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Question 1

Question Type: CorrectText

The following information is extracted from QQ's statement of financial position at 31 March:

	$000
Finance cost	624
Corporate income tax expense	846

Included in other payables is interest payable of $80,000 at 31 March 20X2 and $73,000 at 31 March 20X1.

The following information if included within QQ's statement of profit or loss for the year ended 31 March 20X2.

Included within finance cost is $124,000 which relates to interest paid on a finance lease. QQ includes finance lease interest within financing activities on its statement of cash flows.

QQ is preparing its statement of cash flows for the year ended 31 March 20X2.

What cash outflow figure should be included for corporate income tax paid within the cash flow from operating activities section of the statement?

Give your answer to the nearest $000.

Answer:

Question 2

Question Type: CorrectText

The following information is extracted from QQ's statement of financial position at 31 March:

	$000
Finance cost	624
Corporate income tax expense	846

Included in other payables is interest payable of $80,000 at 31 March 20X2 and $73,000 at 31 March 20X1.

The following information if included within QQ's statement of profit or loss for the year ended 31 March 20X2.

Included within finance cost is $124,000 which relates to interest paid on a finance lease. QQ includes finance lease interest within financing activities on its statement of cash flows.

What cash outflow figure should be included as interest paid within the net cash flow from operating activities for QQ for the year ended 20X2?

Give your answer to the nearest $000.

Answer:

Question 3

Question Type: **CorrectText**

The following information is extracted from the statement of financial position for ZZ at 31 March 20X3:

	20X3	20X2
	$millior	$millior
Non-current assets		
Property, plant and equipment	350	320
Equity		
Revaluation reserve	200	100
Non-current liabilities		
Deferred tax	10	7
Current liabilities		
Income tax	26	22

Included within cost of sales in the statement of profit or loss for the year ended 31 March 20X3 is $20 million relating to the loss on the sale of plant and equipment which had cost $100 million in June 20X1.

Depreciation is charged on all plant and equipment at 25% on a straight line basis with a full year's depreciation charged in the year of acquisition and none in the year of sale.

The revaluation reserve relates to the revaluation of ZZ's property.

The total depreciation charge for property, plant and equipment in ZZ's statement of profit of loss for the year ended 31 March 20X3 is $80 million.

The corporate income tax expense in ZZ's statement of profit or loss for year ended 31 March 20X3 is $28 million.

ZZ is preparing its statement of cash flows for the year ended 31 March 20X3.

What figure should be included for corporate income tax paid in order to arrive at the net cash flow from operating activities?

Give your answer to the nearest $ million.

Answer:

Question 4

Question Type: **CorrectText**

Statements of financial position as at 31 December 20X8 for JK, LM and PQ are as follows:

	JK	LM	PQ
	$000	$000	$000
Non-current assets			
Property, plant & equipment	310	280	360
Investment in LM	260	-	-
Investment in PQ	90	-	-
	660	280	360
Current assets			
Inventory	130	98	54
Trade and other receivables	88	62	58
Cash and cash equivalents	46	26	30
	264	186	142
TOTAL ASSETS	924	466	502
Equity			
Share capital ($1 equity shares)	600	200	250
Retained earnings	172	160	158
	[illegible]	[illegible]	[illegible]

[1] JK purchased 80% of LM's $1 equity shares on 1 January 20X8 for $260,000 when the retained earnings of JK were $110,000. At that date the non-controlling interest had a fair value of $63,000.

[2] JK purchased 25% of PQ's $1 equity shares on 1 January 20X8 for $90,000 when the retained earnings of PQ were $96,000.

[3] During the year JK sold goods to LM for $32,000 at a mark up of 33.33% on cost. Half of the goods were still in LM's inventory at 31 December 20X8.

[4] LM transferred $32,000 to JK on 30 December 20X8 in settlement of the inter-group trade. JK did not record the cash in its financial records until 2 January 20X9.

Calculate the goodwill arising on the acquisition LM.

