

Unique No.: 78

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Important: Fill in your surname, first names, and signature in the space provided.

SURNAME (please print)

Masemola

FIRST NAMES

Mokau Raballo

SIGNATURE



Telephone number where you can be reached

During examination period

0798063229

After examination

079806322

University of Pretoria

Additional answer books used must be placed in the back of the first book.

Number of books handed in:

Number of this book:

In column 1 candidates must list the questions answered in the order in which they were answered.

Column 1

Column 2

Marks awarded by examiners

Number of question

Int.

Ext.

DEGREE OR DIPLOMA COURSE (eg. Bsc. 1)

Bcom

MODULE (eg. Chemistry 110)

BAC 200

NUMBER OF PAPER (eg. Paper 2)

2

DATE OF TEST / EXAMINATION

2022-05-30

FOR EXAMINERS:

1 Examiners must enter in column 2 the marks obtained for each question.

2 INITIALS OF EXAMINERS:

Internal:

External:

1. ....

1. ....

2. ....

2. ....

3. ....

3. ....

Points awarded: Total

## Question 1

### Part A

The changes in accounting estimates occur when any of the three variables (residual value, useful life, and method of depreciation) change calculations:

$$R1500\ 000 - R1200\ 000$$

$$= R300\ 000 \quad \text{revaluation surplus for land}$$

#### Building

$$3\ 800\ 000 - 1\ 200\ 000 = R2\ 600\ 000 \quad (\text{Building cost at the beginning})$$

$$2600\ 000 - ((2600\ 000 - 300\ 000) * \frac{1}{50} + b)$$

$$= 1\ 220\ 000$$

#### Changes in estimates Note

	Land	Buildings
lost beginning	1200 00	
revaluation surplus	300 000	



## Part B

Calibration Machine Purchase Price (1 April 2021)

$$= \text{R } 2700\ 000$$

Useful life = 5 years

Depreciation (year end 31 December 2021)

$$\text{R } 2700\ 000 \times \frac{1}{5} \times \frac{9}{12}$$

$$= \text{R } 405\ 000$$

Purchase Price after repairs:

$$\text{R } 2700\ 000 + \cancel{\text{R } 320\ 000}$$

$$= \cancel{\text{R } 320\ 000} \text{R } 2700\ 000$$

Depreciation (year end 31 Dec 2022)

$$\cancel{\text{R } 320\ 000} \cancel{+} \text{R } 2700\ 000 \times \frac{1}{5}$$

$$= \cancel{\text{R } 320\ 000} \text{R } 540\ 000$$

Accumulated Depreciation

$$= \cancel{\text{R } 320\ 000} \text{R } 405\ 000 + \text{R } 540\ 000$$

$$= \text{R } 945\ 000$$

Carrying Amount

Recoverable Amount (year end 31 Dec 2021)

Fair Value - Costs of disposal

$$\text{R } 2000\ 000 - (\text{R } 2000\ 000 \times 5\%)$$

$$= \text{R } 1900\ 000 \quad \text{which is greater than}$$

• R 1750 000 (value in use)

$$\therefore \text{Recoverable Amount} = \text{R } 1900\ 000$$

$$\text{Carrying Amount} = \text{R } 2700\ 000 - \text{R } 405\ 000$$

$$= \text{R } 2295\ 000$$

CA > Recoverable Amount

$$\text{Impairment Loss} = \text{R } 2295\ 000 - \text{R } 1900\ 000 \\ (\text{year end 31 Dec 2021}) = \text{R } 395\ 000$$

$\therefore$  Carrying Value year end 31 Dec 2021  
is R 1900 000



Recoverable Amount (Year end 31 Dec 2022)

Fair Value - costs of disposal

$$1750\ 000 - (1750\ 000 \times 5\%)$$

$$= 1662\ 500$$

∴ Recoverable amount = R 1 700 000 (value in use)

Carrying Amount

$$= 2\ 700\ 000 - 945\ 000$$

$$= 1\ 755\ 000$$

(A > Recoverable amount)

$$\therefore \text{Impairment loss} = 1755\ 000 - 1662\ 500$$

$$= 92\ 500$$

∴ Carrying amount at year end

31 December 2022

$$= 1755\ 000 - 92\ 500$$

= R 1 662 500 (Carrying amount year  
end 31 Dec 2022)



### Part C

Asset Disposal T-Account for point 3.2

#### Asset Disposal Account

Date	Description	Amount	Date	Description	Amount
21.12.2022	Machine	250 000		Accumulated depreciation, Machine calc@	129 167
				Equipment	120 000
				Loss on <del>extra</del> exchange	833
		250 000			250 000

#### Calculations:

① Machine Depreciation (~~year of sale 2022~~)

$$250\ 000 \times \frac{1}{5} + \frac{1}{12}$$
$$= 29167$$

Accumulated Depreciation on Machine:

$$\cancel{(250\ 000 - 150\ 000)} + 29167$$
$$= 129167$$

② Equipment Value

$$= R\ 120\ 000$$

③ Profit or loss on exchange

$$\cancel{- R\ 250\ 000 + R\ 120\ 000} = - 833$$

Loss

$$= 120\ 000 - (250\ 000 - 129167) = - 833$$



## Part D

point 4

General Journal ~~for~~ of (ydot limited for  
year end - 31 December 2022

Date	Description	Debit (R)	Credit (R)
30 2022	Inspection	3 600 000	
	Bank		3 600 000
	Depreciation (calculation ①) <sup>Inspection</sup>	600 000	
	Accumulated Depreciation <sup>Inspection</sup>		600 000
	Accumulated Depreciation		
	Inspection (calculation ④) <sup>Loss</sup>	3 300 000	
	Loss on Inspection		
	(3 600 000 - 3 300 000)	300 000	
	Inspection		3 600 000

### Calculation

① Depreciation on Inspection (year 2022)

$$3 600 000 \times \frac{1}{3} \times \frac{6}{12}$$

$$= 600 000$$

② Depreciation year Inspection (year 2019)

$$3 600 000 \times \frac{1}{3} \times \frac{3}{12}$$

$$= 300 000$$

Depreciation Inspection (year end 2020)

$$= 3 600 000 + \frac{1}{3}$$

$$= 1200 000$$



Depreciation <sup>Inspection</sup> ~ year 2021  
= 1200 000

(b) Accumulated depreciation

$$(1200\,000 \times 2) + 300\,000 + 600\,000 \\ = 3\,300\,000$$



## Part E

Point 5

### Intangible Assets Note

#### Costs

Research ( $22000 + 84000$ )

Development ( $950000 + 40\%$ )

lost

Engineer Salary ( $15000 + 12$ )

Staff training

Testing

676 000

106 000

380 000

180 000

~~6000~~

4000



## Part F

1 Memorandum to Board

From: Molau Masemola

Subject: Definition and disclosure of  
Property, Plant and Equipment

~~Dear Colleagues~~

Point i)

In accordance with IAS 16, Property, Plant and equipment are tangible assets with physical substance which are held by an entity for the purpose of production of goods and services, supply of goods and service and also held for rental. In accordance to ~~IAS 40~~, Investment Property is Land and building an entity acquires with intention of making a profit, by means of rental. Investment property is not used to produce goods or services

Point ii)

Property Stand 135/136 Industrial Road, Germiston, it does not meet the requirement and definition of Investment property. It should be treated as



## Property Plan and Equipment

of  
onent

Property  
angible  
which  
the  
s and  
service

investment

vention

### Part 6

6.1) A

6.2) D