ANNEXURE D: OCTOBER 2009 EXAMINATION PAPER

This paper consists of 8 pages

NB:

1. This paper consists of FOUR (4) questions.
2. All questions must be answered.
3. Basic workings, where applicable, must be shown.
4. Ensure that you are handed the correct examination answer book (blue colour for accounting) by the invigilator.
5. Each question attempted must be commenced on a new (separate) page.
6. You must obtain at least 50% to pass this paper.
7. **PROPOSED TIMETABLE**:

Question No.	Subject	Marks	Time in minutes
1	Group financial statements	40	48
2	Statement of cash flows	16	19
3	Earnings and dividends per share	24	29
4	Valuations	20	24
		100	120

QUESTION 1 (40 marks) (48 minutes)

M Limited acquired its total shareholding in D Limited on 1 January 2006.
On that date D Limited's retained earnings amounted to R70 000.

The following are the trial balances of the two companies at 31 December 2008:

	M LIMITED DR/(CR)	**D LIMITED DR/(CR)**
Investments in D Limited		
300 000 ordinary shares at fair value (cost price R252 500)	252 500	-
25 000 cumulative preference shares at fair value (cost price R55 000)	55 000	-
Property at cost	910 000	462 800
Plant and equipment at cost	850 000	460 000
Issued capital		
Ordinary shares of 50c each	(500 000)	(200 000)
10% Cumulative preference shares of R2 each	(300 000)	(100 000)
Retained earnings	(686 000)	(120 000)
Revenue	(1 800 000)	(1 400 000)
Trade and other payables	(174 600)	(66 800)
Dividends received	(27 500)	-
Loan from parent company	-	(100 000)
Interest received from D Limited	(8 000)	-
Interest received from ABAB Bank	(2 000)	(1 000)
Profit on sale of machine	-	(60 000)
Accumulated depreciation: plant and equipment	(362 000)	(212 000)
Tax payable	(360 000)	(210 000)
Administrative fees received	(120 000)	-
Inventory- 01/01/2008	90 000	105 000
Bank – ABAB Bank	50 000	30 000
Purchases	590 000	425 000
Trade and other receivables	84 000	96 000
Provisional tax payments	300 000	200 000
Staff costs	146 000	128 000
Administrative fees paid	-	120 000
Interest paid	-	8 000
Loan to subsidiary company	100 000	-
Income tax expense	222 000	183 200
Administrative expenses	400 000	100 000
Other expenses	46 600	35 800
Ordinary dividends paid	40 000	30 000
Preference dividends paid	30 000	10 000
Depreciation	174 000	76 000

QUESTION 1 (continued)

Additional information

1. Inventory on hand at 31 December 2008:
   - M Limited R150 000
   - D Limited (all purchased from M Limited) R180 000

   D Limited started to purchase all its inventory from M Limited during the year at a mark-up of 20% on cost price.

2. It is group policy to show goodwill at cost less impairment in the consolidated financial statements. Goodwill was not impaired during the year.

3. D Limited sold machine A on 1 January 2006 and machine B on 1 June 2008 to M Limited at a profit of R40 000 and R60 000 respectively. Depreciation on machinery is provided at 25% per annum according to the straight-line method.

REQUIRED:

Draft the following financial statements of M Limited and its subsidiary:

1. Consolidated statement of financial position as at 31 December 2008
2. Consolidated statement of comprehensive income for the year ended 31 December 2008
3. Consolidated statement of changes in equity for the year ended 31 December 2008

Your answer must comply with the requirements of the Companies Act and Generally Accepted Accounting Practice. Do all calculations to the nearest Rand. No journal entries or notes are required. Ignore the taxation effects and comparative figures.