Give your answer to the nearest $.

Answer:

Question 5

Question Type: **CorrectText**

Statements of financial position as at 31 December 20X8 for JK, LM and PQ are as follows:

	JK	LM	PQ
	$000	$000	$000
Non-current assets			
Property, plant & equipment	310	280	360
Investment in LM	260	-	-
Investment in PQ	90	-	-
	660	280	360
Current assets			
Inventory	130	98	54
Trade and other receivables	88	62	58
Cash and cash equivalents	46	26	30
	264	186	142
TOTAL ASSETS	924	466	502
Equity			
Share capital ($1 equity shares)	600	200	250
Retained earnings	172	160	158
	[illegible]	[illegible]	[illegible]

[1] JK purchased 80% of LM's $1 equity shares on 1 January 20X8 for $260,000 when the retained earnings of JK were $110,000. At that date the non-controlling interest had a fair value of $63,000.

[2] JK purchased 25% of PQ's $1 equity shares on 1 January 20X8 for $90,000 when the retained earnings of PQ were $96,000.

[3] During the year JK sold goods to LM for $32,000 at a mark up of 33.33% on cost. Half of the goods were still in LM's inventory at 31 December 20X8.

[4] LM transferred $32,000 to JK on 30 December 20X8 in settlement of the inter-group trade. JK did not record the cash in its financial records until 2 January 20X9.

Calculate the value of inventory that would be included in JK's consolidated statement of financial position at 31 December 20X8.

Give your answer to the nearest $.

Answer:

Question 6

Question Type: CorrectText

HI commenced business on 1 April 20X3. Sales in April 20X3 were $30,000. This is forecast to increase by 2% per month.

Credit sales accounted for 50% of sales. Credit sales customers are allowed one month to pay; 75% of April credit customers paid on time. A further 20% are expected to pay after more than one month, but before two months. The remaining 5% are not expected to pay. All these percentages are expected to continue in the near future.

Calculate the total amount of cash HI should forecast to be received in June 20X3.

Give your answer to the nearest whole $.

Answer:

Question 7

Question Type: **CorrectText**

An entity purchased an asset on 1 April 20X4 for $320,000, exclusive of import duties of $32,000.

The entity sold the asset on 31 March 20X9 for $480,000 incurring legal fees of $12,000.

The entity is resident in Country Y where chargeable capital gains are taxed at 20% and no indexation is allowed.

Calculate the amount of capital tax that the entity is due to pay.

Give your answer to the nearest whole $.

Answer:

Question 8

Question Type: **CorrectText**

An entity had a current tax liability of $187,000 in its statement of financial position as at 30 September 20X5. It was subsequently negotiated and eventually agreed with the tax authorities that the entity would pay $192,000 and this was paid on 6 January 20X6.

The entity's management estimate that the tax due on profits for the year to 30 September 20X6 is $231,000.

Calculate the entity's corporate income tax expense included in its statement of profit or loss for the year ended 30 September 20X6.

Give your answer to the nearest whole $000.

Answer:

Question 9

Question Type: MultipleChoice

In accordance with IAS 16 Property, Plant and Equipment, in which of the following situations would subsequent expenditure on a non-current asset be capitalised?

Options:

A- An entity purchased an aircraft five years ago, when its engines were separately identified in the accounting records. The engines now need to be replaced at a cost of $2 million each. When the engines are replaced the aircraft is expected to be airworthy for a further 5 years.

B- An entity's head office building suffered a major fire, the upper floors and roof were completely destroyed. The entity proposes to restore the building at a cost of $1 million and move back in to the building to use it as a head office again.

C- An entity's delivery vehicle was in a car park when the car park was flooded. The engine and interior of the vehicle needed extensive repair and renovation costing $25,000.

D- A manufacturing entity closes its factory for two weeks each summer for routine maintenance and repairs. The current year's cost of maintenance and repairs was $62,000.

Answer:

A