



University of Fort Hare  
*Together in Excellence*

**NKUHLU DEPARTMENT OF ACCOUNTING**  
**GENERAL ACCOUNTING 2B**  
**ACG221E / ACG221**

**NOVEMBER EXAMINATION**

**2024**

<b>ASSESSORS</b>	:	Mrs Ntombi Mnconywa Mr Gordon Adams
<b>MODERATOR</b>	:	Mr S Qakaza (Internal)
<b>TIME</b>	:	180 minutes
<b>MARKS</b>	:	100
<b>PAGES</b>	:	9 pages (including front page & AoE template)

**INSTRUCTIONS:**

1. Answer **all** the questions.
2. Show and reference all workings clearly – marks are allocated to workings.
3. Only silent, non-programmable calculators are allowed.
4. Students that contravene examination rules in the General Prospectus of the University of Fort Hare will be disciplined in accordance with said rules.
5. Clearly write your name and student number on each page of your answer sheet.

**QUESTION 1****20 MARKS (36 MINUTES)****BACKGROUND**

Mizz Limited is a manufacturer of car leather seats and is located at the East London Industrial Development Zone. The main client for the leather seats is Mercedes Benz South Africa. Mizz Limited has a **31 December** year end.

**INFORMATION**

Mizz Limited (Mizz) purchased a specialised machinery from Lancer Ltd, a company in the United States, with a cost of \$50 000.

The order was received and processed by Lancer Ltd on 31 September 2023.

The machinery was loaded at the port of shipment on 15 October 2023 and offloaded at the destination port on 30 October 2023. The machinery was shipped on a **D.A.T.** basis.

On the 30 October 2023 Mizz Ltd paid 80% to Lancer Ltd in part-payment of the machinery. The balance was settled on 31 January 2024.

Date	Spot rate Dollar (\$) : ZAR (R)
15 October 2023	\$1 : R16.50
30 October 2023	\$1 : R16.25
31 December 2023	\$1 : R14.60
31 January 2024	\$1 : R15.20

<b>QUESTION 1 - REQUIRED:</b>		<b>MARKS</b>	
		<b>Sub-total</b>	<b>Total</b>
(a)	Prepare the journal entries in the books of Mizz Limited to record the transactions on the below dates in accordance with IAS 21 <i>Foreign Exchange Transactions</i> .  Include dates and narrations in your journal entries. 15 October 2020 (Indicate the reason for your answer) 30 October 2020 31 December 2020 31 January 2021	<b>15</b>	
(b)	Explain why the cost of machinery does not change with the change in exchange rate.	<b>2</b>	
	Presentation marks (Journal dates, narrations and proper recording of debit and credit)	<b>3</b>	
<b>Total marks</b>			<b>20</b>

**QUESTION 2****45 MARKS (81 MINUTES)****BACKGROUND**

Haspers Limited is a company listed in the Johannesburg Stock Exchange. It is a global internet company and one of the largest technology investors and operators in the world. Haspers is located in Cape Town, South Africa. The financial year end of Haspers is 31 December.

Haspers Limited acquired 60% of Soakalot Limited, South Africa's top online retailer on 1 January 2018. The 60% shareholding gave Haspers Limited (H Ltd) control over Soakalot Limited (S Ltd).

**INFORMATION**

The abridged annual financial statements of Haspers Limited and Soakalot Limited at 31 December 2023 were as follows:

**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023**

	Haspers Limited	Soakalot Limited
	R	R
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	700 000	590 000
Investment in Soakalot Limited	600 000	
<b>Current Assets</b>		
Inventory	500 000	840 000
Accounts receivable	300 000	245 000
Bank	75 000	35 000
<b>Total Assets</b>	<b>2 175 000</b>	<b>1 710 000</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Ordinary Share Capital (R1 Ordinary shares)	600 000	500 000
Retained earnings	1 315 000	800 000
Replacement Reserve	150 000	300 000
<b>Current Liabilities</b>		
Payables	110 000	110 000
<b>Total Equity and Liabilities</b>	<b>2 175 000</b>	<b>1 710 000</b>

QUESTION 3 CONTINUED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED

31 DECEMBER 2023

	Haspers Limited	Soakalot Limited
Revenue	3 000 000	2 200 000
Cost of sales	-1 400 000	-1 300 000
Gross profit	<u>1 600 000</u>	<u>900 000</u>
Other income	65 000	-
Other expenses	-500 000	-305 000
Profit before tax	<u>1 165 000</u>	<u>595 000</u>
Income tax	-500 000	-150 000
Profit for the year	<u>665 000</u>	<u>445 000</u>
Total comprehensive income for the year	<u><u>665 000</u></u>	<u><u>445 000</u></u>

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

(Only Retained earnings column shown)

