



CIMAPRA19-F01-1 Practice Questions

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Question 1

Question Type: MultipleChoice

Which of the following is a feature of a direct tax?

Options:

- A- The formal incidence and effective incidence are usually the same.
- B- It is levied on one part of the economy with the intention that it will be passed on to another.
- C- It is not levied on the eventual payer of the tax.
- D- It cannot be related to the individual circumstances of the tax payer.

Answer:

A

Question 2

Question Type: CorrectText

Statements of financial position for YZ, BC and DE at 31 March 20X2 include the following balances:

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	YZ	BC	DE
	\$000	\$000	\$000
Non-current assets			
Property, plant & equipment	920	375	224
Investment in BC	508		
Investment in DE	112		
Current assets			
Inventory	102	86	72
Trade & other receivables	141	48	31
Cash & cash equivalents	<u>40</u>	<u>32</u>	<u>20</u>
Total assets	1,823	541	347
Equity shares	1,000	250	200
Retained earnings	343	229	104
Current liabilities	<u>480</u>	<u>62</u>	<u>43</u>
Total equity and liabilities	1,823	541	347

YZ purchased 90% of BC's equity shares for \$508,000 on 1 January 20X2. On 1 January 20X2 BC's retained earnings were \$183,000. YZ uses the proportion of net assets method to value non-controlling interest at acquisition.

YZ purchased 30% of DE's equity shares on 1 April 20X1 for \$112,000. DE's retained earnings at 1 April 20X1 were \$88,000.

On 1 February 20X2 YZ sold goods to BC for \$28,000 at a mark up of 25% on cost. All the goods were still in BC's inventory at 31 March 20X2.

Calculate the amount of the non-controlling interest to be included in YZ's consolidated statement of financial position at 31 March 20X2.

Give your answer to the nearest whole \$.

Answer:

Question 3

Question Type: MultipleChoice

What does the exemption method of giving double taxation relief mean?

Options:

- A- The countries agree that all types of income will be exempt or partially exempt in one country or the other.
- B- The countries agree on certain types of income which will be exempt or partially exempt in one country or the other.
- C- The countries agree on certain types of income which will be exempt or partially exempt in both countries.
- D- The countries agree that all types of income will be exempt or partially exempt in both countries.

Answer:

B

Question 4

Question Type: CorrectText

The following information relates to a single asset:

*Original cost of \$186,000

*Estimated residual value of \$6,000

*Expected useful life of 10 years

*Accumulated depreciation at 31 December 20X5 of \$66,960

*Annual depreciation rate of 20% on a reducing balance basis

Calculate the amount of depreciation that should be charged to profit or loss for the year ended 31 December 20X6.

Give your answer to the nearest whole number.

Answer:

Question 5

Question Type: MultipleChoice

ST has an asset that was classified as held for sale at 30 June 20X4. The asset's carrying value was \$230,000 and its fair value \$210,000.

The cost of disposal was estimated to be \$15,000.

In accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, Which option best values should be used for the asset in the statement of financial position as at 30 June 20X4?

Options:

A- \$230,000

B- \$215,000

C- \$210,000

D- \$195,000

Answer:

D

Question 6

Question Type: CorrectText

On 1 January 20X2 an entity began work on constructing a factory. It purchased the land for \$14 million, built the factory buildings for \$11 million and installed plant and equipment for \$7 million. The project was completed on 31 December 20X3 when the factory was deemed ready to use, however, the factory did not start operations until 1 June 20X4.

To fund the project the entity borrowed \$25 million on 1 January 20X2, with interest at 10% per year.

The loan was repaid in full on 31 December 20X4.

Calculate the total amount to be added to the cost of property, plant and equipment in respect of the above development.

Give your answer to the nearest \$ million.

Answer:

Question 7

Question Type: MultipleChoice

The following data has been extracted from GH's accounting records:

	\$
Inventory at 1 April 20X2	26,000
Inventory at 31 March 20X3	32,000
Inventory purchases	271,500
Cost of sales	423,400

What is GH's average inventory days for the year ended 31 March 20X3?

Options:

- A- 39 days
- B- 43 days
- C- 25 days
- D- 28 days

Answer:

A

Question 8

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 is 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:

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