Great Zimbabwe University

ROBERT MUGABE SCHOOL OF EDUCATION AND CULTURE

DEPARTMENT OF CURRICULUM STUDIES

BACHELOR OF EDUCATION PRIMARY IN-SERVICE HONOURS DEGREE

LEVEL 2 SEMESTER 1

EXAMINATION QUESTION PAPER

MODULE CODE	**CACS 211**
MODULE NARRATION	**GROUP FINANCIAL REPORTING**
DATE	**2024**
DURATION	**3 HOURS**

INSTRUCTIONS TO CANDIDATES:

1. Answer all questions
2. All questions carry equal marks
3. Candidates are allowed to use silent, non-programmable calculators
4. Candidates are allowed reading time 15 minutes

Carry Limited purchased 90% of the shares in Sarry Ltd for $80 000 on 31 December 2023. The balance sheets of two companies Carry Ltd and Sarry Ltd on 31 December 2023 were as follows:

	Carry Ltd	Sarry Ltd
	$	$
Ordinary share capital	150 000	50 000
Share premium account	35 000	18 000
Capital Redemption Reverse	20 000	-
General Reserve	10 000	9 000
Retained profits	7 500	5 000
Current liabilities	4 500	3 000
	227 000	85 000
Fixed Assets	100 000	60 000
Current Assets	127 000	25 000
	227 000	85 000

Required:

(a) Show the analysis of Sarry Ltd's equity as at 31 December 2023 [10]

(b) Prepare the Consolidated balance sheet for the H Curry Ltd and its Subsidiary as at 31 December 2023 [15]

Question 2

(a) What is a joint venture [5]

(b) Identify and describe the three basic types of joint ventures [15]

(c) Identify the two methods used in the accounting treatment for joint ventures [5]

Question 3

H Ltd purchased 90% of the ordinary share in S Ltd on 1 July 2003. The income statements of the two companies on 30 June 2005 were as follows:

	H Ltd	S Ltd
	$	$
Sales	599 500	455 620

Cost of goods sold	(239 800)	(215 820)
Gross profit	359 700	239 800
Dividends received	40 000	
	444 700	239 800
Trading Expenses :		
Salaries wages	(71 940)	(35 970)
Rent	(23 900)	(14 500)
Insurance	(16 780)	(10 745)
Interest paid	-	(16 350)
Electricity water	(14 200)	(12 600)
Depreciation (Non-current assets)	(30 900)	(17 300)
Other general express	(9 450)	(4 800)
Profit before tax	2 77 530	127 535
Company tax	(83 259)	(38 260)
Profit after tax	194 271	89 275

H Ltd statement of changes in Equity for the year ended 30/6/2003.

	Retained Profits	General reserves
	$	$
Balb/l	96 465	85 000
Profit after tax	194 271	-
Transfer to general	(75 000)	75 000
Ordinary dividends paid	(60 000)	-
	155 736	160 000

S Ltd Statement of changes in Equity for the year ended 30/06/2005.

	Retained Profits	General Reserves
	$	$
Bal b/d	73 800	30 000
Profit after tax	89 275	-
Transfer to general reserve	(45 000)	45 000
Ordinary dividends paid	(40 000)	-
	58 075	75 000

Additional information

i) When H Ltd bought its shares in S Ltd, the latter's reserves were: General reserves $20 000, retained profits $40 000.

ii) H Ltd sold to S Ltd goods worth $82 000 at invoice price during the year ended 30 June 2005. At year ended ¼ of these goods remained in stock. H Ltd sells stock to its subsidiary at mark up of 1/3

Required

a) Consolidated income statement from year ended 30 June 2005. (15)
b) Consolidated statement of changes in Equity for the year ended 30 June 2005 (10)

Question 4

a) Identify and explain in your own words the major concepts which govern the preparation of financial statements (15)

b) Write a brief note on the structure and content of financial statements (5)

c) A complete set of financial statements should include Notes to the financial statements. Elaborate (5)

End of examination paper