CIMAPRA19-F02-1 Q&As

F2 - Advanced Financial Reporting

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QUESTION 1

Operating segments are separately reportable where they exceed 15% of revenue / profits / assets. These must in total cover 80% of total revenue. Is this statement true or false?

A. True

B. False

Correct Answer: B

QUESTION 2

On 1 January 20X7 GH purchased plant and equipment at a cost of $400,000. The temporary differences in respect of this plant and equipment at 31 December 20X7 and 20X8 have been calculated as follows:

	At 31 December 20X8 $'000	At 31 December 20X7 $'000
Carrying Value	133	267
Tax Base	225	300
Temporary difference	(92)	(33)

Assume that there are no other temporary differences in the periods and that the corporate income tax rate is 25%. GH is expected to have significant taxable profits in the future.

Which of the following is the correct impact in GH\\'s statement of financial position at 31 December 20X8 in respect of deferred tax?

A. Increase in the deferred tax asset.

B. Increase in the deferred tax liability.

C. Decrease in the deferred tax asset.

D. Decrease in the deferred tax liability.

Correct Answer: A

QUESTION 3

CORRECT TEXT

EF has redeemable 10% bonds which are currently trading at $94.00 for each $100 of nominal value. The bonds can be redeemed at par in five years\\' time. The corporate income tax rate is 22%.

The present value of the cash flows associated with $100 nominal value of these bonds at a discount rate of 7% is $9.28.

Calculate the post tax cost of debt.

Give your answer as a percentage to one decimal place.

%

A. 9.4, 9.3, 9.39, 9.40

Correct Answer: A

QUESTION 4

AB acquired 10% of the equity share capital of XY on 1 January 20X7 for $180,000 when the fair value of XY\\'s net assets was $190,000. On 1 January 20X9 AB purchased a further 50% of the equity share capital for $550,000 when the fair value of XY\\'s net assets was $820,000.

The original 10% investment had a fair value of $200,000 at the date control of XY was gained. The non controlling interest in XY was measured at its fair value of $300,000 at 1 January 20X9.

Which of the following represents the correct value of goodwill arising on the acquisition of XY that would have been included by AB when it prepared its consolidated financial statements at 31 December 20X9?

A. $230,000

B. $30,000

C. $210,000

D. $40,000

Correct Answer: A

QUESTION 5

Which of the following defines the calculation of interest cover?

A. Profit before interest and tax divided by finance costs

B. Finance costs divided by profit before interest and tax

C. Profit after tax divided by finance costs

D. Finance costs divided by profit after tax

Correct Answer: A

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