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Question 1

Question Type: **CorrectText**

KL acquired 75% of theequity share capital of MN on 1 January 20X8. The group's policy is to value non-controlling interest at fair value at the date of acquisition. MN acquired 60% of theequity share capital of PQ on 1 January 20X9 for $360 million.

At 1 January 20X9 the fair value of the non-controlling interest in PQ was $220 million and the fair value of the net assets of PQ at 1 January 20X9 were $320 million.

Calculate the goodwill arising on the acquisition of PQ at 1 January 20X9.

Give your answer to the nearest million.

$? million

Answer:

Question 2

Question Type: **MultipleChoice**

GH granted 100 share options to each of its 1,000 employees on 1 January 20X8. The fair value of each option was $7 on 1 January 20X8 and had risen to $8 at 31 December 20X8.

Whichof the following statements represents the treatment that GH adopted to account for the related expense of these share options in its financial statements for the year ended 31 December 20X8, in accordance with IFRS 2 Share-based Payments?

Options:

A- The expense was measured using the fair value of $7 and the credit entry was to equity.

B- The expense was measured using the fair value of $7 and the credit entry was to liabilities.

C- The expense was measured using the fair value of $8 and the credit entry was to equity.

D- The expense was measured using the fair value of $8 and the credit entry was to liabilities.

Answer:

A

Question 3

Question Type: **MultipleChoice**

FG granted share options to its 500 employees on 1 August 20X0. Each employee will receive 1,000 share options provided they continue to work for FG for the four years following the grant date. The fair value of the options at the grant date was $1.30 each. In the year ended 31 July 20X1, 20 employees left and another 50 were expected to leave in the following three years. In the year ended 31 July 20X2, 18 employees left and a further 30 were expected to leave during the next two years.

The amount recognisedin the statement of profit or loss for the yearended 31July 20X1 in respect of these share options was $139,750.

Calculate the charge to FG'sstatement of profit or lossfor the year ended 31 July 20X2 in respect of the share options.

Options:

A- $154,050

B- $141,050

C- $293,800

D- $280,800

Answer:

B

Question 4

Question Type: MultipleChoice

On 30 November 20X9 OPQ acquires a financial asset that is classified as Available for Sale.

Which of the following describes the value of the financial asset on the date ofacquisition?

Options:

A- Fair value excluding transaction costs.

B- Fair value including transaction costs.

C- Present value including transaction costs.

D- Present value excluding transaction costs.

Answer:

B

Question 5

Question Type: **MultipleChoice**

Which of the following is the correct calculation for basic earnings per sharein accordance withIAS 33 Earnings Per Share?

Options:

A- Option

B- Option

C- Option

Answer:

C

Question 6

Question Type: **MultipleChoice**

WX acquired60% of theequitysharesof CD on 1 January 20X3. WX sold5% of the equityshares it heldfor $60,000on 31 December 20X5. At that datethe net assetsof CD were $120,000and thefair value of the non-controlling interestin CDwas measured at$21,000.No goodwill arose on the original acquisition of CD.

When preparing its consoldiated financial statements, WX will process which of the following adjustments to its group retained earnings?

Options:

A- A debit of $39,000

B- A credit of $54,000

C- A credit of $39,000

D- A debit of $54,000

Answer:

B