



CIMAPRA19-F02-1^{Q&As}

F2 - Advanced Financial Reporting

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QUESTION 1

CORRECT TEXT

AB acquired an investment in a debt instrument on 1 January 20X5 at its nominal value of \$25,000, which it intends to hold until maturity. The instrument carried a fixed coupon interest rate of 5%, payable in arrears. Transactions costs of \$5,000 were paid in respect of this investment. The effective interest rate applicable to this instrument was estimated at 9%.

Calculate the value of this investment that AB will include in its statement of financial position at 31 December 20X5.

Give your answer to the nearest whole number.

\$?

A. 31450

Correct Answer: A

QUESTION 2

On 1 January 20X4 JK had 1,500,000 ordinary shares in issue. On 1 September 20X4 JK issued 600,000 ordinary shares at the market value of \$2.50 a share. For the financial year ended 31 December 20X4 the statement of profit or loss shows profit before tax of \$625,000 and profit after tax of \$500,000.

What is the earnings per share for the year ended 31 December 20X4?

A. 23.8 cents

B. 36.8 cents

C. 26.3 cents

D. 29.4 cents

Correct Answer: D

QUESTION 3

RS is a listed entity that has no subsidiaries although its Finance Director is also a director of TU, an unconnected entity.

It is preparing its financial statements to 30 September 20X6.

Which of the following substantial transactions must be disclosed in these financial statements in accordance with IAS 24 Related Party Disclosures?

A. Pension payments made on behalf of the Managing Director of RS.

B. Purchase of production materials from TU at a discounted price to the current market value.



C. Sale of finished goods to TU at normal selling price.

D. Performance related bonus payments made to the office staff for the year.

Correct Answer: A

QUESTION 4

CORRECT TEXT

EF has redeemable 10% bonds which are currently trading at \$94.00 for each \$100 of nominal value. The bonds can be redeemed at par in five years\ time. The corporate income tax rate is 22%.

The present value of the cash flows associated with \$100 nominal value of these bonds at a discount rate of 7% is \$9.28.

Calculate the post tax cost of debt.

Give your answer as a percentage to one decimal place.

%

A. 9.4, 9.3, 9.39, 9.40

Correct Answer: A

QUESTION 5

ST has sold its main office property, which had a carrying value of \$360,000, to AB, a property management entity.

The property was sold for \$400,000 which is equal to its fair value and was immediately leased back under an operating lease agreement.

Which of the following journals will record this transaction?



Debit	Cash and cash equivalents	\$400,00
Credit	Property, plant and equipment	\$360,00
Credit	Profit or loss - gain on disposal	\$40,000

Debit	Cash and cash equivalents	\$400,00
Credit	Property, plant and equipment	\$360,00
Credit	Lease Liability	\$40,000

Debit	Cash and cash equivalents	\$400,00
Credit	Lease Liability	\$360,00
Credit	Profit or loss - gain on disposal	\$40,000

Debit	Cash and cash equivalents	\$400,00
Credit	Lease liability	\$400,00

A. Option A

B. Option B

C. Option C

D. Option D

Correct Answer: A

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