

CIMAPRA19-F02-1^{Q&As}

F2 - Advanced Financial Reporting

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QUESTION 1**CORRECT TEXT**

GH\'s financial statements show the following:

What is the value of the dividend received from the associate to be included in GH\'s consolidated statement of cash flows for the year?

Give your answer to the nearest \$000.

\$? 000

A. 300, 300000

Correct Answer: A

QUESTION 2

AB and CD are separate entities that prepare financial statements to 31 May using international accounting standards. AB and CD provide technical support services to the financial services industry and operate in the same country. The financial statements are identical except for the following:

1.

AB purchased all operating equipment, paying \$100,000, using a 5 year bank loan. The useful life of the equipment was 5 years.

2.

CD signed an operating lease agreement for all operating equipment for 5 years paying \$20,000 per year.

Both entities charge all expenses relating to the equipment to cost of sales.

From the information provided, which of the following ratios would be reliably comparable for AB and CD?

A. Gross profit margin

B. Return on capital employed

C. Non current asset turnover

D. Profit before tax margin

Correct Answer: A

QUESTION 3

The following information relates to DEF for the year ended 31 December 20X7:

Property, plant and equipment has a carrying value of \$3,500,000 and a tax written down value of \$2,500,000.

There are unused tax losses to carry forward of \$1,250,000.

These tax losses have arisen due to poor trading conditions which are not expected to improve in the foreseeable future.

The corporate income tax rate is 25%.

In accordance with IAS 12 Income Taxes, the financial statements of DEF for the year ended 31 December 20X7 would recognise deferred tax balances of:

☐

	\$
Liability	1,000,000
Asset	1,250,000

☐

	\$
Liability	250,000
Asset	Nil

☐

	\$
Liability	250,000
Asset	312,500

☐

	\$
Liability	1,000,000
Asset	Nil

A. Option A

B. Option B

C. Option C

D. Option D

Correct Answer: A

QUESTION 4

CORRECT TEXT

GH's financial statements show the following:

What is the value of the dividend received from the associate to be included in GH's consolidated statement of cash flows for the year?

Give your answer to the nearest \$000.

\$? 000

A. 300, 300000

Correct Answer: A

QUESTION 5

AB owned 80% of the equity share capital of FG at 1 January 20X6. AB disposed of 10% of FG's equity share capital on 31 December 20X6 for \$400,000. The non controlling interest was measured at \$700,000 immediately prior to the disposal.

Which of the following represents the adjustment that AB made to non controlling interest in respect of the disposal when it prepared its consolidated financial statements at 31 December 20X6?

A. Credit of \$350,000

B. Debit of \$400,000

C. Debit of \$350,000

D. Credit of \$50,000

Correct Answer: A

QUESTION 6

CORRECT TEXT

LK acquired 100% of the equity shares of TU on 1 January 20X4. LK disposed of 60% of TU for ?,400,000 on 30 September 20X4. The sale proceeds reflected the fair value of TU's shares on that date.

The remaining 40% shareholding gave LK the ability to exercise significant influence over the activities of TU. TU reported profit of \$1,800,000 for the year ended 31 December 20X4 and this accrued evenly throughout the year.

Calculate the investment in associate that will be presented in LK's consolidated statement of financial position as at 31 December 20X4.

Give your answer to the nearest whole \$'000.

\$ 000

A. 1780, 1780000

Correct Answer: A

QUESTION 7**CORRECT TEXT**

WX acquired 20% of the equity share capital of MN for \$135 million in 20X5. WX acquired a further 40% of the equity share capital of MN for \$400 million on 1 October 20X8 when the fair value of the net assets of MN were \$800 million.

The fair value of the initial 20% investment in MN was \$175 million at 1 October 20X8. There has been no impairment of the investment in MN. WX uses the proportion of net assets method to value non-controlling interest at acquisition.

Calculate the goodwill arising on the acquisition of MN.

