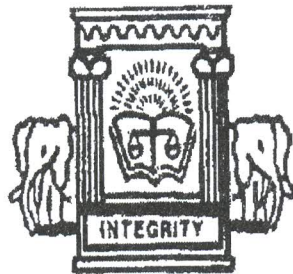


INSTITUTE OF CHARTERED ACCOUNTANTS (GHANA)



MAY 2011 EXAMINATIONS
(PROFESSIONAL)

PART 4

ADVANCED FINANCIAL REPORTING
(Paper 4.1)

Attempt ALL Questions

TIME ALLOWED:

Reading & Planning - 15 Minutes
Workings - 3 Hours

QUESTION 1

The Handbook of International Financial Reporting Standards (IFRSs) states, in part, that “many entities also present outside the Financial Statements, the Value Added Statement, particularly in industries where the employees are regarded as an important user group”.

The following balances were included in the Corporate Report of Armour Ltd, a company incorporated in Ghana on 1st January 2009.

	<u>31st Dec. 2010</u>	<u>31st Dec. 2009</u>
	GHS'000	GHS'000
Non-current asset (net)	3,750	3,594
Accounts receivable	870	769
Accounts payable	530	448
10% Debenture	1,200	1,080
Ordinary shares: (issued at GHS1.00 each)	3,200	3,200
Sales	5,124	4,604
Materials consumed	2,934	2,452
Wages	607	598
Depreciation for the year	115	114
Fuel consumed	290	242
Hire of plant & equipment	41	38
Salaries	203	198
Auditor's remuneration	10	8
Corporate tax	<u>402</u>	<u>393</u>
Dividend per share	GHS0.09	GHS0.08
Number of employees	40,000	42,000

Required:

- a) Identify the major stakeholders of Value Added Statements. *(2 marks)*
- b) Suggest any **three (3)** limitations in the use of Value Added Statement as a measure of performance. *(3 marks)*
- c) Prepare a Value Added Statement to be included in the Corporate Report of Armour Ltd for the year ended 31st December 2010, including the comparative figures for 2009. *(10 marks)*

(Total: 15 marks)

