

Tutorial 9 (Week 11) : Understanding FS – PPE

- (a) What types of PPE does SBS Transit report on its Statement of Financial Position? How can you verify that the amount reported has considered accumulated depreciation? As at 31 December 2024, what is the total acquisition cost of SBS Transit's owned PPE, and how much accumulated depreciation has been recognized? What depreciation method does SBS Transit uses?
- (b) How much new owned PPE did SBS Transit acquire in 2024? How can you confirm whether these acquisitions were fully paid in cash? Which category of PPE recorded the largest addition in 2024, and do you think this aligns with the company's strategic goals and mission?
- (c) Suppose SBS Transit changes its estimate of the useful life of buses from 15 years to 12 years. How would this change affect the financial statements in terms of depreciation expense, net income, and the PPE balance in future years?
- (d) SBS Transit disposed of PPE in 2024. How are such disposals accounted for in the financial statements? How can you determine whether the disposal involved cash proceeds, and whether a gain or loss was recognized? Are you able to reconcile the amounts disclosed in the financial statements and the accompanying notes?
- (e) Suppose SBS Transit undertakes a project to redesign and overhaul its rail signaling system. Under what circumstances should expenses be capitalized as PPE and when should they be expensed?
- (f) Calculate the fixed assets turnover and total assets turnover of SBS Transit for the financial years of 2024 and 2023. Note: You will need to search for and extract the necessary 2022 financial figures to calculate your ratios for 2023. (Round your answer to 3 decimal places)

~ End of Tutorial 9 ~