



QUESTION 1

Marshall Group of companies operates in a country whose economy is subject to hyperinflation. ABC Ltd is a subsidiary of Marshall which has been presenting its statement of Financial Position using a currency of a hyperinflationary economy. The financial statements of the subsidiary for the year ended 31 December 2021 are as follows:

ABC Ltd	
Statement of Financial Position as at 31 December 2021	
Non-Current Assets	Bs''000''
Property Plant and Equipments	25,000
Current assets:	
Debtors	4,725
Inventory	3,693
Bank	2,200
Total Assets	35,618
Equities and Liabilities	
Capital reserves	
Ordinary Share capital	12,000
Retained earnings	10,593
Non current liabilities	
Loans	5,200
Current liabilities	
Creditors	7,825
Total Equities and Liabilities	35,618

Additional information:

1. The plant and machinery was purchased on 31 December 2019.
2. The inventory is stated at cost of 30 June 2021.
3. The non-current liabilities entail a loan which was raised on 31 December 2021
4. Share Capital Issued at 31 December 2017
5. The general price index is as follows

Year	General Price Index
31 December 2017	100



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31 December 2018	130
31 December 2019	150
31 December 2020	240
31 December 2021	300

6. The estimated movement in exchange rate between the functional currency and the relatively stable foreign currency (BS/USD) is as shown below

Year	Bs/US\$
31 December 2017	18,000
31 December 2018	21,750
31 December 2019	27,750
31 December 2020	42,000
31 December 2021	59,250

Required:

- Prepare the statement of Financial position restated to the currency units at 31 December 2021
- Assume the General Price Index were not available at 31 December 2021. Prepare the statement of Financial Position restated to the currency units at 31 December 2021.



QUESTION 2

Kilmarnock Group of companies operates in a country whose economy is subject to hyperinflation. ANGUS Ltd is a subsidiary of Kilmarnock which has been presenting its statement of Financial Position using a currency of a hyperinflationary economy. The financial statements of the subsidiary for the year ended 31 December 2020 are as follows

Kilmarnock Ltd	
Statement of Financial Position as at 31 December 2020	
Non -Current Assets	Ps''000''
Property Plant and Equipments	27,000
Financial Investments	15,000
Current assets:	
Debtors	5,000
Inventory	4,000
Bank	3,000



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Total Assets	<u>54,000</u>
Equities and Liabilities	
Capital reserves	
Ordinary Share capital	14,000
Share Premium	8,000
Retained earnings	10,000
Revaluation Reserves	6,000
Noncurrent liabilities	
Loans	6,000
Current liabilities	
Bank overdraft	2000
Trade Creditors	8,000
Total Equities and Liabilities	<u>54,000</u>

ADDITIONAL INFORMATION

7. The plant and machinery was purchased on 31 December 2018.
8. The inventory is stated at cost of 31st March 2020.
9. The plant and Machinery was revaluated on 30th September 2020
10. It was agreed that long term Loan will attract 55% interest, the Loan was provided on 31 March 2020
11. The non-current liabilities entail a loan which was raised on 31 December 2020
12. Share Capital Issued at 31 December 2016
13. Bank overdraft attracts an interest of 25%, which was raised on 30th November 2020
14. The general price index is as follows

Year	General Price Index
31-Dec-2016	500.0
31-Dec-2017	428.6
31-Dec-2018	300.0
30-Jun-2019	272.7
31-Dec-2019	250.0
31-Dec-2020	1,500.0



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15. The estimated movement in exchange rate between the functional currency and the relatively stable foreign currency (BS/USD) is as shown below

Year	Ps/US\$
31-Dec-2016	36,000
31-Dec-2017	43,500
31-Dec-2018	55,500
31-Dec-2019	84,000
30-Nov-2020	110,000
31-Dec-2020	118,500

Required:

- (a) Prepare restated Statement of Financial Position as at 31 December 2020 when
- (i) The general price index is available
 - (ii) The general price index is not available



QUESTION 3

TIGER-TIGER CORPORATION
Statement of Financial Position
December 31, 2019

Assets	(SDG 000)
Cash	110,000
Accounts Receivable.....	210,000
Merchandise Inventory (based on FIFO).....	500,000
Store Equipment	400,000
Accumulated Depreciation	(80,000)
Total Assets.....	<u>1,140,000</u>
Liabilities and Shareholders' Equity	
Accounts Payable.....	490,000
Common Stock	250,000
Additional Paid-in Capital	50,000
Retained Earnings	350,000
Total Liabilities and Shareholders' Equity	<u>1,140,000</u>



TIGER-TIGER CORPORATION
Income Statement for 2019

Sales Revenue	1,000,000
<i>Less Expenses:</i>	
Cost of Goods Sold	550,000
Depreciation Expense	40,000
Selling and Administrative Expenses	150,000
Total Expenses	(740,000)
Net Income	260,000

Indices of the general price level on various dates during 2019 appear below (round conversion factors to two decimal places—for example, $225/200 = 1.13$).

(1) On January 1, 2019	250
(2) When the Firm Acquired Merchandise Inventory	255
(3) When it Made Sales	270
(4) When it Incurred Selling and Administrative Costs	265
(5) When it Declared and Paid Dividends	290
(6) On December 31, 2019	290

Required

- (i) Restate the balance sheet on December 31, 2019, in terms of constant Sudanese Pound (SDG) of December 31, 2019, purchasing power
- (ii) Restate the income statement for the year ending December 31, 2019, in terms of constant Sudanese Pound (SDG) of December 31, 2019, purchasing power