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**DMI-ST. EUGENE UNIVERSITY**  
**ZAMBIA**

**DEGREE EXAMINATION – JUNE 2024**

**Semester: VII 551AC71 INTERNATIONAL FINANCIAL REPORTING STANDARDS**

**Time: 3:00 Hours**

**Max. Marks: 100**

**Answer any FIVE Questions (5 x 20 = 100 Marks)**

1. a) Discuss the main three (3) reasons or purpose why IFRS was developed? (10 Marks)  
b) Despite having so many benefits to Businesses around the globe, IFRS also has some limitations. Discuss the limitations faced by companies using IFRS. (10 Marks)
2. a) A company has carried out its stock take at the end of its financial year. Included in its inventories are the following items:
  - (a) A table that cost the company K1, 250. This type of table usually sells for K1, 895 but it was damaged in a flood and will therefore be sold at a significant discount. It is expected to sell for K450
  - (b) A wardrobe that cost the company K720 and normally sells for K995. The wardrobe has been damaged and will cost approximately K120 to repair at which point it can be sold for K750
  - (c) A dresser that was made to a customer's own specifications and cost the company K1, 832 to make. Unfortunately, the customer went bankrupt and could not purchase the item. Due to the unusual design the dresser was not easy to sell. After the yearend however, the company sold the dresser for K2,250 but incurred commission costs on the sale of K105 and delivery costs of K158

**Requirement**

State the value that each of the above items will be included at in the company's yearend inventory. (10 Marks)

- b) Young Phiros has closing inventory of 5 units at a cost of \$3.50 per unit at 31<sup>st</sup> December

2023. During the first week of January 2024. Young Phiros entered the following transactions.

2/01/24- Bought 5 units @ \$4.00 per unit

4/01/24- Bought 5 units @ \$5.00 per unit

5/01/24- Sold 7 units @ \$10 per unit

6/01/24 – Bought 5 Units @5.50 per unit.

**Required**

Calculate the value of Inventory using AVCO Method. **(10 Marks)**

3. a) Outline the external and internal factors that can cause an Asset to be impaired. **(7 Marks)**  
b) List at least six (6) examples of Intangible Assets. **(6 Marks)**  
c) State the Disclosures for each class of intangible assets. **(7 Marks)**
4. a) Describe various users of financial statements and their reason for use. **(10 Marks)**  
b) As a student of Accounts and Finance who recently visited Entrepreneur Financial Center (EFC) Zambia, what advice would you give EFC after realizing that their accounting records are not in line with International Financial Reporting Standards? Elaborate on the importance of IFRS to EFC. **(10 Marks)**
5. a) What is Group Accounting? **(2 Marks)**  
b) Describe how to prepare consolidated Financial Statements? **(8 Marks)**  
c) Discuss the types of Consolidated Financial statements, stating clearly the elements each statement contains. **(10 Marks)**
6. a) What do you understand by the term Accounting Standard? **(2 Marks)**  
b) What are some of the benefits that IFRS provide to Investors both locally and internationally? **(8 Marks)**  
c) Explain the features of IFRS Financial Statements. **(10 Marks)**
7. a) Discuss the common issues with consolidating group accounts. **(10 Marks)**  
b) Illustrate the concept of Group Accounts in details. **(10 Marks)**