



Asset Schedule

Question Appeared in: ModelOff 2012 Round 2

Time Allocated: 25 minutes

INTRODUCTION

You've been asked to prepare model the forecast asset schedules for a new business. As part of the analysis you are required to analyze the impact on the forecast deferred tax.

To help you prepare the analysis you have been provided with following information:

FORECAST CAPITAL EXPENDITURE

All capex amounts presented the following table are specified in provided in real 2012 US\$m. All Capital expenditure is incurred at the first day of each calendar year.

	2012	2013	2014	2015	2016	2017	2018	2019	2020
Capex	10	64	69	99	89	39	34	23	29

	2021	2022	2023	2024	2025	2026	2027	2028	2029
Capex	69	99	89	39	34	23	29	69	99

FORECAST INFLATION

You have been advised that the inflation rate is forecast to be 3% per annum.

ACCOUNTING TREATMENT

For accounting purposes, depreciation on the Capex is calculated on a straight line basis over 12 years.

TAX TREATMENT

For taxation purposes, depreciation on Capex is calculated using the diminishing value method at a rate of 40% per annum. The taxation rate is currently 30% per annum but is forecast to moving down to 28% from the start of 2016.

STYLE CONVENTIONS

In developing your model, you are expected to adhere to the ModelOff style conventions. At the end of this section you will be required to submit the model you built when answering this question.

Questions

QUESTION 1

What is the total nominal capex for 2012 through 2021 (inclusive)?

- a) 593.0m
- b) 598.3m
- c) 525.0m
- d) 583.3m



ModelOff 2012 Questions and Answers

QUESTION 2

What is the closing balance for the accounting asset schedule in 2017?

- a) 298.3m
- b) 286.7m
- c) 370.0m
- d) 331.0m

QUESTION 3

What is the closing balance for the taxation asset schedule 2019?

- a) 101.6m
- b) 62.9m
- c) 91.8m
- d) 68.2m

QUESTION 4

What impact does the change in taxation rate have on the opening deferred tax balance for 2016?

- a) 2.2m
- b) 12.6m
- c) 7.5m
- d) 9.7m

QUESTION 5

What is the deferred tax balance as at 2028?

- a) 79.0m Asset
- b) 79.0m Liability
- c) 80.2m Asset
- d) 80.2m Liability



Answers

1 (b)

2 (a)

3 (d)

4 (a)

5 (b)