QUESTION 2 (16 marks) (19 minutes)

The following balances appeared in the books of Sharp Limited for the financial year ended 30 June:

	2008	2007
DEBITS	**R**	**R**
Property, plant and equipment	5 218 750	3 125 000
Available-for-sale financial assets - Investments	875 000	687 500
Inventory	62 500	78 750
Trade and other receivables	375 000	312 500
Prepaid expenses	10 000	12 500
Dividends receivable	18 750	-
Cash and cash equivalents	-	106 250
Cost of sales	875 000	600 000
Administrative expense (including depreciation)	562 500	106 250
Other expenses	218 750	150 000
Finance cost	25 000	25 000
Income tax expense	207 500	166 250
Distribution expenses	125 000	118 750
Dividends declared	312 500	62 500
	8 886 250	5 551 250
CREDITS		
Issued share capital – ordinary shares of R1 each	3 125 000	1 875 000
Share premium	475 000	500 000
Surplus on revaluation of land	187 500	125 000
Retained earnings beginning of year	506 250	178 750
10% Long-term loan	225 000	250 000
Deferred tax	10 000	10 000
Accumulated depreciation: Property, plant and equipment	1 003 750	875 000
Short-term portion of long-term loan	25 000	-
Tax payable	81 250	75 000
Dividends payable	156 250	62 500
Trade and other payables	250 000	43 750
Accrued interest on long-term loan	6 250	-
Bank overdraft	535 000	-
Sales (credit)	2 187 500	1 500 000
Profit on sale of equipment	18 750	-
Other income – dividends received	93 750	56 250
	8 886 250	5 551 250

QUESTION 2 (continued)

Additional information

1. On 1 May 2008 the company issued capitalisation shares at par to the ordinary shareholders in the ratio of 1 share for every 5 shares held. The share premium account was utilized for this purpose.

2. On 31 May 2008 ordinary shares were issued to the public at a premium of 40%.

3. Property, plant and equipment on 1 July 2007 are made up as follows:

	Total	**Land**	**Buildings**	**Equipment**
	R	**R**	**R**	**R**
Carrying amount: 1 July 2007	2 250 000	1 000 000	187 500	1 062 500
Cost	3 125 000	1 000 000	250 000	1 875 000
Accumulated depreciation	(875 000)	-	(62 500)	(812 500)

The following changes took place during the year ended 30 June 2008

- Plant and equipment with a cost price of R2 656 250, was purchased, of which R1 250 000 represent replacement of equipment disposed of.

- Plant and equipment with a carrying amount of R250 000 was disposed of.

- Depreciation for the year:
  Plant and equipment R500 000
  Buildings R 3 750

4. New investments were purchased close to year-end, but none were sold. No fair value adjustments were necessary as the fair values of investments are equal to the cost thereof.

REQUIRED:

After taking the abovementioned information into account, answer the following multiple choice questions (choose only A, B, C, or D) concerning the Statement of cash flows of Sharp Limited, prepared according to the direct method, for the financial year ended 30 June 2008. **You are not required to draft the cash flow statement.**

1. Cash receipts from customers amount to:
   (A) R2 250 000
   (B) R2 187 000
   (C) R2 125 000
   (D) Not one of the above

QUESTION 2 (continued)

2. The change in working capital represents a:
   (A) Cash outflow of R162 500
   (B) Cash inflow of R225 000
   (C) Cash outflow of R225 000
   (D) Not one of the above

3. Cash payments to suppliers and employees amount to:
   (A) R1 052 500
   (B) R1 556 250
   (C) R1 033 750
   (D) Not one of the above

4. Dividends paid amount to:
   (A) R218 750
   (B) R312 500
   (C) R406 250
   (D) Not one of the above

5. Dividends received amount to
   (A) R93 750
   (B) R75 000
   (C) R112 500
   (D) Not one of the above

6. Normal tax paid amounts to
   (A) R201 250
   (B) R207 500
   (C) R213 750
   (D) Not one of the above

7. The proceeds on sale of equipment amount to
   (A) R268 750
   (B) R231 250
   (C) R250 000
   (D) Not one of the above

8. The issue of ordinary shares represent a
   (A) Cash inflow of R1 225 000
   (B) Cash inflow of R875 000
   (C) Cash inflow of R1 250 000
   (D) Not one of the above

QUESTION 3 (24 marks) (29 minutes)

1. Magnolia Ltd was incorporated in 2000 with an authorised share capital of 3 000 000 ordinary shares of R1 each, 1 000 000 14% cumulative preference shares of R1 each and 200 000 10% non-cumulative preference shares of R2 each.

2. On 1 January 2007 the issued share capital of Magnolia Ltd consisted of 2 000 000 ordinary shares of R1 each, 1 000 000 14% cumulative preference shares of R1 each and 50 000 10% non-cumulative preference shares of R2 each and remained unchanged during the year.

