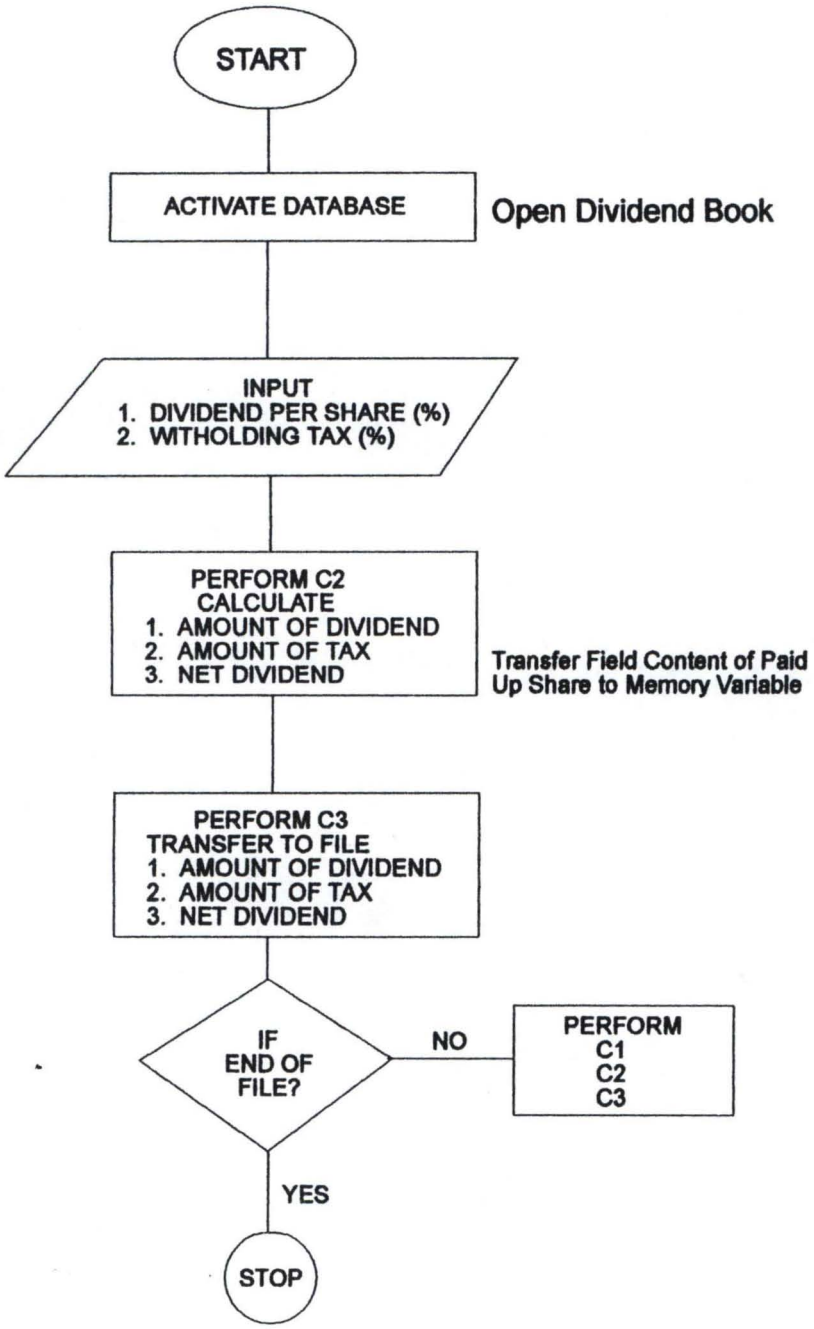


NOTE

FIRST FILE = BANK'S List of
Shares and Members
SECOND FILE = Ordinary Share's Dividend

