Student 68482167 Test 2
FAC 4863 Accounting I

Question 1

(a)

PV - 4 950 000 - 150 000 = 4 800 000
i = 9.51%
n = 3
FV (10 000) × 500 = 5 00 000
PMT = 9% × 4 800 000 = 432 000

2023
28 Feb

Investment in Mukalana (SFP)	451 200	
interest (P/L)		451 200

Amo → P1 =) 1
P2 =) 1
interest =) 451 200

=) interest income received for the year ended 28 Feb 2023

~~Bank (SFP)~~	~~432 000~~	
~~Investment in Montana (SFP)~~		

Impairment loss (P/L)	1 864 000	
Investment in Montana (SFP)		1 864 000

(432 000×2) = 864 000
+ 1 000 000

=) Record impairment loss on the investment in montana at 28 Feb 2023

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Debit Bank (SFP) 4 000 000

Credit Investment in Mealeng (SFP) 4 819 200

Amort cost

~~Net realisable cost~~

Amort $R=1$ $P_2 = 1$

Balance $\boxed{Comp}$ 4 819 2000

Credit Gain on disposal of investment (P/L) 819 200

(b)

Explanation of concern	Correct treatment
	IFRS 9:
① • Lack of clarity in the classification of financial Assets • The accounting policy note of client mentions that the Company classifies it's financial assets but not clear on how classification is made	• financial asset should be classified based on their contractual cash flow & the business model in which they are held • ~~The accounting policy note of client~~
② Inconsistency in the measurement of equity instruments => Accounting policy does not provide a clear explanation of why some equity instruments are measured in one category versus the other	IFRS 9 allow for two measurement categories for equity instruments. Measured at fair value through profit or loss & measured at fair value through other comprehensive income

Limited disclosure on the determination of fair value • Policy note indicate that the fair value of it's investment is determined with references to the market price but does not provide any further ~~details~~ information on how this determination is made.	• Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants
• Lack of disclosure on the credit worthiness of debt instruments • Note does not provide any information on how the company assesses the ~~credit~~ credit risk of its debt instrument	• Companies must access the credit risk of their financial assets & make appropriate adjustments to reflect any changes to credit worthiness
• Lack of disclosure on the management of financial assets. • Note provide limited information on how the company manages it's financial assets & the risks associated with them.	IFRS requires companies to provide disclosures about the nature & extent of risks arising from financial instruments & how they are managed.

ⓒ ~~Retained Earning~~

	('000) Share capital	('000) Retained Earnings	('000) Share-based paye
Balance	100 000	184 644	
Profit for year		113 895	
devidend declared		(20)	
share based payment			7 836
Conversion of debtures	50 000		
Total changes	50 000	93 539	7836
Balance at the end 31 Dec 2022		278 183	7 836

Caculated share base payment

30 June 2019

⇒ FV = 6.00 eligible staff = 1068 000

⇒ Fvalue = 6.00 × 1068 × 4000 = 25 632 000

30 June

FV = 7.30 × 1068 × 4000 = 31 075 200

⇒ Share-base payment Expense

= 31 075 000 − 25 632 000 = 5 443 200

⇒ share based reserves

31 Dec 5 443 200 + 2 392 800

= 7 836 000

= 7 836