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Exam : CIMAPRA19-F02-1-ENG

Title : F2 Advanced Financial Reporting (Online)

Version : DEMO

1.JKL measure gearing as debt:equity, based on book values. At 31 December 20X5 the ratio is 2:3 and JKL would like this to be 2:5.
Which of the following transactions individually would achieve this?
A. Bonus issue from the share premium account.
B. Revaluation of investment property to an increased fair value.
C. Repayment of a 6 year term loan with the issue of 5 year redeemable debentures.
D. Issue of redeemable preference shares at par.
Answer: B

2.LM acquired an asset under a 5-year non-cancellable operating lease agreement on 1 January 20X8. Under the terms of the agreement, LM paid nothing for the first year and then made four payments of $50,000 in each subsequent year. LM adopted the provisions of IAS 17 Leases when accounting for this agreement.
Which of the following is correct in respect of this operating lease in LM's financial statements for the year to 31 December 20X8?
A. An accrual of $40,000 was recognised.
B. An accrual of $50,000 was recognised.
C. A prepayment of $10,000 was recognised.
D. An expense of $50,000 was recognised.
Answer: A

3.Entity A entered into a 3 year operating lease on 1 April 20X3. The rentals are £5,000 a year payable in advance with an additional payment of $1,800 payable on 1 April 20X3.
The rental expense to be included in the statement of profit or loss for the year ended 31 December 20X3 will be:
A. $4,200
B. $5,000
C. $6,800
D. $5,600
Answer: A

4.RS has issued an instrument with a nominal value of $1 million, at a discount of 2.5%, and a coupon rate of 6%. The terms of the issue are that the instrument must either be redeemed at par, at the option of the holder, in three years' time, or alternatively converted into equity shares in RS.
The characteristics of this instrument taken as a whole indicates that it would be classifed as which of the following?
A. Compound instrument
B. Debt instrument
C. Equity instrument
D. Discounted instrument
Answer: A

5.CORRECT TEXT
Which of the following is the correct calculation for basic earnings per share in accordance with IAS 33

Earnings Per Share?

Answer: C