



CIMAPRA19-F02-1^{Q&As}

F2 - Advanced Financial Reporting

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QUESTION 1

Which of the following statements are INCORRECT with regards to impairment of financial instruments; Select ALL that apply.

- A. Held to maturity instruments and available for sale assets are both measured at amortised cost and are therefore impacted by impairment.
- B. If a loss is suspected following an impairment review, a financial asset is written down to its fair value.
- C. If a contract relating to a financial instrument is breached then this might be an indication of impairment.
- D. In the result of an impairment loss, the carrying amount of the asset is directly reduced, or reduced through an allowance account.
- E. The impairment loss on held to maturity instruments is the difference between the assets carrying amount and the present value of its future cashflows.

Correct Answer: AB

QUESTION 2

AB's financial information shows that the non current assets' carrying value is greater than the tax base at the year end.

What is the journal entry to record the movement in the provision for deferred tax resulting from this difference?

- A. Dr Deferred tax provisionCr Tax expense
- B. Dr Deferred tax provisionCr Other comprehensive income
- C. Dr Tax expenseCr Deferred tax provision
- D. Dr Other comprehensive incomeCr Deferred tax provision

Correct Answer: C

QUESTION 3

Which of the following actions would be most likely to improve an entity's gross profit margin?

- A. Negotiating with trade suppliers for a bulk purchase discount
- B. Offering increased credit to customers
- C. Reducing administrative expenses by 10%
- D. Writing down the value of obsolete inventories

Correct Answer: A



QUESTION 4

CORRECT TEXT

Calculate the value of non controlling interest that will be presented in KL's consolidated statement of financial position at 31 December 20X9?

Give your answer to the nearest whole \$'000.

\$? 000

A. 690, 690000

Correct Answer: A

QUESTION 5

RST sells computer equipment and prepares its financial statements to 31 December.

On 30 September 20X5 RST sold computer software along with a two year maintenance package to a customer. The customer is given the right to return the goods within six months and claim a full refund if they are not satisfied with the computer software. The risk of return is considered to be insignificant for RST.

How should the revenue from this transaction and the right of return be recognised in the financial statements for the year ended 31 December 20X5?

A. Recognise 100% of the revenue from both the sale of goods and the maintenance contract and create a provision for the anticipated level of returns.

B. Do not recognise any revenue from the sale of goods or the maintenance contract and do not create a provision for the anticipated level of returns.

C. Recognise 12.5% of the revenue from both the sale of goods and the maintenance contract and do not create a provision for the anticipated level of returns.

D. Recognise 100% of the revenue from the sale of goods, 12.5% of the revenue from the maintenance contract and create a provision for the anticipated level of returns.

Correct Answer: D

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