Global Business
Consulting

International Financial Reporting Standards

ACCA CertIFR®

Certificate in International Financial Reporting-CertIFR

Past Exams

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ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING ACCA

Question 1. According to IFRS 15 "Revenue from contracts with customers", revenue from the sale of goods should be recognised when:

(i) Goods or services have been transferred to customers
(ii) the entity expects to be entitled to consideration for the goods or services transferred to customers
(iii) It is possible that the economic benefits associated with the transaction will flow to the enterprise
(iv) The costs incurred or to be incurred in respect of the transaction are known with absolute certainty

- (ii) and (iv)
- (i) and (iv)
- (iii) and (iv)
- (i) and (ii)

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

Submit answer and continue

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ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING ACCA

Question 2. Which of the following statements is correct?

- IAS 16 'Property, Plant & Equipment' forbids the capitalisation of any subsequent expenditure on an asset
- IAS 36 'Impairment of Assets' applies to all assets including inventories and receivables
- IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance' allows grants related to assets to be presented in the statement of financial position as deferred income or as a deduction from the cost of the related assets.
- IAS 17 'Leases' introduces a 90% numerical threshold to provide guidance on the substantial transfer of risks and rewards in respect of finance leases

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ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING ACCA

Question 3. Molde SA acquires 95% of the issued share capital of Blacke SA on 30 June 20X1 by way of a share for share exchange.

The profits before tax of the two companies for the year ended 31 December 20X1 are:

Molde SA	€ 200,000
Blacke SA	150,000

What is the profit before tax that would be shown in the consolidated statement of profit or loss of Molde SA for the year ended 31 December 20X1, in accordance with IFRS3 'Business Combinations'?

- € 271,250
- € 275,000
- € 342,500
- € 350,000

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ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING ACCA

Question 4. Jones SA, manufactures a range of products. At 31 December 20X0 it has been notified of the following claims:

(i) It faces 100 claims in respect of product Alpha. The company's past experience indicates that 30% of the claims will be successfully defended. 70% will probably need settlement and rectification at a cost of $100,000 per unit

(ii) It also faces a single legal claim for product Beta. The company's legal advisers have indicated that the claim has a 30% likelihood of success and a 70% likelihood of failure. The cost of failure would be $1,000,000.

Under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' what provision, if any, should be made in the financial statements?

- NIL
- $7,700,000
- $8,000,000
- $11,000,000

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

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Question 5. Which of the following statements is true?

1. Where preference shares are classified as a liability, the associated dividends should be accounted for through other comprehensive income

2. Redeemable preference shares should be classified as a liability.

3. If an entity issues convertible bonds, these should be treated as a liability under IAS 32.

4. Under IAS 32 cumulative irredeemable preference shares should be classified in equity on the statement of financial position.

- 2 and 4
- 1, 3 and 4
- 2 only
- None of the above

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ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING

Question 6. Festival Inc. value their inventory using the first in first out method. At the beginning of January they held 110 units of inventory which cost $5 each. The following inventory movements took place during January:

3 January	Sold 95 units for $6 each
12 January	Purchased 100 units for $5.50 each
15 January	Purchased 50 units for $5.75 each
20 January	Sold 80 units for $6 each

At what value should inventory be included in Festivals statement of financial position at 31 January?

- $510.00
- $425.00
- $488.75
- $480.00

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

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Question 7. Which of the following would be related parties of a reporting entity according to IAS 24 Related Party Disclosures?

1. Another entity that is controlled by the parent of the reporting entity
2. A member of key management personnel of the entity
3. A close family member of key management personnel of the entity

- 1, 2 and 3
- 1 and 2 only
- 2 and 3 only
- 1 only

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ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING

Question 8. On 31 December 2014, Merigo Co sold goods to a customer for $10 million. In order to encourage sales, Merigo has given the customer interest free credit with the total amount becoming payable in three years time. Interest rates are currently 4% per annum.

What should Merigo record as revenue in the Statement of profit or loss for the year ended 31 December 2014?

- $10 million
- $8 million
- $8.89 million
- $3.33 million

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

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Question 9. What is the role of the IFRS Advisory Council?

- (selected) To advise the IASB on its agenda and work programme
- To monitor companies' compliance with IFRS
- To provide guidance on financial reporting issues not addressed directly by IFRS
- To appoint the members of the IASB

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ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING

Question 10. Under IFRS 11 Joint Arrangements, which of the following statements is false?