Give your answer to the nearest \$ million.

\$? million

A. 95, 95000000

Correct Answer: A

QUESTION 8

When accounting for a finance lease under IAS 17 Leases, which TWO of the following are recognised in the statement of profit or loss?

- A. Finance cost element of the lease payments
- B. Depreciation of the leased asset
- C. Lease payments paid
- D. Lease payments payable
- E. Capital repayment element of the lease payments

Correct Answer: AB

QUESTION 9**CORRECT TEXT**

GH\\'s financial statements show the following:

What is the value of the dividend received from the associate to be included in GH\\'s consolidated statement of cash flows for the year?

Give your answer to the nearest \$000.

\$? 000

A. 300, 300000

Correct Answer: A

QUESTION 10

ST acquired 75% of the 2 million \$1 equity shares of CD on 1 January 20X3, when the retained earnings of CD were \$3,550,000. CD has no other reserves.

ST paid \$5,600,000 for the shares in CD and the non controlling interest was measured at its fair value of \$1,400,000 at acquisition.

At 1 January 20X3, the fair value of CD's net assets were equal to their carrying amount, with the exception of a building. This building had a fair value of \$1,000,000 in excess of its carrying amount and a remaining useful life of 25 years on 1 January 20X3.

At 31 December 20X5, the retained earnings of ST and CD were \$8,500,000 and \$5,250,000 respectively.

What is the value of retained earnings that will be presented in the consolidated statement of financial position of ST as at 31 December 20X5?

- A. \$9,685,000
- B. \$9,775,000
- C. \$9,715,000
- D. \$10,080,000

Correct Answer: A

QUESTION 11

Which of the following is a related party according to the definition of a related party in IAS24 Related Party Disclosures?

- A. Major customer
- B. Provider of finance
- C. Managing Director
- D. Major supplier

Correct Answer: C

QUESTION 12

GH owned 70% of the equity share capital of XY at 1 January 20X6. GH acquired a further 20% of XY's equity share capital on 31 December 20X6 for \$430,000. Non controlling interest was measured at \$600,000 immediately prior to the 20% acquisition.

Which of the following amounts will GH debit to non controlling interest when the 20% acquisition is adjusted for in its

consolidated financial statements at 31 December 20X6?

- A. \$400,000
- B. \$120,000
- C. \$200,000
- D. \$430,000

Correct Answer: A

QUESTION 13

CORRECT TEXT

What figure will be presented for "dividend paid to shareholders of GHI" in GHI's consolidated statement of changes in equity for the year ended 31 December 20X4?

Give your answer to the nearest \$000.

\$? 000

- A. 500, 500000

Correct Answer: A

QUESTION 14

CORRECT TEXT

ST acquired 80% of the equity shares of AB on 1 January 20X7. AB acquired 60% of the equity shares of UV on 1 January 20X8. Profit for the year ended 31 December 20X9 for AB is \$160,000 and for UV is \$100,000.

Calculate the non-controlling interest figure to be included within ST's consolidated statement of profit or loss for the year ended 31 December 20X9.

Give your answer to the nearest whole number in \$000s.

\$?

- A. 84000, 84

Correct Answer: A

QUESTION 15

GH granted 100 share options to each of its 1,000 employees on 1 January 20X8. The fair value of each option was \$7 on 1 January 20X8 and had risen to \$8 at 31 December 20X8.

Which of the following statements represents the treatment that GH adopted to account for the related expense of these

share options in its financial statements for the year ended 31 December 20X8, in accordance with IFRS 2 Share-based Payments?

- A. The expense was measured using the fair value of \$7 and the credit entry was to equity.
- B. The expense was measured using the fair value of \$7 and the credit entry was to liabilities.
- C. The expense was measured using the fair value of \$8 and the credit entry was to equity.
- D. The expense was measured using the fair value of \$8 and the credit entry was to liabilities.

Correct Answer: A

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