3. The following changes in share capital occurred during 2008:

   - Magnolia Ltd had a rights issue on 30 April 2008 of one ordinary share for every five ordinary shares held at R3 per share, the market price of the shares immediately prior to the exercise of the rights was R4 per share.

   - On 31 October 2008 the company had a capitalisation issue of one ordinary share for every one hundred ordinary shares held.

   - On 30 November 2008 the ordinary share capital was consolidated into R2 par value shares.

4. The following information relates to Magnolia Ltd for the year ended 31 December 2008:

   Magnolia Ltd declare and paid an ordinary dividend of R100 000 (2007 – R80 000) at year end. The total dividends paid for the year amounted to R250 000 (2007 – 230 000). Taxation for the year ended 31 December 2008 amounted to R320 000 (2007 – R210 000), while the profit for the year (after tax) amounted to R1 450 000 (2007 – R1 000 000).

REQUIRED:

Calculate and disclose basic earnings and dividends per share in the annual financial statements of Magnolia Limited for the year ended 31 December 2008 in compliance with Generally Accepted Accounting Practice. Comparative figures are required. Show all calculations.

Please note: Round off to the third decimal when calculating the adjustment factor for the theoretical ex-rights value per share.

QUESTION 4 (20 marks) (24 minutes)

Do all calculations to the nearest second decimal.

4.1 You deposit R10 000 in a savings account that offers you interest at 9% per annum calculated annually. If you do not withdraw any of the interest, but allow it to be added to the principal amount at the end of every year, what will the balance on the account be after three years. (2)

4.2 Calculate the present value if the compounded amount (future value) is R150 000, invested at 18% per annum for 3½ years and interest is calculated monthly. (3)

4.3 You purchased property for R350 000. The deposit to be paid is R70 000. You secure a mortgage bond at the bank for the balance at 20% per annum compounded quarterly, with a term of 15 years. Calculate the monthly installment. (3)

4.4 Ms Green (currently 20 years old) decided to save for an overseas trip when she turns 25. All she can afford to save now, on a monthly basis, is R1 500. Her employer promised her a substantial salary increase when she obtains her degree in two years time. After that increase she can afford to save R2 500 per month for the last three years. The financial institution offers her an interest rate of 15% per annum on her investment. Determine the value of her investment at the end of year 5 if the interest is compounded monthly. (6)

4.5 Calculate the value of an ordinary share, based on the following information:

Situation 1:
Mr Fish has 25% of the shares in Bass Limited
Issued shares – 5 000 ordinary shares of R1 each
Expected future dividend per share – 25c
Fair dividend yield – 10%
Fair earnings yield – 12%
Expected future earnings per share – 30c (3)

Situation 2:
Ms Barbie has 75% of the shares in Ken Limited
Issued shares – 3 000 ordinary shares of R1,50 each
Expected future dividend per share – 30c
Fair dividend yield – 16%
Fair earnings yield – 19%
Expected future earnings per share – 33c (3)

ANNEXURE E: SOLUTION OCTOBER 2009 EXAMINATION PAPER

QUESTION 1

M LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2008

	R
ASSETS	
Non-current assets	2 101 300
Property, plant and machinery [(910 000^ + 462 800^ + 850 000^ + 460 000^ - 40 000^ - 60 000^) - (362 000^ + 212 000^ - 30 000^ - 7 500^)]	2 046 300
^ Goodwill (50 000 + 5 000)	55 000
Current assets	560 000
Inventory (150 000^ + 180 000^ – 30 000^)	300 000
Bank (50 000^ + 30 000^)	80 000
Trade and other receivables (84 000^ + 96 000^)	180 000
TOTAL ASSETS	2 661 300
EQUITY AND LIABILITIES	
Total Equity	2 349 900
Equity attributable to owners of the parent	2 130 525
Share capital (500 000 + 300 000)	^800 000
Retained earnings	1 330 525
^ **Non-controlling interest**	219 375
Current liabilities	311 400
Trade and other payables (174 600^ + 66 800^)	241 400
Tax payable (360 000^ + 210 000^ - 300 000^ - 200 000^)	70 000
TOTAL EQUITY AND LIABILITIES	2 661 300

QUESTION 1 (continued)

M LIMITED AND ITS SUBSIDIARY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2008