- The benchmark accounting treatment of an interest in a joint venture is proportionate consolidation
- Investors A, B, C and D each hold 25% of Pilot Ltd. The shareholder agreement specifies that for a decision to pass 75% of the voting rights must consent. The investment in Pilot should not be treated as a joint venture by investor A.
- A joint operator accounts for its share of assets, liabilities, income and expense re a joint operation in accordance with the relevant IFRS.
- A joint arrangement that is not in substance a separate entity must be accounted as a joint operation

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Question 11. Y, a public limited company, has issued 100 shares to its directors for services rendered during the year ended 31 December 20X5. The value of the shares at the grant date (30 November 20X5) was $5 per share. At 31 December 20X5, the shares were valued at $6 per share. The accounting entry for the issue of the shares would be:

- Charge expense of $500, and increase accumulated reserves by $500
- Charge expense of $600 and increase accumulated reserves by $600
- Charge expense of $500 and increase equity by $500
- Charge expense of $600 and increase equity by $600.

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

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ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING

Question 12. If a company decides to use a policy of revaluation for its non-current assets, the basis of valuation under IAS16 "Property, plant and equipment" should be:

- Existing use value
- Replacement value
- Deprival value
- Fair value

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ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING

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Question 13. Which of the following practices is not allowed by International Financial Reporting Standards?

- Use of the closing exchange rate for the translation of the statement of profit or loss of a foreign subsidiary
- Accounting for incorporated joint ventures by using the equity method.
- Accounting for changes in accounting policy by restating comparatives and adjusting the prior year opening retained earnings
- Use of the percentage of completion method to recognise long-term contract revenues.

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

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Question 14. Gain Inc acquired a property in 20X0 for a cost of $10 million. Gain Inc. has adopted the allowable alternative included within IAS 16 'Property, Plant & Equipment', and revalues all of its property annually. On 15 December 20X1 Gain Inc enters into a binding sale agreement and title to the property passes to Gloss Inc. for cash consideration of $25 million. The consideration is payable in March 20X2. The carrying value of the property at 15 December 20X1 was £22 million.

What amount, calculated in accordance with IAS 16, should be reported in profit or loss for Gain Inc for the years ending 31 December 20X1 and 31 December 20X2 in respect of the disposal?

- 20X1 = Nil, 20X2 = $3 million
- 20X1 = $3 million, 20X2 = $12 million
- 20X1 = $3 million, 20X2 = $Nil
- 20X1 = $15 million, 20X2 = $Nil

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

Submit answer and continue

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Question 15. Which of the following criteria do not have to be met in order for an operation to be classified as discontinued under IFRS 5?

- The operation should represent a separate line of business or geographical area
- The operation is part of a single plan to dispose of a separate major line of business or geographical area
- The operation is a subsidiary acquired exclusively with a view to resale
- The operation must be sold within six months of the year end

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

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Question 16. Which of the following concepts may be the reason why a company chooses not to capitalise small items of equipment held for continuing use in the business, rather than capitalising them?

- Completeness and materiality
- Faithful representation and prudence
- Accruals and prudence
- Materiality and comparability

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Submit answer and continue

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ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING ACCA

Question 17. IAS 28 'Investment in Associates and Joint Ventures' states that in the separate financial statements (i.e. not the consolidated financial statements) of an investor, an investment in an associate should be:

- Held at cost or in accordance with IFRS 9
- Valued using the equity method of accounting
- Held at fair value only
- Accounted for using proportionate consolidation

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

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ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING

Question 18. Mountain plcs statement of cash flows shows a net increase in cash and cash equivalents of $453,000. This didnt match to the actual movement, and it was discovered that the following had not been adjusted for in the statement of cash flows:

- Depreciation of $52,000
- Profit on the sale of non-current assets of $89,000
- Purchase of non-current assets for $130,000

After these items are adjusted for, what should the net cash flow of Mountain plc be?

- $323,000
- $464,000
- $724,000
- $286,000

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

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Question 19. X, a public limited company, has issued 1000 ordinary shares of $1 to the shareholders of company Y in order to acquire the whole of the share capital of Y. Which of the following is applicable to this transaction:

- IFRS 2, Share-based payment
- IFRS 3, Business Combinations
- IFRS 9, Financial Instruments
- IAS 28, Investments in Associates and Joint Ventures

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ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING ACCA

Question 20. In accordance with the guidance on implementing IAS 1 'Presentation of Financial Statements', the statement of changes in equity identifies changes in separate elements of equity. Which of the following statements is correct?

