Free Questions for CIMAPRA19-F01-1 by certsinside

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Question 1

Question Type: **MultipleChoice**

UV's financial statements for the year ended 31 March 20X8 were approved for publication on 30 June 20X8.

In accordance with IAS 10 Events After the Reporting Period, which of the following material events would have been classified as a non-adjusting event in these financial statements?

Options:

A- On 1 June 20X8 UV's auditors discovered that an error in valuation had caused the closing inventory to be overvalued by $150,000.

B- On 10 April 20X8 UV received a communication stating that one of its customers had ceased trading and gone into liquidation. The balance outstanding at 31 March 20X8 was unlikely to be paid.

C- On 1 June 20X8 UV was awarded damages of $70,000 in respect of a legal claim that it had made against the local government authority in October 20X7.

D- On 28 April 20X8 a fire destroyed half of UV's main production facility. Output was severely reduced for six months.

Answer:

D

Question 2

Question Type: MultipleChoice

An entity has a number of subsidiary and associate investments.

Which of the following must be disclosed in the entity's separate financial statements if it is exempt from presenting consolidated financial statements?

Options:

A- The bases on which significant investments in subsidiaries and associates have been accounted for in those separate financial statements.

B- A copy of the summarised financial statements of each of its subsidiaries.

C- A list of all its significant investments in subsidiaries and associates which includes the date of acquisition and the price paid.

D- A list of its top ten shareholdings including number of shares held and their market value.

Answer:

A

Question 3

Question Type: MultipleChoice

Which of the following is an effect of using equity accounting to include an entity in the consolidated statement of financial position of a group?

Options:

A- A single figure is included in net assets which is the sum of the initial cost of investment in the investee entity plus the group share of all changes in net assets since acquisition.

B- 100% of each asset and liability of the investee entity is included with the investing entity's balances.

C- The group share of each asset and liability of the investee entity is included with the investing entity's balances.

D- The investment in the investee entity is included in non-current assets at cost to the investing entity.

Answer:

A

Question 4

Question Type: MultipleChoice

An entity acquires 100% of the equity shares in another entity.

The consideration paid for the shares is less than the fair value of the net assets acquired.

Which of the following is the correct accounting treatment for the difference between the consideration paid and the fair value of the net assets acquired, in accordance with IFRS 3 Business Combinations?

Options:

A- Recognise as a gain in the consolidated statement of profit or loss.

B- Recognise as a deferred credit and release to consolidated profit or loss over its useful economic life.

C- Recognise as a deduction from goodwill in the consolidated statement of financial position.

D- Recognise as a gain in the statement of changes in equity.

Answer:

A

Question 5

Question Type: **MultipleChoice**

Which of the following would NOT be classified as part of non-current assets in a statement of financial position?

Options:

A- The interest paid on a loan raised to fund the construction of a factory, where that factory is still not ready for its intended use.

B- A property held as an investment which is let to tenants.

C- The goodwill arising on the acquisition of a subsidiary.

D- Assets held for sale, classified in accordance with IFRS 5 Non-current Assets Held for Sales and Discontinued Operations.

Answer:

D

Question 6

Question Type: **MultipleChoice**

AB has been asked to analyze the receivables days of an entity with a view to improving the working capital cycle.

The following results have been produced for receivable days:

31 December 20X1	31 December 20X2
45 days	60 days

Which of the following is NOT an explanation of why the days have increased?

Options:

A- The entity has increased turnover for year ended 31 December 20X2 by offering extended credit terms.

B- The entity has made substantial sales to overseas entities in the last few months of the year ended 31 December 20X2.

C- The entity has transferred all receivables collections to a factoring agency during 20X2.

D- An inexperienced credit controller was employed in the last few months of year ended 31 December and requires substantial training.

Answer:

C

Question 7

Question Type: MultipleChoice

OP has five main geographic segments and reports segmental information in accordance with IFRS 8 Operating Segments.

	% Segment assets	**% Segment profits**
North America	7%	9%
Europe	8%	15%
Asia	45%	40%
Middle East	26%	19%
South America	9%	6%
All other segments	5%	11%

Which THREE of the following would be regarded as operating segments of OP in accordance with IFRS 8?

Options:

A- North America

B- Europe

C- Asia

D- Middle east

E- South America

F- All other segments

Answer:

B, C, D

Question 8

Question Type: **MultipleChoice**

An entity purchased an asset for $375,000 on 1 November 20X0 incurring legal fees of $33,000. Improvements were made to the asset for $65,000 on 1 December 20X2 which qualified as capital expenditure under the local tax rules. The entity also incurred repair costs on the asset on 1 February 20X3 amounting to $10,000.

The asset was sold for $680,000 on 1 December 20X5 incurring allowable costs on disposal of $15,000.

Indexation on the purchase cost and the improvement are allowable.

The index increased by 20% between November 20X0 and December 20X5,15% between December 20X2 and December 20X5 and 10% between February 20X3 and December 20X5

Calculate the chargeable gain on the disposal of the asset on 1 December 20X5.

Options:

A- $90,650

B- $100,650

C- $89,650

D- $107,250

Answer:

B