



CIMAPRA19-F02-1^{Q&As}

F2 - Advanced Financial Reporting

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**QUESTION 1**

CORRECT TEXT

The following information is extracted from the financial statements of RS for the year ended 30 June 20X7:

RS has no other liability balances and has no associate investments.

Calculate return on capital employed for RS at 30 June 20X7.

Give your answer to the nearest whole %.

? %

A. 20

Correct Answer: A

QUESTION 2

CD granted 1,000 share options to its 100 employees on 1 January 20X8. To be eligible, employees must remain employed for 3 years from the grant date. In the year to 31 December 20X8, 15 staff left and a further 25 were expected to leave

over the following two years.

The fair value of each option at 1 January 20X8 was \$10 and at 31 December 20X8 was \$15.

Which THREE of the following are true in respect of recording these share options in the year ended 31 December 20X8?

A. The credit entry will be to equity.

B. The credit entry will be to non-current liabilities.

C. Fair value at 1 January 20X8 will be used to value the options.

D. Fair value at 31 December 20X8 will be used to value the options.

E. The calculation of the charge for the year will be adjusted for actual leavers only.

F. The calculation of the charge for the year will be adjusted for actual and estimated leavers.

Correct Answer: ACF

QUESTION 3

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 4

CORRECT TEXT

LM acquired 15% of the equity share capital of ST on 1 January 20X6 for \$18 million. LM acquired a further 50% of the equity share capital of ST for \$50 million on 1 January 20X7 when the fair value of ST's net assets was \$82 million. The

original 15% investment in ST had a fair value of \$20 million at 1 January 20X7. The non controlling interest in ST was measured at its fair value of \$30 million at the date control in ST was acquired.

Calculate the goodwill arising on the acquisition of ST that LM included in its consolidated financial statements at 31 December 20X7.

Give your answer to the nearest \$ million.

\$? million

- A. 18, 18000000

Correct Answer: A

QUESTION 5

Information from the financial statements of an entity for the year to 31 December 20X5:



	\$'000
Retained earnings	2,650
Revaluation surplus	1,000
Share capital	2,000
Share premium	450
Other reserve	500
Profit after tax	200
Operating profit	300
5% Long term borrowings	1,000

The gearing ratio calculated as debt/equity and interest cover are:

- A. gearing of 15% and interest cover of 6.
- B. gearing of 16% and interest cover of 6.
- C. gearing of 15% and interest cover of 4.
- D. gearing of 16% and interest cover of 4.

Correct Answer: A

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