- An issue of shares will increase the balances on share capital, share premium and accumulated profit
- A surplus on the first time revaluation of non-current assets will increase the balance on the revaluation reserve or accumulated profit
- Dividends paid will increase the balance on accumulated profit
- Dividends paid will decrease the balance on accumulated profit

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

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ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING

Question 21. Invest Inc. is a property company. Which one of the following assets do not meet the definition of investment property included within IAS 40?

- Land currently held for an undetermined use
- A building owned by Invest Inc. and leased out under an operating lease
- A building that is vacant but is held to be leased out
- Property being constructed on behalf of third parties

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

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ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING

Question 22. IAS24 "Related Party Disclosure" require disclosure of transactions between related parties . Which of the following transactions should be disclosed?

- Intra group transactions in consolidated financial statements
- Transactions between two companies with a common director
- Transactions between state controlled companies
- Transactions between a holding company and its associate

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

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ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING

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Question 23. Enterprise SA has incurred the following expenditure prior to commercial production of a new fire resistant door for use in public buildings.

Marketing campaign	€ 30,000
Royalty payment to inventor	€ 15,000
Training staff in door production	€ 10,500

What cost can Enterprise SA include as an intangible development asset in accordance with IAS 38 'Intangible Assets'?

- Nil
- € 15,000
- € 25,500
- € 55,500

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

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ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING

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Question 24. When developing and applying an accounting policy where no IFRS specifically deals with the transaction, what should a company do?

- Not account for the transaction, as no guidance is available
- Refer to guidance in IFRSs dealing with similar transactions
- Treat the transaction in the most prudent way
- Record the transaction using a suspense account

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ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING

Question 25. IFRS 9 "Financial Instruments" allows the use of hedge accounting. Hedge accounting is permitted if

- The hedging relationship consists of only eligible hedging instruments and items
- At the beginning of the hedge there is formal designation of the hedge relationship and the entity's risk management objective
- The hedge meets certain criteria that make it effective
- All of the above

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

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Question 1. Bubble plc leased a photocopier under a 5 year operating lease commencing بداية on 1 January 20X1. The fair value of the photocopier at the beginning of the lease was $8,000. Bubble is required to make annual payments as follows:

يعتبر هذا العقد تشغيلي وليس تمويلي
فيكون أرباح وخسائر سنة [illegible] هي ٥٠٠
[illegible]

1 January 20X1	$550
1 January 20X2	$500
1 January 20X3	$450
1 January 20X4	$400
1 January 20X5	$350

What amount should Bubble charge to profit or loss in relation to the lease for the year ended 31 December 20X2?

- $500 ✓
- $450
- $2,250
- $1,600

ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING ACCA

Question 2. Enterprise SA is heavily involved in developing a new production process. In the year to 31 March 20X1 the amount of expenditure incurred on development could be analysed as follows:

	Euro €
1 April 20X0 to 30 September 20X0	18,400
1 October 20X0 to 31 March 20X1	6,500
	24,900

On 1 October 20X0 Enterprise SA demonstrated that the production process met the recognition criteria under IAS 38 'Intangible Assets' as an intangible asset. The amount estimated to be recoverable from the process is €21,000.

At what value should the production process be recognised as an intangible asset at 31 March 20X1 in accordance with IAS 38?

- €6,500
- €18,400
- €21,000
- €24,900

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

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Question 3. Impairment of an asset, as determined by IAS 36 'Impairment of Assets', will have taken place in which of the following circumstances:

- ○ Recoverable amount is higher than existing carrying amount
- ◉ Recoverable amount is lower than existing carrying amount ✓
- ○ Value in use is higher than net realisable value
- ○ Value in use is lower than net realisable value

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Question 4. X, a subsidiary of a public limited company, has issued share options to its directors for services rendered in the year to 31 December 20X5. The transaction will be accounted for under the following standard

- IFRS2, Share-based payment ✓
- IFRS3, Business Combinations
- IAS39, Financial Instruments
- IAS27, Consolidated and separate financial statements

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ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING

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Question 6. What is the **main** purpose of the IASB's Conceptual Framework for Financial Reporting?

- States the objective of general purpose financial reporting
- Sets out the guiding principles that individual standard setters should follow
- Gives the key presentation rules for the financial statements
- Sets out the standard format for the reconciliation of financial statements to tax computations

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Question 9. On 1 March 20X1 an enterprise issues 3,000 convertible $100 bonds (a compound instrument) at par. Interest is payable annually in arrears at 7%. The prevailing market rate of interest at the date of issue is 9%. The bonds are redeemable on 28 February 20X4.