	R
Revenue (1 800 000 + 1 400 000)	3 200 000^
Cost of sales	(910 000)
Opening inventory (90 000 + 105 000)	195 000^
Purchases (590 000 + 425 000)	1 015 000^
Closing inventory [(150 000^ + 180 000^) + (180 000 x $\frac{20}{120}$)^]	(300 000)
Gross profit	2 290 000
Other income (2 000^ + 1 000^)	3 000
Administrative expenses (400 000 + 100 000^ + 146 000 + 128 000^ + 174 000 + 76 000^ – 10 000 – 7 500^)	(1 006 500)
Other expenses (46 600^ + 35 800^)	(82 400)
Profit before tax	1 204 100
Income tax expense (222 000 + 183 200)	(405 200)^
Profit for the year	798 900
Other comprehensive income	-
Total comprehensive income for the year	798 900
^ **Attributable to:**	
Owners of the parent (798 900 – 106 875)	692 025
Non-controlling interest (104 375 – 2 500 + 5 000)	106 875
	798 900

M LIMITED AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2008

Attributable to owners of the parent

	Ordinary shares	Preference shares	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1/1/2008	500 000^	300 000^	708 500①	1 508 500	125 000②	1 633 500
Total comprehensive income for the year			692 025^	692 025	106 825^	798 900
Ordinary dividends			(40 000)^	(40 000)	(7 500)^	(47 500)
Preference dividends			(30 000)^	(30 000)	(5 000)^	(35 000)
	500 000	300 000	1330 525	2 130 525	219 375	2 349 900

① 686 000^ + 22 500^
② 67 500^ + 7 500^ + 50 000^

QUESTION 1 (continued)

Calculations

1. Analysis of owners' equity

Ordinary shares	**Total**	**M Ltd 75%** At acquisition	**M Ltd 75%** Since acquisition	**Non-controlling interest 25%**
	R	**R**	**R**	**R**
At date of acquisition				
Share capital	200 000 ^	150 000		50 000
Retained earnings	70 000 ^	52 500		17 500
	270 000	202 500		67 500
Investment in D limited		252 500^		
Goodwill		50 000		
Since acquisition until beginning of current year				
Retained earnings	30 000		22 500	7 500
Balance 1/1/2008	120 000 ^			
At acquisition	(70 000)^			
Profit on sale of machine	(40 000)^			
Depreciation	20 000 ^			
Current year				
Profit for the year	417 500		313 125	104 375
Calculation 2	460 000			
Profit on sale of machine	(60 000)^			
Depreciation :Machine A	10 000 ^			
:Machine B	7 500 ^			
Preference dividends	(10 000)^		(7 500)	(2 500)
Ordinary dividends	(30 000)^		(22 500)	(7 500)
	667 500		305 625	169 375

QUESTION 1 (continued)

Preference shares	**Total**	**M Ltd 50% At acquisition**	**M Ltd 50% Since acquisition**	**Non-controlling interest 50%**
	R	**R**	**R**	**R**
At date of acquisition				
Share capital	100 000	50 000^		50 000
Investment in D Limited		55 000^		
Goodwill		5 000		
Since acquisition until beginning of current year				
Profit for the year	20 000		10 000	10 000
Dividends paid	(20 000)		(10 000)	(10 000)
Current year				
Profit for the year	10 000^		5 000	5 000
Dividends paid	(10 000)^		(5 000)	(5 000)
	100 000		-	50 000

2. Profit for D Limited for the current year

Revenue	1 400 000^
Cost of sales	(350 000)
Opening inventory	105 000 ^
Purchases	425 000 ^
Closing inventory	(180 000)^
Gross profit	1 050 000
Other income (1 000 + 60 000)	61 000 ^
Administrative expenses (128 000 + 120 000 + 100 000 + 76 000)	(424 000)^
Other expenses	(35 800)^
Finance costs	(8 000)^
Profit before tax	643 200
Income tax expense	(183 200)^
Profit for the year	460 000

