

Task A7.58: Exercise on Revaluations

OAKHILL (Pty) Ltd. is an Australian courier service. The company operates a delivery van bought on 3.02.20X3 at 4X,000.00 AUD cost of acquisition. (**X is the 5th digit of your matriculation number.**)

The car's useful life is 5 years. Thereafter the car is likely to be sold at 10,000.00 AUD.

On 1.07.20X5, the car is revalued based on an appraiser's estimate at a value that is 5,000.00 AUD above its current carrying amount.

Required: Prepare the balance sheet at the 20X5 year end with a share capital being 100,000.00 AUD. In every year, the company earns a cash profit of 100,000.00 AUD apart of depreciation. No appropriation of profits takes place. Ignore VAT.

**Oakhill (Pty) Ltd.'s
REGISTER of NON-CURRENT ASSETS
as at 31.12.20X3**

Asset	P, P, E @ cost / @ valuation	Acc. depr.	Acc. impairment loss	Carrying amount
van				0.00
Total				0.00

Exhibit 1: Register of non-current assets

**Oakhill (Pty) Ltd.'s
REGISTER of NON-CURRENT ASSETS
as at 31.12.20X4**

Asset	P, P, E @ cost / @ valuation	Acc. depr.	Acc. impairment loss	Carrying amount
van				0.00
Total				0.00

Exhibit 2: Register of non-current assets

Oakhill (Pty) Ltd.'s
REGISTER of NON-CURRENT ASSETS
as at 31.12.20X5

Asset	P, P, E @ cost / @ valuation	Acc. depr.	Acc. impairment loss	Carrying amount
van				0.00
Total				0.00

Exhibit 3: Register of non-current assets

Oakhill (Pty) Ltd.'s
STATEMENT of FINANCIAL POSITION
as at 31.12.20X5

A			C, L
<i>Non-current assets</i>	[AUD]	<i>Equity</i>	[AUD]
P, P, E		Share capital	100,000.00
Intangibles		Reserves	
Financial assets		Retained earnings	
<i>Current assets</i>		<i>Liabilities</i>	
Inventory		Long-term Liab. IBL	
Accounts receivables		Deferred tax liab.	
Prepaid expenses		Provisions	
Cash/Bank		Tax liabilities	
Total assets	0.00	Total equity and liab.	100,000.00

Exhibit 4: Balance sheet 20X5

Solution for X=5:

D		Cash/Bank	C	
(1)	100,000.00	(2)	45,000.00	
PoO	100,000.00	c/d	155,000.00	
	200,000.00		200,000.00	
b/d	155,000.00	(A)	28,075.00	
PoO	100,000.00	c/d	226,925.00	
	255,000.00		255,000.00	
b/d	226,925.00	(a)	27,900.00	
PoO	100,000.00	c/d	299,025.00	
	326,925.00		326,925.00	
b/d	299,025.00			

D		Issued capital	C	
c/d	100,000.00	(1)	100,000.00	
		b/d	100,000.00	

D		Property, plant, equipment PPE	C	
(2)	45,000.00	(r1)	45,000.00	

D		Depreciation-20X3 DPR	C	
(3)	6,416.67	P3L	6,416.67	

D		Accumulated depreciation ACC	C	
c/d	6,416.67	(3)	6,416.67	
		b/d	6,416.67	
c/d	13,416.67	(B)	7,000.00	
	13,416.67		13,416.67	
(r1)	16,916.67	b/d	13,416.67	
	16,916.67	(b)	3,500.00	
			16,916.67	

D		Profit and Loss-20X3	C	
DPR	6,416.67	PoO	100,000.00	
EBT	93,583.33		100,000.00	
	100,000.00	b/d	93,583.33	
ITL	28,075.00			
R/E	65,508.33			

