CIMAPRA19-F02-1 Q&As

F2 - Advanced Financial Reporting

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QUESTION 1

Which of the following is NOT an example of an unconsolidated structured entity as defined in IFRS12 Disclosure of Interests in Other Entities?

A. A post-employment benefit plan

B. A securitisation vehicle

C. An asset-backed financing scheme

D. An investment fund

Correct Answer: A

QUESTION 2

CORRECT TEXT

XY owned 60% of the equity share capital of AB at 1 January 20X6. XY acquired a further 20% of AB\\'s equity share capital on 31 December 20X6 for $500,000. The non controlling interest in AB was measured at $720,000 immediately prior

to the 20% acquisition.

Calculate the amount that XY debited to non controlling interest when it accounted for the 20% acquisition in its consolidated financial statements at 31 December 20X6.

Give your answer to the nearest $000.

$? 000

A. 360, 360000

Correct Answer: A

QUESTION 3

Company A are approached by a wealthy and internationally famous investor shortly before the launch date of their IPO. He tells them that the company do not need to incur all of the cost and risk of an IPO, as he will give them S55 million for 65% equity in the company.

Which of the following statements are also true of the offer? Select ALL that apply.

A. This offer is from an angel investor

B. The offer may ultimately require the majority stakeholder to sell his shares in the company

C. The investor will probably want to manage the company

D. The investor will want a long term commitment in the company

Correct Answer: ABC

QUESTION 4

RST sells computer equipment and prepares its financial statements to 31 December.

On 30 September 20X5 RST sold computer software along with a two year maintenance package to a customer. The customer is given the right to return the goods within six months and claim a full refund if they are not satisfied with the computer software. The risk of return is considered to be insignificant for RST.

How should the revenue from this transaction and the right of return be recognised in the financial statements for the year ended 31 December 20X5?

A. Recognise 100% of the revenue from both the sale of goods and the maintenance contract and create a provision for the anticipated level of returns.

B. Do not recognise any revenue from the sale of goods or the maintenance contract and do not create a provision for the anticipated level of returns.

C. Recognise 12.5% of the revenue from both the sale of goods and the maintenance contract and do not create a provision for the anticipated level of returns.

D. Recognise 100% of the revenue from the sale of goods,12.5% of the revenue from the maintenance contract and create a provision for the anticipated level of returns.

Correct Answer: D

QUESTION 5

Which of the following statements are INCORRECT with regards to impairment of financial instruments; Select ALL that apply.

A. Held to maturity instruments and available for sale assets are both measured at amortised cost and are therefore impacted by impairment.

B. If a loss is suspected following an impairment review, a financial asset is written down to its fair value.

C. If a contract relating to a financial instrument is breached then this might be an indication of impairment.

D. In the result of an impairment loss, the carrying amount of the asset is directly reduced, or reduced through an allowance account.

E. The impairment loss on held to maturity instruments is the difference between the assets carrying amount and the present value of its future cashflows.

Correct Answer: AB