CIMAPRA19-F02-1 Q&As

F2 - Advanced Financial Reporting

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QUESTION 1

CORRECT TEXT

The following information has been extracted from the financial records of DEF for the year ended 31 December 20X2.

What is the operating cycle of DEF at 31 December 20X1?

Assume there are 365 days in the year.

All workings should be rounded to whole days.

Give your answer in whole days.

? days.

A. 80, 81

Correct Answer: A

QUESTION 2

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

QUESTION 3

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 4

PQ and WX are similar sized entities and operate in the same industry within Country X . Both operate from a single warehouse and have similar levels of non current asset resources. The following ratios have been calculated at 31 October 20X8: If considered individually, which of the following would limit the usefulness of these ratios in assessing the comparative financial performances of PQ and WX?

	PQ	WX
Gross profit margin	25%	30%
Operating profit margin	21%	21%

A. Depreciation of warehouses being charged to cost of sales by PQ and distribution costs by WX.

B. Operating lease rentals for plant and equipment being charged to administration expenses by PQ and distribution costs by WX.

C. Year end review of equipment resulting in WX charging an impairment loss while PQ\\'s equipment is not impaired.

D. Increased prices for raw materials, which was passed on to customers by both entities.

Correct Answer: A

QUESTION 5

CORRECT TEXT

KL acquired 75% of the equity share capital of MN on 1 January 20X8. The group\\'s policy is to value non-controlling interest at fair value at the date of acquisition. MN acquired 60% of the equity share capital of PQ on 1 January 20X9 for

$360 million.

At 1 January 20X9 the fair value of the non-controlling interest in PQ was $220 million and the fair value of the net assets of PQ at 1 January 20X9 were $320 million.

Calculate the goodwill arising on the acquisition of PQ at 1 January 20X9.

Give your answer to the nearest million.

$? million

A. 170, 170000000

Correct Answer: A

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