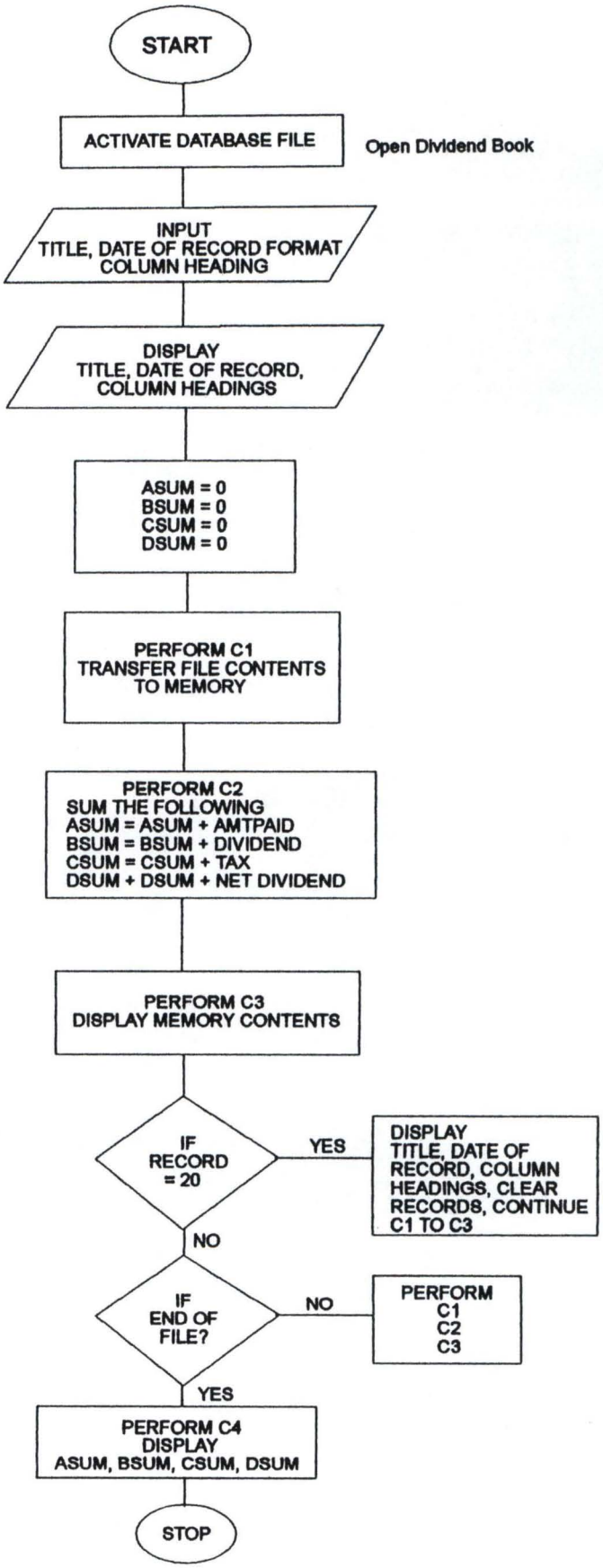
APPENDIX N4

DIVIDEND COMPUTATION



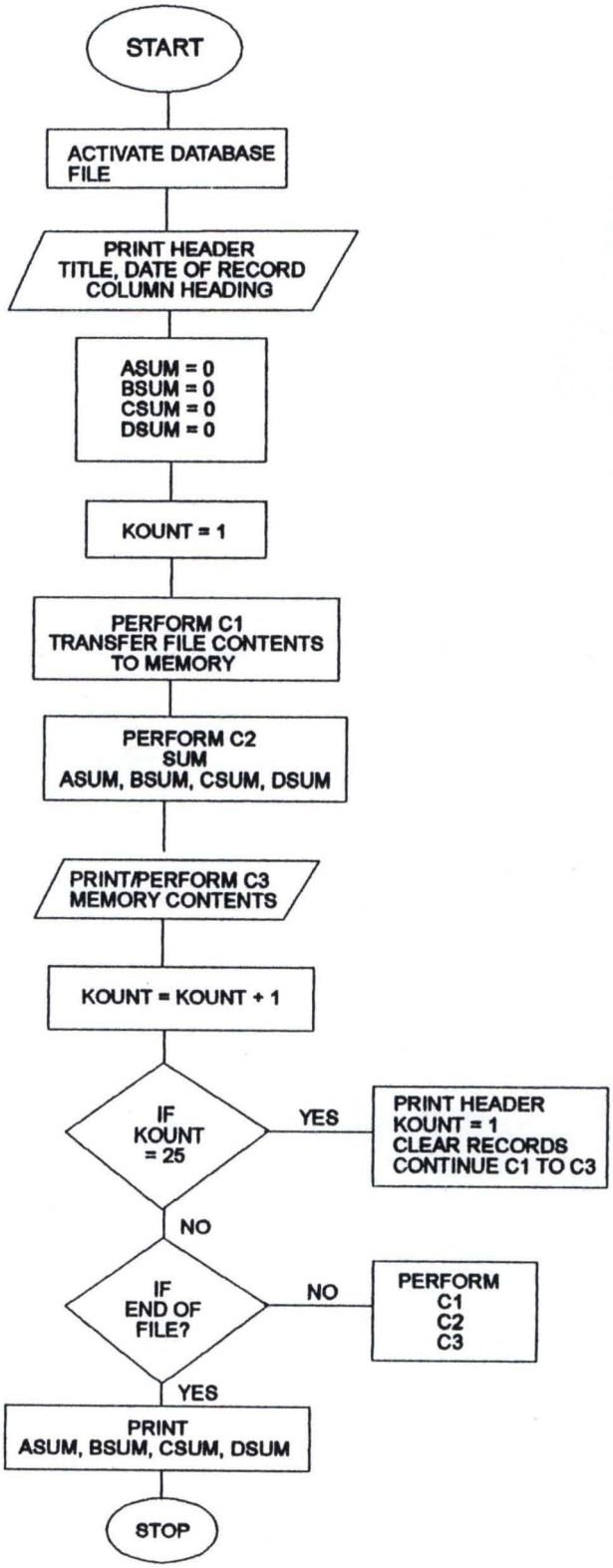
APPENDIX N5

SHAREHOLDER'S DIVIDEND BOOK SCREEN OUTPUT



APPENDIX N5 Cont'd

SHAREHOLDER'S DIVIDEND BOOK (PRINTER OUTPUT)