	Haspers Limited	Soakalot Limited
Balance 1 January 2023	800 000	450 000
Changes for the period		
Ordinary dividend paid	-100 000	-100 000
Total comprehensive income for the year	665 000	445 000
Transfer to replacement reserve	-50 000	-30 000
Balance 31 December 2023	<u><u>1 315 000</u></u>	<u><u>765 000</u></u>

**QUESTION 3 CONTINUED**

**ADDITIONAL INFORMATION**

1. On 1 January 2018 (the date of acquisition), the equity of Soakalot Limited was as follows:

➤ Ordinary share capital (R1 shares)	R500 000
➤ Retained earnings	R200 000
➤ Replacement reserve	R100 000

The identifiable assets and liabilities of Soakalot Limited were considered by Haspers Limited to be fairly valued except for equipment which was valued at R50 000 above the carrying amount.

2. It is Haspers Limited's policy to measure any non-controlling interest in an acquiree as its proportionate share of the acquiree's identifiable net assets.

3. Ignore Income Tax, dividends tax and VAT.

<b>QUESTION 2: REQUIRED</b>		<b>Sub-total</b>	<b>Total</b>
A.	Prepare the analysis of equity of Soakalot Ltd for the year ended 31 December 2023.  Use the Analysis of Equity template given.	23	
B.	Prepare the Consolidated Statement of Changes in Equity of Haspers Limited GROUP for the year ended 31 December 2023, in accordance with International Financial Reporting Standards.	15	
C.	Prepare the ASSETS section of the Consolidated Statement of Financial Position of Haspers Limited GROUP as at 31 December 2023.  <b>Comparative information is not required</b>	7	
<b>TOTAL MARKS</b>			<b>45</b>

**QUESTION 3**

**35 MARKS (63 MINUTES)**

**BACKGROUND**

Nintendo Limited is a company listed in the Johannesburg Stock Exchange. It is a global internet company and one of the largest technology investors and operators in the world. The financial year end of Nintendo Limited is 31 December.

**INFORMATION**

The following is the statement of financial position for Nintendo Limited as at 31 December 2023.

	<b>31-Dec-23</b>	<b>31-Dec-22</b>
	<b>R</b>	<b>R</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	420,000	440,000
<b>Current Assets</b>		
Inventory	125,000	50,000
Accounts receivable	110,000	120,000
Bank	2,945,800	500,000
<b>Total Assets</b>	<b>3,600,800</b>	<b>1,110,000</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Ordinary Share Capital	450,000	350,000
Retained earnings	160,000	130,000
<b>Non-current Liabilities</b>		
Long term loans	320,000	200,000
<b>Current Liabilities</b>		
Payables	188,300	345,000
Dividends payable	82,500	55,000
Taxation payable	-	30,000
<b>Total Equity and Liabilities</b>	<b>1,200,800</b>	<b>1,110,000</b>

**QUESTION 3 CONTINUED**

**ADDITIONAL INFORMATION**

1. Nintendo Limited was authorised to issue 1 000 000 ordinary shares. In 2022 there were 175 000 shares issued. At the end of 2023 the total shares issued were 275 000.
2. Property, plant and equipment comprise:

	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Carrying Amount</b>
<b>2022</b>			
Plant	320 000	-	320 000
Equipment	170 000	70 000	100 000
	<b>490 000</b>	<b>70 000</b>	<b>420 000</b>
<b>2023</b>			
Plant	350 000	-	350 000
Equipment	150 000	60 000	90 000
	<b>500 000</b>	<b>60 000</b>	<b>440 000</b>

3. Equipment with a cost of R50 000 and accumulated depreciation of R35 000 at the date of sale, was sold on 31 May 2023 at R10 000.
4. Acquisition of equipment was for expansion purposes.
5. On 30 June 2023, a plant with a cost of R80 000 was sold for R100 000 cash.
6. Plant acquired was for replacement purposes.
7. A dividend of 30 cents per share was declared by Nintendo Limited at 31 December 2023.
8. The tax provided for the year ended 31 December 2023 was R58 000.
9. All the loans are from NBA bank at 12% interest per annum. No loan repayments were made by Nintendo in 2023. The additional loan was raised by Nintendo on 30 June 2023.
10. Revenue for the year amounted to R1 200 000.

**QUESTION 3 CONTINUED**

<b>QUESTION 3: REQUIRED</b>	<b>Sub-total</b>	<b>Total</b>
Prepare a Statement of Cash Flows of Nintendo Limited in accordance with IAS 7 <i>Statement of Cash Flows</i> , for the year ended 31 December 2023 using the direct method.  Show ALL your workings	34	34
Presentation mark		1
<b>TOTAL MARKS</b>		<b>35</b>



