

# Accountant

*CIMA-F1  
Financial Reporting and Taxation*



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## Question: 1

Which THREE of the following statements are NOT true of the IFRS Foundation trustees?

- A. Are involved in the technical matters relating to accounting standards
- B. Are mainly from Europe and the USA
- C. Receive funding by donations from the general public
- D. Responsible for appointing members of the IA5B
- E. Responsible of appointing members of the IFRS interpretations committee

**Answer: A B C**

## Question: 2

While conducting their audit, auditor O did not encounter issues which significantly limited the scope of their audit, however they did run into problems in that they disagreed with the management on facts in the statements.

These disagreements were somewhat material, but they did not affect the auditor's overall opinion of the business. Which of the following statements should auditor O issue?

- A. Emphasis of matter
- B. Unqualified report
- C. 'Except for' qualification
- D. Adverse audit opinion
- E. Disclaimer of opinion

**Answer: A**

## Question: 3

Extreme nepotism within Company E shows a failure to correctly observe which of the following principles of corporate governance?

- A. Role and responsibilities of the board
- B. Rights and equitable treatment of shareholders

- C. Interests of other stakeholders
- D. Integrity and ethical behaviour
- E. Disclosure and transparency

**Answer: A**

#### Question: 4

It costs PWR £7.50 to produce product H, per product. Product H is typically sold for £89.99. It costs £5.00 to package product H and £15 to deliver product H to customers. PWR is currently selling faulty versions of product H from a defunct batch, (let's call this version product I), for 25% of the original price. Which of the below options represent the correct inventory price for product I?

- A. £2.50
- B. £7.50
- C. £20.00
- D. £3.50

**Answer: A**

#### Question: 5

Company RET's financing activities are exactly 35% of their operating activities expenses each month. Below is a list of Company RET's total expenses for this month:

Inventory supplies purchased: £145,000

Employee wages: £65,000

Purchase of a shop: £105,000

Dividend payments: ??

Cash repayments on loan: £61,000

What is company RET's total dividends payment for this month?

- A. £12,500
- B. £49,250
- C. £131,600
- D. £26,500

**Answer: A**

### Question: 6

Which THREE of the following are conditions that must be met to allow an asset to be categorised as held for sale?

- A. Management is committed to a plan to sell
- B. The asset is being actively marketed at a reasonable price
- C. The asset is available for immediate sale
- D. A buyer has already expressed interest
- E. The sale of the asset is likely to generate a significant profit

**Answer: A B C**

### Question: 7

The subsidiary company of Group XY has purchased £150,00 worth of goods its parent company. However the goods purchased have yet to arrive at the subsidiary at the end of the financial year 20X4, meaning there is a disagreement in the current account balances between the parent and subsidiary.

With Group XY looking to produce its CSOFP for the end of the financial year, which of the following statements are true in relation to accounting for this disagreement? Select ALL that apply.

- A. The adjustments to resolve this disagreement, need to be accelerated, so they can be included in the consolidation of assets for the CSOFP for 20X4
- B. £150,000 worth of inventory will be debited into the subsidiary's inventory account
- C. As the goods have not reached the subsidiary by the end of the financial year 20X4, they will be included in the CSOFP for the next financial year
- D. £150,000 worth of inventory will be credited into the subsidiary's inventory account
- E. £150,000 will be debited to the payables account of the parent company
- F. £150,000 will be credited to the payables account of the subsidiary company
- G. £150,000 will be credited into the receivables account of the parent company

**Answer: A B**

### Question: 8

The IV Group is formed of I Ltd and its subsidiary company V Ltd. I Ltd purchased 67% of V Ltd's ordinary share capital on 31 March 20X3. The purchase cost I Ltd £129,000. At the date of purchase V Ltd's net assets were £155,000 while its share capital was £37,000. NCI fair value on the date of acquisition was £31,000. What was the amount of goodwill I Ltd paid as part of the acquisition. Calculate this figure using both the proportion of net assets method and the full good will method for valuing the non-controlling interest.

- A. Proportion of net assets method = £25,150
- B. Full goodwill method = £5,000
- C. Proportion of net assets method = £5,000
- D. Full goodwill method = £25,150
- E. Proportion of net assets method = £77,150
- F. Full goodwill method = £57,000

**Answer: A B**

### Question: 9

Company R use a defined benefit plan pension scheme. Employee UW has been working for Company R for 25 years. The defined benefit plan is 1.5% of the employee's annual salary during their time at the company,

for every year of employment.

Employee UW started on a £18,000 per annum salary. After 10 years of employment. Employee UW received a promotion and began earning £22,000. After another 3 years of employment. Employee UW got promoted to a wage of £35,000, and is still on this salary now. How much pension has Employee UW accumulated since working at Company R?

- A. £9,900
- B. £18,000
- C. £6,750
- D. £9,375

**Answer: A**

### Question: 10

Which TWO of the following statements about accounting for associates are true?

- 
- A. Intra associate transactions are not eliminated
  - B. Unrealised profits are adjusted for
  - C. Intra associate transactions are eliminated
  - D. Unrealised profits are not adjusted for

<b>Answer: A B</b>
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