APPENDIX O

PROGRAM CODES

```
* SUMMARY OF PROGRAMS - (FBO1. PRG)
 SET TALK OFF
 DO WHILE .T.
 @ 1, 17 TO 21, 61 DOUBLE
 @ 3, 35 SAY "MAIN MENU"
 @ 4, 35 TO 4, 43 DOUBLE
 @ 6, 20 SAY "A. DATA UPDATING"
 @ 8, 20 SAY "B. REGISTER OF MEMBERS (SCREEN)"
 @ 10, 20 SAY "C. REGISTER OF MEMBERS (PRINT)"
 @ 12, 20 SAY "D. TRANSFER OF RECORDS"
 @ 14, 20 SAY "E. DIVIDEND COMPUTATION"
 @ 16, 20 SAY "F. LISTING DIVIDEND BOOK (SCREEN)"
 @ 18, 20 SAY "G. LISTING DIVIDEND BOOK (PRINT)"
 READ
 CHOICE = SPACE (1)
 @ 20, 30 SAY "PICK CHOICE  (A  -  G" GET CHOICE RANGE A, G
 READ
 DO CASE
        CASE CHOICE = "A"
                DO FBO 2
        CASE CHOICE = "B"
                DO FB  1
        CASE CHOICE = "C"
                DO FB 2
        CASE CHOICE = "D"
                DO FB 3
        CASE CHOICE = "E"
                DO FB 4
        CASE CHOICE = "F"
                DO FB 5
        CASE CH = "G"
                DO FB 6
        OTHERWISE
                EXIT
 ENDCASE
 ENDDO
 SET TALK ON
 RETURN.
```

```
PROGRAM TO UPDATE REGISTER OF MEMBERS   -   (FB02.PRG)
SET TALK OFF
USE REGIS
GO TOP
DO WHILE .T.
@ 1,17 TO 18,61 DOUBLE
@ 3,32 SAY "DATA UPDATING"
@ 4,32 TO 4, 46
MFOLIO = 0
MNAME = SPACE (20)
MADDRESS = SPACE (30)
MNUMSHARES = 0
MAMTPAID = 0
@ 6, 20 SAY "RFOLIO" GET MFOLIO
LOCATE FOR F-NO = MFOLIO
IF FOUND ( )
@ 8,20 SAY "NAME" GET MNAME
READ
@ 10,20 SAY "ADDRESS" GET MADDRESS
READ
@ 12,20 SAY "SHARES HELD" GET MNUMSHARES
READ
@ 14,20 SAY "AMOUNT" GET MAMTPAID PICT "999999999.99"
READ
REPL NAME WITH MNAME, ADDRESS WITH MADDRESS, NUMSHARES
WITH MNUMSHARES.
REPL AMTPAID WITH MAMTPAID
ELSE
@ 8,20 SAY "NAME" GET MNAME
READ
@ 10,20 SAY "ADDRESS" GET MADDRESS
READ
@ 12,20 SAY "SHARES HELD" GET MNUMSHARES
READ
@ 14,20 SAY "AMOUNT" GET MAMTPAID PICT "999999999.99"
READ
APPEND BLANK
REPL F-NO WITH MFOLIO, NAME WITH MNAME, ADDRESS WITH MADDRESS.
REPL NUMSHARES WITH MNUMSHARES, AMTPAID WITH MAMTPAID.
ENDIF
CH = SPACE (1)
@ 16,30 SAY "TO CONTINUE OR SAVE (Y/N)" GET CH PICT "!"
READ
IF CH = "Y"
@ 1,17 CLEAR TO 18,61
        LOOP
ELSE
        EXIT
ENIF
ENDDO
SET TALK ON
USE
RETURN.
```

APPENDIX O Cont'd

```
* PROGRAM TO LIST ORDINARY SHAREHOLDERS (SCREEN OUTPUT)  -  FBI.PRG
  CLEAR ALL
  SET TALK OFF
  USE REGIS
  MDATE = CTOD ( " \ \ " )
  @ 1,5 SAY "ENTER CURRENT DATE OF RECORD" GET MDATE
  READ
  @ 1,5 CLEAR TO 1,50
  @ 1,18 SAY "REGISTER OF MEMBERS AS AT"
  @ 1,44 SAY MDATE
  @ 2,23 SAY "FOR ORDINARY SHAREHOLDERS"
  @ 4,2 TO 4, 77
  @ 7,6 SAY "RML"
  @ 8,6 SAY "FOLIO"
  @ 8,16 SAY "NAME"
  @ 8,35 SAY "ADDRESS"
  @ 6,63 SAY "NUMBER OF"
  @ 7,63 SAY "SHARES"
  @ 8,63 SAY "HELD"
  @ 9,6 SAY "==================="
  @ 9,16 SAY "========================="
  @ 9,35 SAY "=============================="
  @ 9,63 SAY "========================="
  R=10
  DO WHILE .NOT.E OF ( )
  MF - FOLIO = F - NO
  BNAME              = NAME
  CADDRESS     = ADDRESS
  DNUMSHARES = NUMSHARES
  @ R,2 SAY MF - FOLIO
  @ R,16 SAY BNAME
  @ R,34 SAY CADDRESS
  @ R,65 SAY DNUMSHARES
  R = R + 1
  IF R = 24
          WAIT
  .R = 10
  ENDIF
        SKIP
  ENDDO
  SET TALK ON
  USE
  RETURN
```