D		ITL	C	
(A)	28,075.00	P3L	28,075.00	
(a)	27,900.00	P4L	27,900.00	
		P5L	27,900.00	

D		Retained earnings R/E	C	
DTI	290.32	P3L	65,508.33	
		P4L	65,100.00	
		(e)	675.23	
c/d	195,415.82	P5L	64,422.58	
	195,706.14		195,706.14	
		b/d	195,415.82	

Exhibit 5: Accounts

D Depreciation-20X4 C	
(B)	7,000.00
P4L	7,000.00

D Profit and Loss-20X4 P4L C	
DPR	7,000.00
c/d	93,000.00
	100,000.00
ITL	27,900.00
R/E	65,100.00
b/d	93,000.00

D Depreciation-20X5 C	
(b)	3,500.00
(c)	4,467.74
	7,967.74
P5L	3,500.00
P5L	4,467.74
	7,967.74

IFRS D Profit and Loss-20X5 P5L C	
DPRa	3,500.00
DPRb	4,467.74
EBT	92,032.26
	100,000.00
ITL	27,900.00
R/E	64,422.58
	92,322.58
PoO	100,000.00
b/d	92,032.26
DTI	290.32
	92,322.58

D P, P, E@valuation C	
(r1)	33,083.33
b/d	33,083.33
c/d	33,083.33

D Revaluation reserves C	
(r2)	1,500.00
c/d	3,500.00
	5,000.00
(e)	675.23
c/d	3,027.34
	3,702.57
(r1)	5,000.00
b/d	3,500.00
(d)	202.57
	3,702.57
b/d	3,027.34

D Deferred tax liabilities DTL C	
(d)	202.57
c/d	1,297.43
	1,500.00
(r2)	1,500.00
b/d	1,297.43

D Accumulated depreciation "after" ACC C	
c/d	4,467.74
DPR	4,467.74
b/d	4,467.74

Exhibit 5: Accounts

Profit and Loss-20X5 P5L			
D			C
DPRa	3,500.00	PoO	100,000.00
DPRb	3,500.00		
EBT	93,000.00		
	100,000.00		100,000.00
ITL	27,900.00	b/d	93,000.00
R/E	65,100.00		

Exhibit 6: Account for taxation

Oakhill (Pty) Ltd.'s
STATEMENT of FINANCIAL POSITION
as at 31.12.20X5

A			C, L
<i>Non-current assets</i>	[AUD]	<i>Equity</i>	[AUD]
P, P, E	28,615.59	Share capital	100,000.00
Intangibles		Reserves	3,027.34
Financial assets		Retained earnings	195,415.82
<i>Current assets</i>		<i>Liabilities</i>	
Inventory		Long-term Liab. IBL	
Accounts receivables		Short-term Liab. A/P	1,297.43
Prepaid expenses		Provisions	
Cash/Bank	299,025.00	Tax liabilities	27,900.00
Total assets	327,640.59	Total equity and liab.	327,640.59

Exhibit 7: Balance sheet

**Oakhill (Pyt) Ltd.'s
REGISTER of NON-CURRENT ASSETS
as at 31.12.20X3**

Asset	P, P, E @ cost / @ valuation	Acc. depr.	Acc. impairment loss	Carrying amount
van	45,000.00	(6,416.67)		38,583.33
Total				38,583.33

**Oakhill (Pyt) Ltd.'s
REGISTER of NON-CURRENT ASSETS
as at 31.12.20X4**

Asset	P, P, E @ cost / @ valuation	Acc. depr.	Acc. impairment loss	Carrying amount
van (3.02.20X3)	45,000.00	(13,416.67)		31,583.33
Total				31,583.33

**Oakhill (Pyt) Ltd.'s
REGISTER of NON-CURRENT ASSETS
as at 31.12.20X5**

Asset	P, P, E @ cost / @ valuation	Acc. depr.	Acc. impairment loss	Carrying amount
van (1.07.20X5)	33,083.33	(4,467.74)		28,615.59
Total				28,615.59

Exhibit 8: Register of non-current assets