



Free Questions for CMAPRA19-F01-1 by dumpssheet

Shared by Dominguez on 20-10-2022

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Question 1

Question Type: MultipleChoice

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 or 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 within cash flows from investing activities for the proceeds of sale of plant and equipment?

Options:

A- \$55 million

B- \$95 million

C- \$80 million

D- \$120 million

Answer:

A

Question 2

Question Type: MultipleChoice

Country J is a newly formed independent country and its accounting professionals are considering adopting international financial reporting standards (IFRS).

Which of the following is a disadvantage to Country J of adopting IFRS as their local generally accepted accounting practice (GAAP)?

Options:

- A- IFRS are quick to implement which reduces the costs involved.
- B- Specific local variations that might be needed will not be accommodated.
- C- Facilitates comparability with other countries who use IFRS as their local GAAP.
- D- Easier to adopt standards which have already been developed.

Answer:

B

Question 3

Question Type: MultipleChoice

Which of the following is the main purpose of corporate governance regulation?

Options:

- A- To ensure that shareholder wealth is maximized.
- B- To protect the interests of shareholders in a quoted entity.
- C- To guarantee that corporate scandals do not happen in the future.
- D- To ensure that financial reports are produced on a regular basis and in line with relevant regulations.

Answer:

B

Question 4

Question Type: MultipleChoice

EF purchased an asset on 1 September 20X4 for \$800,000, exclusive of import duties of \$30,000. EF is resident in country Y where indexation is allowed on purchase costs when the asset is disposed of.

EF sold the asset on 31 August 20X9 for \$1,500,000 incurring transaction charges of \$20,000. The indexation factor increased by 40% in the period from 1 September 20X4 to 31 August 20X9.

Capital gains are taxed at 30%.

What is the tax due on disposal of the asset?

Options:

A- \$108,000

B- \$101,400

C- \$102,600

D- \$95,400

Answer:

D

Question 5

Question Type: MultipleChoice

An entity's policy is to finance the investment in working capital using short-term financing to fund all of its investment in fluctuating net current assets as well as some of its investment in permanent net current assets.

What is this working capital financing policy known as?

Options:

- A- Conservative
- B- Moderate
- C- Aggressive
- D- Short term

Answer:

C

Question 6

Question Type: MultipleChoice

Which TWO of the following are functions of the International Financial Reporting Standards (IFRS) Advisory Council?

Options:

- A-** To give advice to the International Accounting Standards Board on agenda decisions and priorities in its work
- B-** To inform the International Accounting Standards Board of the views of organizations on major standard setting projects
- C-** To approve IFRSs for publication
- D-** To review new financial reporting issues not already covered by IFRS
- E-** To appoint the members of the International Accounting Standards Board

Answer:

A, B

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: MultipleChoice

Which of the following is correct?

The primary purpose of a cash budget prepared on a monthly basis is to determine:

Options:

A- next month's sales volumes.

B- the amount of inventory to purchase in the following month.

C- when to pay employees salaries.

D- whether there will be sufficient cash in the bank to meet requirements.

Answer:

D

Question 9

Question Type: MultipleChoice

An entity has an inventory holding period of 52 days.

This means that the inventory:

Options:

- A-** takes 52 days to arrive after it has been ordered.
- B-** stays in the entity's warehouse for an average of 52 days before it is sold.
- C-** takes 52 days to manufacture.
- D-** takes 52 days to be paid for.

Answer:

B

Question 10

Question Type: MultipleChoice

Which TWO of the following would improve a company's short term cash flow position?

Options:

- A- Postponing non essential capital expenditure
- B- Increasing the working capital cycle by making payments to suppliers early
- C- Taking advantage of bulk discounts offered on inventory purchases
- D- Reducing levels of inventory by implementing a just in time system for purchasing
- E- Paying a bonus to staff for exceptional performance

Answer:

A, D

Question 11

Question Type: MultipleChoice

In accordance with IFRS 3 Business Combinations, acquisition accounting of an investment in another entity within the consolidated statement of financial position means that the:

Options:

- A-** Parent's and 100% of the other entity's assets and liabilities are added together line by line.
- B-** Group's share of the net assets of the other entity are shown as one line under non-current assets.
- C-** Parent's and group share of the other entity's assets and liabilities are added together line by line.
- D-** Group's share of the net assets of the other entity are shown as one line within equity.

Answer:

A

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