APPENDIX O Cont'd

```
* PROGRAM TO LIST ORDINARY SHAREHOLDER (Printer output) FB2.PRG
  CLEAR ALL
  SET TALK OFF
  USE REGIS
  MDATE = CTOD ( "   \   \   " )
  @ 1,5 SAY "ENTER CURRENT DATE OF RECORD" GET MDATE
  READ
  CLEAR
  SET DEVICE TO FILE YAK. TXT
  @ 1,18 SAY "REGISTER OF MEMBERS AS AT"
  @ 1,44 SAY MDATE
  @ 2,23 SAY "FOR ORDINARY SHAREHOLDERS"
  @ 4,2 SAY "================================================="
  @ 7,6 SAY "RML"
  @ 8,6 SAY "FOLIO"
  @ 8,35 SAY "ADDRESS"
  @ 6,63 "NUMBER OF"
  @ 7,63 SAY "SHARES"
  @ 8,63 SAY "HELD"
  @ 9,6 SAY "================="
  @ 9,16 SAY "============================"
  @ 9,35 SAY "======================================="
  @ 9,63 SAY "============================"
  R = 10
  DO WHILE .NOT.E OF (     )
  MF - FOLIO = F - NO
  BNAME = NAME
  CADDRESS = ADDRESS
  DNUMSHARES = NUMSHARES
  @ R,2 SAY MF - FOLIO
  @ R,16 SAY BNAME
  @ R,34 SAY CADDRESS
  @R,65 SAY DNUMSHARES
     R = R + 1
  IF R = 24
      R = 3
  @ R, 5 SAY "          "
      DO FB 21
      R = 10
  ENDIF
       SKIP
  ENDDO
  SET TALK ON
  SET DEVICE TO SCREEN
  USE
  RETURN
```

```
* PROGRAM TO TRANSFER FILE CONTENTS (FB 3 . PRG)
  USE REGIS
  SET FILTER TO F - NO, NAME, AMTPAID
  COPY TO DIVBK
  RETURN.
```

APPENDIX O Cont'd

```
* COMPUTATION OF DIVIDEND FOR ORDINARY SHAREHOLDERS (FB 4. PRG)
  SET TALK OFF
  USE DIVBK
  DPS = 0
  WTAX = 0
  @ 3,5 SAY "ENTER DIVIDEND (%)" GET DPS PICT "999.99"
  @ 5,5 SAY "ENTER W/H TAX" GET WTAX PICT "99.99"
  READ
  DO WHILE .NOT.E O F (     )
  MAMTOUNT = AMTPAID
  MDIVIDEND = MAMOUNT * DPS/100
  MTAX = MDIVIDEND * WTAX/100
  MNETDIVIDEND = MDIVIDEND - MTAX
  REPL DIVIDEND WITH MDIVIDEND, TAX WITH MTAX, NETDIVID WITH
  MNETDIVIDEND
  SKIP
  ENDDO
  CLOSE DATABASE
  RETURN.
```

