



**CHRISTIAN SERVICE UNIVERSITY COLLEGE
KUMASI**

CSUC SCHOOL OF BUSINESS

DEPARTMENT OF ACCOUNTING & FINANCE

BACHELOR OF BUSINESS ADMINISTRATION

End of Second Semester Examination, 2019/2020 Academic Year

Level 400

CSBF 414: CORPORATE REPORTING

JUNE, 2020

[70 marks]

INSTRUCTIONS TO CANDIDATES:

- **Answer TWO Questions (for 35 marks each)**
 - **Write your answer on the answer sheets provided**
 - **Your answer for EACH QUESTION should be FOUR (4) pages minimum.**
 - ***Please present your answer in ESSAY form as much as possible unless otherwise stated.***
 - **Write your index number clearly at the top of every page of the answer sheets used.**
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Note: Marks will be awarded for:

- Introduction
- Content
- Conclusion
- Evidence of Further Reading
- Originality and Independence (Cheating would be penalized and integrity rewarded)
- Correct grammar, clarity of expression and logical presentation of facts.
- Answers to questions must be well referenced.

Examiner: Abraham Osei-Wusu

SECTION A

Question 1

Read the case below and answer the questions that follow.

Fairpoint Ltd is a retail trading company in Ghana. Nana Yaa Dufie (member of ICAG) is the finance director and has been in this role for many years. Fairpoint Ltd has a year-end of 30th June each year. Nana Yaa Dufie is finalizing the financial statements for the year ended 30th June, 2019. On one hand, the warehouse manager of Fairpoint Ltd has recently advised Nana Yaa Dufie of a significant level of slow moving inventory, and that the inventory in question is now more than seven months old and per the company policy would usually have been written down some months previously.

On the other hand, the shareholders of Fairpoint Ltd are trying to sell the company, and the Chief Executive Officer (CEO) who happens to be the majority shareholder of Fairpoint Ltd. has told Nana Yaa Dufie that it is not necessary to write down the inventory values in the yearend financial statements.

Nana Yaa Dufie is sure that the CEO wants the financial statements to carry an inflated inventory valuation because he has found a prospective buyer for the company. The CEO has indicated to Nana Yaa Dufie that, if the proposed deal is indeed successful, all employees will keep their jobs (including Nana Yaa Dufie) and the finance director (Nana Yaa Dufie) will receive a pay rise.

Required:

- i. Explain how the finance director could potentially act in order not to breach the fundamental principles of the IFAC's code of ethics.
- ii. Recommend the possible actions that the finance director should take as a member of the Institute of Chartered Accountant (Ghana) in dealing with this ethical dilemma.

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SECTION B

Answer any 1 question from this section.

QUESTION TWO

At a recently concluded Annual General Meeting (AGM) of a company, one of the shareholders remarked; “historical financial statements are essential in corporate reporting, particularly for compliance purposes, but it can be argued that they do not provide meaningful information. After having issued a series of environmental and then sustainability reports, it is apparent that although the numbers were allowing a true and fair review of the company’s performance, operations and management they were not necessarily relevant to stakeholders. The International Integrated Reporting Council (IIRC) is calling for a shift in thinking more to the long term, to think beyond what can be measured in quantitative terms and to think about how the entity creates value for its owners” the statement concluded.

Required:

Discuss the principles and key components of the IIRC’s Framework, and any concerns which could impede the Framework’s suitability for assessing the prospects of an entity.

QUESTION THREE

You are a junior accountant with CSUC Company Ltd. (a merchandized business) located at Asokwa. For the two years you have worked in that company, you have noticed that CSUC only prepares the statement of profit or loss and other comprehensive income and the statement of financial position at the end of each accounting period. But as an accounting graduate, you have learned the importance of the statement of cash flows.

Required:

Write a memo to the Chief Accountant of CSUC Company Ltd. rationalizing the preparation for the statement of cash flows.

QUESTION FOUR

It is recommended that all significant economic entities should publish a value added statement as part of their annual accounts. The value added statement shows wealth or value created by the entity and how this has been distributed among those who have stake in the business.

Required:

- i. Clearly explain the content of the value added statement.
- ii. Illustrate the format of the statement.