QUESTION 2

1. C ✓✓
2. D ✓✓
3. A ✓✓
4. A ✓✓
5. B ✓✓
6. A ✓✓
7. A ✓✓
8. A ✓✓

SHARP LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2008

	R	R
Cash flow from operating activities		
Cash receipts from customers (calculation 1)	2 125 000	
Cash payments to suppliers and employees (calculation 2)	(1 052 500)	
Net cash generated by operations	1 072 500	
Dividends received (93 750 – 18 750)	75 000	
Interest paid (25 000 – 6 250)	(18 750)	
Dividends paid (calculation 3)	(218 750)	
Normal tax paid (calculation 4)	(201 250)	
Net cash inflow from operating activities		708 750
Cash flow from investing activities		
Investment to maintain production capacity	(1 250 000)	
Replacement of equipment (given)	(1 250 000)	
Investment to expand production capacity	(1 406 250)	
Additions to equipment (calculation 5)	(1 406 250)	
Proceeds on sale of non-current assets (250 000 + 18 750)	268 750	
Purchase of investments (875 000 – 687 500)	(187 500)	
Net cash outflow from investing activities		(2 575 000)
Cash flow from financing activities		
Proceeds on issue of shares (875 000 + 350 000)	1 225 000	
Net cash inflow from financing activities		1 225 000
Net decrease in cash and cash equivalents		(641 250)
Cash and cash equivalents beginning of year		106 250
Cash and cash equivalents end of year		(535 000)

QUESTION 2 (continued)

Calculations

1. Cash receipts from customers

Trade and other receivables

		R			R
Balance	b/d	312 500	Bank*		2 125 000
Sales		2 187 500	Balance	c/d	375 000
		2 500 000			2 500 000

*Balancing figure

2. Cash paid to suppliers and employees

Trade and other payables, inventory and expenses

		R			R
Balance – inventory	b/d	78 750	Balance – payables	b/d	43 750
Balance – prepaid expenses	b/d	12 500	Cost of sales		875 000
Bank*		1 052 500	Distribution expenses		125 000
Balance – payables	c/d	250 000	Administrative expenses		
			(562 500 – 503 750)		58 750
			Other expenses		218 750
			Balance – inventory	c/d	62 500
			Balance – prepaid expenses	c/d	10 000
		1 393 750			1 393 750

*Balancing figure

3. Dividends paid

	R
Unpaid amounts at beginning of year	62 500
Amounts debited against profit	312 500
Unpaid amounts at end of year	(156 250)
	218 750

4. Taxation paid

Unpaid amounts at beginning of year	75 000
Amounts debited against profit	207 500
Unpaid amounts at end of year	(81 250)
	201 250

5. Property, plant and equipment at carrying amount

		R			R
Balance	b/d	2 250 000	Sales at carrying amount		250 000
Revaluation (187 500 – 125 000)		62 500	Depreciation (500 000 + 3 750)		503 750
Replacement		1 250 000	Balance	c/d	4 215 000
Additions (2 656 250–1 250 000)		1 406 250			
		4 968 750			4 968 750

QUESTION 2 (continued)

6. Change in working capital

	R
Decrease in inventory	16 250
Increase in trade and other receivables	(62 500)
Decrease in prepaid expenses	2 500
Increase in trade and other payables	206 250
Cash inflow	162 500

QUESTION 3

1. Basic earnings

	2008 R	2007 R
Profit for the year	1 450 000^	1 000 000^
Cumulative preference dividends (R1 000 000 x 14%)	(140 000)^	(140 000)^
Preference dividends [(50 000 x 2) x 10%)]	(10 000)^	(10 000)^
	1 300 000	850 000

2. Weighted average number of shares

	Total	2008	2007
Balance on 1 January 2007	2 000 000	^2 000 000	^2 000 000
Rights issue on 30 April 2008 (2 000 000/5)	✓400 000		
[(2 000 000 x 1.044) – 2 000 000]			✓88 000
[(2 000 000 x 4/12 x 1.044) + (2 400 000 x 8/12) – 2 000 000]		✓296 000	
Sub total	2 400 000	2 296 000	2 088 000

Theoretical ex-rights value per share

$$\frac{(R3 \times 400\,000 \text{ shares} + R4 \times 2\,000\,000 \text{ shares})}{2\,000\,000 + 400\,000}$$
= 3.833