APPENDIX O Cont'd

```
* PROGRAME TO PRINT DIVIDENT BOOK (SCREEN OUTPUT) FB 5.PRG.)
  SET TALK OFF
  USE DIVBK
  GO TOP
  SET HEADING OFF
  MIDATE = CTOD ( " \  \" )
  STORE O TO NMD, MT
  @ 2,5 SAY "DIV %" GET NMD PICT "999.99"
  @ 3,5 SAY "DATE" GET MDATE
  @ 4,5 SAY "TAX %" GET MT PICT "999.99"
  READ
  @ 2,1 CLEAR TO 4,79
  @ 1,24 SAY "AMOUNT PAID"
  @ 3,23 SAY "AMOUNT OF"
  @ 3,38 SAY "AMOUNT OF"
  @ 4,24 SAY "UP ON"
  @ 4,37 SAY "AT"
  @ 4,37 SAY "DIVIDEND"
  @ 4,47 SAY "AT"
  @ 4,51 SAY "TAX AT"
  @ 4,65 SAY "NET"
  @ 5,24 SAY "SHARES"
  @ 5,38 SAY "AT"
  @ 5,33 SAY (STR(NMD))
  @ 5,43 SAY "%"
  @ 5,45 SAY MT
  @ 5,58 SAY "%"
  @ 5,65 SAY "DIVIDEND"
  @ 6, 1 SAY "F/NO"
  @ 6, 15 SAY "NAME"
  @ 6,26 SAY "=N="
  @ 6,41 SAY "=N="
  @ 6,54 SAY "=N="
  @ 6,68 SAY "=N="
  @ 7,1 TO 7,5 DOUBLE
  @ 7,7 TO 7,21 DOUBLE
  @ 7,23 TO 7,36 DOUBLE
  @ 7,38 TO 7,48 DOUBLE
  @ 7,50 TO 7,63 DOUBLE
  @ 7,65 TO 7,75 DOUBLE
  R = 8
  ASUM = 0
  BSUM = 0
  CSUM = 0
  DSUM = 0
```

```
DO WHILE .NOT.. E O F (     )
MFNO = STR ( F - NO )
MFNO = LTRIM (RTRIM (MFNO) )
MNAME = NAME
MANT = AMTPAID
MTAX = TAX
MDIVID = DIVIDEND
MNET = NET DIVIDEND
@ R, 1 SAY MFNO
@ R, 11 SAY MNAME
@ R, 23 SAY MANT
@ R, 37 SAY MDIVID
@ R, 50 SAY MTAX
@ R, 65 SAY MNET
ASUM = ASUM + MANT
BSUM = BSUM + MTAX
CSUM = CSUM + MDIVID
DSUM = DSUM + MNET
SKIP
R = R + 1
IF R = 24
R = 5
@ R, 5 SAY "    "
R = 8
DO FB61
ENDIF
ENDDO
IF R≥ = 22
R = 1
ENDIF
R = R + 1
@ R, 1 SAY "================================"
R = R + 1
@ R, 1 SAY "TOTAL"
@ R, 23 SAY ASUM
@ R, 38 SAY BSUM
@ R, 50 SAY CSUM
@ R, 65 SAYDSUM
R = R + 1
@ R, 1 SAY "========================="
SET TALK ON
USE
RETURN.
```

