

PART A

ARYEN ROBIN LTD **STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST** **2013**

ASSETS		
NON CURRENT ASSETS		
Property, plant and equipment (600,000-60,000)	540 000	4
NON CURRENT LIABILITIES		
Long term lease liability	422 296	4
Deferred Tax	11 200	3
CURRENT LIABILITIES		
Liability under finance lease	157 704	4

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING POLICIES

Leased assets

Aryen Robin Ltd conducts part of its operations with leased assets. Assets which are leased in terms of finance leases are capitalised at the present value of future lease payments discounted at the effective interest rate. Finance charges are amortised over the life of the lease using the effective interest rate method. The leased asset is depreciated on a straight line basis at 10% per annum to its carrying amount at the end of its lease period and carried on the cost model.

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Deferred taxation

Deferred taxation is provided on all temporary differences at current rates using the comprehensive basis under the statement of financial position method.

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LIABILITIES UNDER FINANCE LEASE AGREEMENT

	Present value	Finance Charges	Min lease payments	
Due within one year	157 704	80 000	77 704	3
Due within one and five years	441 284	109 532	610 816	6
	598 988	189 532	788 520	

The effective interest rate is 16% p.a.

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PROPERTY, PLANT AND EQUIPMENT

	Cost	Acc Depr	Carrying Value	
Capitalised leased assets	600 000	60 000	540 000	5

DEFERRED TAXATION

The deferred tax balance comprises the following:

Finance lease liability	162 400	3
Leased machinery	151 200	3

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Workings

Amortisation table

	Total	Interest	Capital
01-Sep-13	600 000		600 000
First payment	<u>-100 000</u>		<u>-100 000</u>
	500 000		500 000
Interest	<u>80 000</u>	80 000	
31-Aug-13	580 000	80 000	500 000
01-Sep-14	<u>-157 704</u>	<u>-80 000</u>	<u>-77 704</u>
	422 296	0	422 296
Interest	<u>67 567</u>	67 567	
31-Aug-14	489 863	67 567	422 296

Deferred tax

	CA	TB	TD	D Tax
Leased machinery	540 000	0	540 000	151 200
Finance lease liability	-580 000	0	-580 000	<u>-162 400</u>
				-11 200

PV of minimum lease payments at 31 August 2013

Due within one year

R157 704

Due within one and five years

pmt	157 704
n	4
i	16
PV	441 284

PART B

NEYMAR LTD

31 August 2013

Bank	121 000		1
Long term loan		121 000	1
<i>Long term loan received from Maicon Investment Bank</i>			1
Long term loan	7 000		2
Foreign exchange difference (gain)		7 000	1
<i>Adjustment to long term loan to the closing rate at year end</i>			1
Interest paid in advance	12 100		1
Bank		12 100	1
<i>Payment of interest at beginning of year as per agreement</i>			1
Interest expense	11 750		2
Interest paid in advance		11 750	1
<i>Allocation of interest expense for the year to profit & loss</i>			1
Foreign exchange difference (loss)	350		2
Interest paid in advance		350	1
<i>Adjustment to interest expense to the average rate</i>			1

Workings:**Loan**

	BRL	Rate	R
1 September 2012	500 000	0.2420	121 000
Foreign exchange difference			-7 000
31 August 2013	500 000	0.2280	114 000
Foreign exchange difference		0.2325	2 250
Payment on 1 September 2013	-50 000	0.2325	-11 625
1 September 2013	450 000		104 625
Foreign exchange difference			-11 880
31 August 2014	450 000	0.2061	92 745

Interest expense

	BRL	Rate	R
1 September 2012	50 000	0.2420	12 100
Profit & Loss	-50 000	0.2350	-11 750
Foreign exchange difference			-350
31 August 2013	0		0
1 September 2013	45 000	0.2325	10 463
Profit & Loss	-45 000	0.2193	-9 869
Foreign exchange difference			-594
31 August 2014	0		0

Average exchange rate

$$(0.2420+0.2280)/2 = 0.2350$$

$$(0.2325+0.2061)/2 = 0.2193$$