

# CIMAPRA19-F02-1<sup>Q&As</sup>

F2 - Advanced Financial Reporting

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**QUESTION 1**

Which of the following options provides a representation of how the non controlling interest in FG is measured in CD's consolidated statement of financial position at 31 December 20X8?

- A. FV of NCI at acquisition; plus NCI's share of post acquisition reserves of FG; plus NCI's share of accumulated exchange differences arising on goodwill of FG.
- B. FV of NCI at acquisition; plus NCI's share of post acquisition reserves of FG; plus NCI's share of exchange difference arising on goodwill of FG for the year.
- C. FV of NCI at reporting date; plus NCI's share of post acquisition reserves of FG; plus NCI's share of exchange difference arising on goodwill of FG for the year.
- D. FV of NCI at reporting date; plus NCI's share of group reserves; plus NCI's share of accumulated exchange differences arising on goodwill of FG.

Correct Answer: A

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**QUESTION 2**

**CORRECT TEXT**

LK acquired 100% of the equity shares of TU on 1 January 20X4. LK disposed of 60% of TU for 7,400,000 on 30 September 20X4. The sale proceeds reflected the fair value of TU's shares on that date.

The remaining 40% shareholding gave LK the ability to exercise significant influence over the activities of TU. TU reported profit of \$1,800,000 for the year ended 31 December 20X4 and this accrued evenly throughout the year.

Calculate the investment in associate that will be presented in LK's consolidated statement of financial position as at 31 December 20X4.

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

\$ 000

- A. 1780, 1780000

Correct Answer: A

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**QUESTION 3**

As at 31 October 20X7 TU's financial statements show the entity having profit after tax of \$600,000 and 900,000 \$1 ordinary shares in issue. There have been no issues of shares during the year. At 31 October 20X7 TU have 300,000 share options in issue, which allow the holders to purchase ordinary shares at \$2 a share in 3 years' time. The average price of the ordinary shares throughout the year was \$5 a share.

What is the diluted earnings per share for the year ended 31 October 20X7?

- A. 66.7 cents

- B. 58.8 cents
- C. 50.0 cents
- D. 55.6 cents

Correct Answer: D

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#### QUESTION 4

LM acquired 80% of the equity shares of ST when ST's retained earnings were \$50 million. The fair value of the net assets of ST included a contingent liability with a fair value of \$100 million at the date of acquisition and a fair value of \$40 million at 31 December 20X6. No other fair value adjustments were required at the date of acquisition. LM and ST had retained earnings of \$200 million and \$80 million respectively at 31 December 20X6.

The consolidated retained earnings of LM at 31 December 20X6 were:

- A. \$164 million
- B. \$176 million
- C. \$272 million
- D. \$284 million

Correct Answer: C

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#### QUESTION 5

The tax benefit on a company's asset is £80,000 and the useful life on that asset is five years. The company creates a deferred tax provision to spread this benefit over the asset's useful life.

What entry is needed to reduce this deferred tax provision in the company's year two accounts?

- A. DR Deferred tax liability (SOFP) £6,000
- B. CR Deferred tax liability (SOFP) £6,000
- C. DR Corporation tax (income statement) £6,000
- D. CR Corporation tax (income statement) £6,00
- E. DR Deferred tax liability (SOFP) £44,000
- F. CR Deferred tax liability (SOFP) £44,000
- G. DR Corporation tax (income statement) £44,000
- H. CR Corporation tax (income statement) £44,000

Correct Answer: A

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