ZIMBABWE EZEKIEL GUTI UNIVERSITY

FACULTY OF BUSINESS INTELLIGENCE, ENTREPRENEURSHIP, ARTIFECTUAL DESIGN AND FUTURES.

DEPARTMENT OF ACCOUNTING, FINANCE AND HUMAN CAPITAL MANAGEMENT

EXAMINATION PAPER

COURSE CODE	:	CAC221
COURSE TITLE	:	FINANCIAL ACCOUNTING 2B
SPECIAL REQUIREMENTS	:	**NONE**
DURATION	:	3 Hours
LEVEL	:	2.2
DATE	:	

08 JUN 2026

INSTRUCTIONS TO CANDIDATES:

1. No cell phones are allowed in the examination venue.
2. Answer **all** questions.
3. Begin each question on a new page.
4. NON-PROGRAMMABLE CALCULATORS ARE ALLOWED.
5. The number of marks for each question or part question is shown in brackets [ ]

SECTION A. [20 MARKS]

ANSWER ALL QUESTIONS IN THIS SECTION: Each question carries 2 marks

CHOOSE THE MOST APPROPRIATE ANSWER.

1. **According to IFRS 8, Segmental reporting, a segment result can be defined as**
   A. the excess of segment expenses over segment revenue
   B. the excess of segment revenue over segment expenses
   C. the excess of segment assets over segment liabilities
   D. the excess of segment liabilities over segment assets

2. **IAS1, Presentation of financial statements framework, identified the elements of the financial statements. Which of the following items are not part of the elements of the financial statements?**
   (i) Depreciation
   (ii) Liabilities
   (iii) Assets
   (iv) Drawings

   A. (iii) only
   B. (ii) only
   C. (i) and (iv)
   D. (ii) and (iii)

3. **With reference to IAS 24, a joint venture can be defined as**

   A The contractually agreed sharing of control over an economic activity

   B The contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

   C An entity, including an unincorporated entity such as a partnership, over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture

   D Individual ownership of an entity

4. **Only a single depreciation method should be used by a firm for a certain financial period This is according to**

A. The consistency concept
B. The going concern concept

C. The accruals concept

D. The prudence concept

5. The requirements for IFRS 8-Segmental reporting apply to

A. Listed companies only

B. Listed and unlisted companies

C. Unlisted Companies only

D. Small and medium enterprises

6. Which of the following is a condition for classification as a discontinued operation under IFRS 5?

A) The operation is a separate major line of business.

B) The operation is held for sale.

C) The operation is abandoned.

D) The operation is a non-current asset.

7. How should a non-current asset (or disposal group) classified as held for sale under IFRS 5 be measured?

A) At cost

B) At fair value less costs to sell

C) At recoverable amount

D) At net realizable value

8. What is the primary objective of IAS 20?

A) To prescribe the accounting treatment for government grants

B) To require disclosure of government assistance

C) To recognize the economic benefits of government grants

D) All of the above

9. **How should a government grant that is received in the form of a non-monetary asset be recognized?**

A) At fair value

B) At cost

C) At net realizable value

D) Not recognized until sold

10. **What is the required accounting treatment for a government grant that is conditional upon fulfilling certain conditions?**

A) Recognize the grant immediately

B) Recognize the grant when the conditions are fulfilled

C) Recognize the grant over the period of the condition

D) Do not recognize the grant

[TOTAL 20 MARKS]

Payables		900
		7400

Subsidiary Matarenda statement of financial position as at 31 December 2025

Non-current assets	$	$
Buildings		600
Motor vehicles		400
Fixtures		200
Current assets		
Inventory	900	
Receivables	1400	
Bank	300	
		3800
Financed by		
Share capital		1 000
Profit and loss as at 31/12/2024	950	
Profit for 2025	1150	
		2100
Payables		700
		3800

The following information is pertinent:

1. During the year Deeper life plc had sold goods which had cost $150 to Matarenda for $240. None of these goods had been sold by the balance sheet date.
2. At the balance sheet date, Deeper Life owed Matarenda $220.

Question Two [15 marks]

Claudia Inc. is a multinational conglomerate with several business segments operating in different industries. The company's management has identified the following segments:

Segment	Description	Revenue $	Assets $
A	Automotive	1 000 000	5 000 000
B	Technology	800 000	3 000 000
C	Health Care	1 200 000	6 000 000
D	Financial services	500 000	2 000 000
E	Real Estate	400 000	1 500 000

Required:

1. Determine which segments are reportable under IFRS 8, using both the revenue and asset tests. Show all your workings.
2. Prepare a reconciliation of the total revenue and assets of the reportable segments to the company's consolidated financial statements.
3. Discuss the disclosure requirements for reportable segments under IFRS 8.

QUESTION THREE [20 MARKS].

Determine whether the following scenarios are related party disclosures and give reasons for your answer.

Puro Investments plc operates in a country in which a state-owned entity (ZESA Enterprises) has a legally protected monopoly over the supply of electricity in that country. Accordingly, Puro Investments plc depends on to provide the energy needed to operate its plant.

(a) Recently, the demand has exceeded the supply of electricity in that country. In response to the shortfall, ZESA Enterprises has rationed the supply of electricity in the jurisdiction that it supplies. The shortage of power has caused Puro Investments plc to operate at suboptimal levels **[4marks].**

(b) Chimbwa plc is funded mostly by a loan from a commercial bank (NMB Bank). The terms of the loan place a number of restrictions on Chimbwa plc, including solvency requirements and restrictions on the extent to which Wood Brooke plc can distribute accumulated profits to its owners **[4marks]**

(c) Zimbwa ltd sells a vehicle that it no longer requires to its managing director at its market value **[4marks].**

(d) SB plc sells a vehicle that it no longer requires to its managing director at its market value, the managing director took ownership of the vehicle as a bonus for services performed during the period **[4marks]**

(e) DB declared and paid a cash dividend to its owner. **[4marks]**

QUESTION FOUR [15 MARKS]

On January 1, 2022, Mhungazvidye plc decided to discontinue one of its business segments, Segment A. The segment meets the criteria for classification as held for sale under IFRS 5. The carrying amount of Segment A's assets and liabilities as of January 1, 2022, are as follows:

	$
Property Plant and Equipment	1 000 000
Intangible Assets	500 000
Inventory	800 000
Trade receivables	300 000
Trade Payables	(400 000)
Long term debt	(1 200 000)

The estimated fair value less costs to sell of Segment A is $1,200,000. The segment's assets and liabilities are expected to be sold within the next 12 months.

During the year ended December 31, 2022, Segment A incurred operating losses of $150,000. The segment was sold on October 31, 2022, for $1,100,000, and the company incurred costs to sell of $50,000.

Required:

1. Determine the carrying amount of Segment A's assets and liabilities that should be presented as held for sale on January 1, 2022.
2. Calculate the impairment loss, if any, on January 1, 2022, and prepare the journal entry to record the impairment.
3. Calculate the gain or loss on disposal of Segment A and prepare the journal entry to record the disposal.
4. Prepare the presentation of Segment A's results in the income statement for the year ended December 31, 2022.

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END OF EXAMINATION QUESTION PAPER.