CIMAPRA19-F02-1 Q&As

F2 - Advanced Financial Reporting

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QUESTION 1

Which TWO of the following are TRUE in respect of preparing a consolidated statement of cash flows where there has been an acquisition of a subsidiary part way through the year?

A. Investing activities will include a total cash outflow for the acquisition comprising the cash paid for the subsidiary less the cash held by the subsidiary at the acquisition date.

B. The working capital held by the subsidiary at acquisition will be excluded from the year end figures based on the percentage shareholding in the subsidiary.

C. Non-controlling interest will arise in relation to the subsidiary and any dividends paid to the non-controlling interest will be shown within financing activities as a cash outflow.

D. Any shares that were issued on acquisition of the subsidiary will be shown separately on the statement of cash flows within financing activities.

E. The year end cash and cash equivalents balance will be reduced by the cash and cash equivalents that were held by the subsidiary at the acquisition date.

Correct Answer: AC

QUESTION 2

CORRECT TEXT

ST acquired two financial investments in the year to 31 December 20X8. One of these investments was initially classified as held for trading, the other as available for sale. ST remeasured both investments at fair value at 31 December 20X8 in accordance with IAS 39 Financial Instruments: Recognition and Measurement. The resulting gains were calculated as follows: Gain on held for trading investment $50,000

Gain on available for sale investment $40,000

What was the value of the gain that ST presented in its other comprehensive income when it prepared its financial statements for the year to 31 December 20X8?

Give your answer to the nearest $000.

$? 000

A. 40, 40000

Correct Answer: A

QUESTION 3

The consolidated statement of profit or loss for VW for the year ended 30 September 20X7 includes the following:

What is VW\\'s interest cover for the year ended 30 September 20X7?

A. 4.5

B. 3.3

C. 4.1

D. 5.1

Correct Answer: A

QUESTION 4

The yield to maturity of a redeemable bond is calculated as the internal rate of return of the relevant cash flows associated with the bond.

Which TWO of the following are considered relevant cash flows in this calculation?

A. The annual interest payments net of tax relief.

B. The redemption value of the bond at the date of redemption.

C. The market value of the bond now.

D. The nominal value of the bond now.

E. The value of the conversion premium on conversion to equity shares.

Correct Answer: BC

QUESTION 5

On 1 January 20X4 EF grants each of its 125 employees 500 share options on the condition that they remain in employment for 3 years. During the year to 31 December 20X4 10 employees left and It is expected that a further 25 will leave before the end of the vesting period.

The fair value of each share option is $30 on 1 January 20X4 and $45 on 31 December 20X4.

What is the journal entry in respect of these share options in EF\\'s financial statements for the year ended 31 December 20X4?

Debit	Profit or loss	$675,00
Credit	Liability	$675,00

Debit	Profit or loss	$450,00
Credit	Equity	$450,00

Debit	Profit or loss	$450,00
Credit	Liability	$450,00

Debit	Profit or loss	$675,00
Credit	Equity	$675,00

A. Option A

B. Option B

C. Option C

D. Option D

Correct Answer: A