APPENDIX O Cont'd

```
* PROGRAME TO PRINT DIVIDEND BOOK (SCREEN OUTPUT) FB 6.PRG.
 SET TALK OFF
 USE DIVBK
 GO TOP
 SET HEADING OFF
 MDATE = CTOD ("  \   \")
 STORE O TO NMD, MT
 @ 2,5 SAY "DIV%" GET NMD PICT "999.99"
 @ 3,5 SAY "DATE" GET MDATE
 @ 4,5 SAY "TAX%" GET MT PICT "999.99"
 READ
 SET DEVICE TO FILE SAT.TXT
 @ 1,24 SAY "DIVIDEND RECORD BOOK AS AT"
 @ 3,51 SAY MDATE
 @ 3,23 SAY "AMOUNTPAID"
 @ 3,38 SAY "AMOUNT OF"
 @ 3,52 SAY "AMOUNT OF"
 @ 4,24 SAY "UP ON"
 @ 4,37 SAY "DIVIDEND"
 @ 4,47 SAY "AT"
 @ 4,51 SAY "TAX AT"
 @ 4,65 SAY "NET"
 @ 5.38 SAY "AT"
 @ 5,33 SAY (STR(NMD))
 @ 5,43 SAY "%"
 @ 5,45 SAY MT
 @ 5,58 SAY "%"
 @ 5,65 SAY "DIVIDEND"
 @ 6,1 SAY "F/NO"
 @ 6,15 SAY "NAME"
 @ 6,26 SAY "=N="
 @ 6,41 SAY "=N="
 @ 6,54 SAY"=N="
 @ 6,68 SAY "=N="
 @ 7,1 SAY  "======"
 @ 7,7 SAY  "=============="
 @ 7,23 SAY  "=============="
 @ 7,38 SAY  "============"
 @ 7,50 SAY  "============="
 @ 7,65 SAY  "==========="
 R = 8
 ASUM = 0
 BSUM = 0
 CSUM = 0
 DSUM = 0
```

```
DO WHILE .NOT.. EOF (    )
MFNO = STR ( F – NO )
MFNO = LTRIM (RTEIM (MFNO) )
MNAME = NAME
MANT = AMTPAID
MTAX = TAX
MDIVID = DIVIDEND
MNET =  NETDIVIDEND
@ R, 1 SAY MFNO
@ R, 11 SAY MNAME
@ R, 23 SAY MANT
@ R, 37 SAY MDIVID
@ R, 50 SAY MTAX
@ R 65 SAY MNET
ASUM = ASUM + MANT
BSUM = BSUM + MTAX
CSUM = CSUM + MDIVID
DSUM = DSUM + MNET
SKIP
R = R + 1
IF R = 24
R = 5
@ R, 5 SAY "    "
R = 8
DO FB61
ENDIF
ENDDO
IF R > = 22
R = 1
ENDIF
R = R + 1
@ R, 1 SAY "=============================================="
R = R + 1
@ R, 1 SAY "TOTAL"
@ R, 23 SAY ASUM
@ R, 38 SAY BSUM
@ R, 50 SAY CSUM
@ R, 65 SAY DSUM
R = R + 1
@ R, 1 SAY "========================="
SET TALK ON
USE
RETURN
```

```
* PROGRAM HEADER (FB61. PRG)
  SET TALK OFF
  @ 1, 24 SAY "DIVIDEND RECORD BOOK AS AT"
  @ 1, 51 SAY MDATE
  @ 3, 23 SAY "AMOUNT PAID"
  @ 3, 38 SAY "AMOUNT OF"
  @ 3, 52 SAY "AMOUNT OF"
  @ 4, 24 SAY "UP ON"
  @ 4, 37 SAY "DIVIDEND"
  @ 4, 47 SAY "AT"
  @ 4, 51 SAY "TAX AT"
  @ 4, 65 SAY "NET"
  @ 5, 24 SAY "SHARES"
  @ 5, 38 SAY "AT"
  @ 5, 33 SAY "(STR(NMD) )
  @ 5, 43 SAY "%"
  @ 5, 45 SAY MT
  @ 5, 58 SAY "%"
  @ 5, 65 SAY "DIVIDEND"
  @ 6, 1 SAY "F/NO
  @ 6, 15 SAY "NAME"
  @ 6, 26 SAY "=N="
  @ 6, 41 SAY "=N="
  @ 6, 54 SAY "=N="
  @ 6, 68 SAY "=N="
  @ 7, 1 SAY "======"
  @ 7, 7, SAY "==============="
  @ 7, 23 SAY "============"
  @ 7, 38 SAY "==========="
  @ 7, 50 SAY "==========="
  @ 7, 65 SAY "==========="
  SET TALK ON
  USE
  RETURN.
```

```
* PROGRAM HEADER (FB 21 . PRG)
  SET TALK OFF
  @ 1,18 SAY "REGISTER OF MEMBERS AS AT"
  @ 1,44 SAY MDATE
  @ 2,23 SAY "FOR ORDINARY SHAREHOLDERS"
  @ 42 SAY "============================="
  @ 7,6 SAY "RML"
  @ 8,6 SAY "FOLIO"
  @ 8,16 SAY "NAME"
  @ 8,35 SAY "ADDRESS"
  @ 6,63 SAY "NUMBER OF"
  @ 7,63 SAY "SHARES"
  @ 8,63 SAY "HELD"
  @ 9,6 SAY "======"
  @ 9,16 SAY "======================"
  @ 9,35 SAY "============================"
  @ 9,63 SAY "================="
  RETURN.
```