Adjustment factor:
= R4/3.833
= 1.044✓

	Total	2008	2007
Capitalisation issue on 31 October 2007			
(2 400 000 / 100)	✓24 000		
(2 296 000 / 100)		✓22 960	
(2 088 000 / 100)			✓20 880
	2 424 000	2 318 960	2 108 880
Share consolidation on 30 November 2008			
(2 424 000/2)	✓1 212 000		
(2 318 960/2)		✓1 159 480	
(2 108 880/2)			✓1 054 440
Ordinary shares in issue at 31 December 2008	1 212 000	1 159 480	1 054 440

QUESTION 3 (continued)

3. Dividends

	2008	**2007**
Total – given	250 000	230 000
Cumulative preference dividends	(140 000)	(140 000)
Preference dividends	(10 000)	(10 000)
Ordinary dividends	100 000	80 000
Shares in issue on date of declaration of dividend	1 212 000	2 000 000

4. Earnings and dividends per share

	2008	**2007**
Basic earnings per share		
(1 300 000 / 1 159 480) ✓	112,12c	
(850 000 / 1 054 440) ✓		80,61c
Dividends per share		
Paid: (100 000 / 1 212 000) ✓	8,25c	
(80 000 / 2 000 000) ✓		4,00c
Adjusted: (100 000 / 1 212 000)	8,25c	
(80 000 / 1 010 000)		7,92c

Disclosure

1. ✓ On the statement of comprehensive income under total comprehensive income for the year:

✓	**2008**	**2007**
Basic earnings per share	112,12c	80,61c
Dividends per share	8,25c	4,00c

2. Part of the notes to the financial statements:

Earnings per share

The calculation of earnings per share was based on earnings of R1 300 000^ (2007: R850 000^) and a weighted average of 1 159 480^ (2007: 1 054 440^) ordinary shares in issue after a capitalisation issue on 31 October 2008^ and a share consolidation on 30 November 2008^. The earnings per share for 2007 were adjusted accordingly.

QUESTION 3 (continued)

3. ^Reconciliation of amounts used to calculate basic earnings per share with amounts in statement of comprehensive income.

	2008	**2007**
	R	**R**
Earnings – basic earnings per share	1 300 000	850 000
Cumulative preference dividend	140 000	140 000
Preference dividends	10 000	10 000
Profit for the year	1 450 000	1 000 000

^The dividend per share as adjusted for capitalisation issue and consolidation of shares	**Paid**	**Adjusted**
2008	8,25c	8,25c
2007	4,00c	7,92c

QUESTION 4

4.1	n	=	3 ^
	i	=	9% ^
	PV	=	10 000 ^
	Pmt	=	0
	Comp FV	=	?
		=	R12 950,29 ^

4.2	n	=	42 (3 ½ x 12)✓
	i	=	1,5% (18% /2)✓
	FV	=	150 000✓
	Pmt	=	0
	Comp PV	=	?
		=	R80 263,39

4.3	n	=	60 (15 x 4)✓
	i	=	5% (20% /4)✓
	PV	=	-280 000 (350 000 – 70 000)✓
	FV	=	0
	Comp Pmt	=	?
		=	R14 791,89

4.4.(1) Future value of annuity of R1 500 for 2 years at 15% p.a.

n	=	24 (12 x 2)^
i	=	1,25% (15% /12)^
PV	=	0
Pmt	=	- 1 500 ^
Comp FV	=	?
	=	R41 682,13

(2) Future value of the future value of annuity after 3 years

n	=	36 (12 x 3)^
i	=	1,25% (15 /12)^
PV	=	41 682,13^
Pmt	=	0
Comp FV	=	?
	=	R65 188,51

QUESTION 4 (continued)

(3) Future value of annuity of R2 500 for 3 years at 15% p.a.

n	=	36 (12 x 3)^
i	=	1,25 (15% /12)^
Pmt	=	- 2 500✓
Pv	=	0
Comp FV	=	?
	=	R112 788,76

Value of investment at the end of year 5: R65 188,51^ + R112 788,76 ^ = R177 977,27

4.5 Situation 1:

Non-controlling interest

$$\text{Value Po} = \frac{D1}{K} \;\wedge\wedge$$

$$= \frac{25c}{0{,}10} \;\wedge\wedge$$

$$= R2{,}50 \;\checkmark$$

Situation 2:

Majority interest

$$\text{Value Vo} = \frac{E1}{K} \;\wedge\wedge$$

$$= \frac{33c}{0{,}19} \;\wedge\wedge$$

$$= R1{,}74 \;\checkmark$$