What is the equity component of the instrument calculated under IAS 32?

- NIL
- $151,940
- $2,848,060
- $3,000,000

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ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING

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Question 10. Issus Inc. has 100,000 equity shares in issue on 1 January 20X0. On 1 January 20X0 it issues $200,00C of 5% convertible debt. The terms of conversion allow the debt holders to convert each $100 of debt into 12 shares on 30 September 20X4.

The profit after tax for the year ended 31 December 20X0 is $300,000.

The rate of tax is 30%.

What is the diluted earnings per share (eps) for the year ended 31 December 20X0 in accordance with IAS 33 'Earnings Per Share'.

- $2.42
- $2.48
- $2.50
- $3.00

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ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING — **ACCA**

Question 11. IAS29 "Financial Reporting in Hyperinflationary Economies" applies to the financial statements of any company that reports in the currency of a hyperinflationary economy. The standard does not establish an absolute rate at which hyperinflation is deemed to occur. However, the standard gives an indication of the economic characteristics which indicate hyperinflation. Which of the following characteristics might indicate a hyperinflationary economy according to IAS29?

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- ○ Cumulative inflation rate over three years is approaching or exceeds 100%
- ○ An annual average inflation rate for the last three years of 20% or more
- ○ Interest rates of over 25% at the company year end
- ○ A devaluation of the currency by 20% or more

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Question 12. Station plc holds three types of inventory. The following details are relevant:

Inventory type	Cost	Selling price	Selling costs		
					235
A	$250	$275	$40	235	125
B	$125	$145	$15	130	260
C	$320	$290	$30	280	620
	695				

What amount should Station include in its statement of financial position for inventory in accordance with IAS 2 Inventory?

NRV: The estimated selling pri
of business Less The

- $695
- $620 ✓
- $625
- $700

سعر البيع في السوق العادي في الأعمال ناقص تكلفة البيع

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ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING

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Question 13. Borrower Inc has a policy of capitalising interest costs on self-constructed assets in accordance with IAS 23 'Borrowing Costs'.

During the year it has the following sources of borrowings

	Average outstanding liability($'000)	Interest Cost ($'000)
Medium term bank debt	10,000	900
50 year term debt	25,000	2,000
Bank overdraft	5,000	600
	40,000	3500

All the borrowings have been used to finance the production of qualifying assets but none relate to a specific qualifying asset. What is the appropriate capitalisation rate to apply to the qualifying assets?

- Nil %
- 8.29%
- 8.75%
- 10.0%

الإجابة

$= 3500 / 40000 =).875 \times 100$

$= 8,75$

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

Submit answer and continue

mark question for review

ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING

ACCA

Question 14. An enterprise purchases a haulage company for $50,000 on 1 January 20X0. The operation consists of an operating licence with a net selling price of $10,000 and 5 wagons each with a net selling price of $6000.

On 1 June 20X0, one of the wagons crashed and the insurance company refused to settle any liability due to the non-disclosure of certain material facts. The wagon was a write-off.

The adverse publicity and operating capacity reduction, reduced the value in use of the business to $25,000. The net selling price of the operating license was diminished to $9,500.

What is the carrying value of the assets after accounting for the impairment losses under IAS 36 'Impairment of Assets'?

- Goodwill = NIL, Licence = NIL & Wagons = $25,000
- Goodwill=NIL, Licence = $9,500 & Wagons = $15,500
- Goodwill=$10,000, Licence = $9,500 & Wagons = $5,500
- Goodwill=$5,000, Licence = $5,000 & Wagons = $15,000

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

Submit answer and continue

mark question for review

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ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING

ACCA

Question 15. According to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', which of the following should be provided for in the financial statements?

- Material contingent gains
- Future operating losses
- All contingent losses
- Onerous contracts ✓

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

Submit answer and continue

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* Main timer is server based. Local timer is approximate and will be affected by loading delays

ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING

ACCA

Question 16. The correct treatment in consolidated accounts of exchange differences arising on a monetary item that forms part of a net investment in a foreign company, in accordance with IAS 21 'The Effects of Changes in Foreign Exchange Rates', is:

- Translate at the closing rate with resulting gains and losses reported in profit or loss
- Translate at the closing rate with resulting gains and losses reported in a separate component of equity
- Translate at the rate of exchange ruling on the date of the transaction with resulting gains and losses reported in profit or loss
- Translate at the rate of exchange ruling on the date of the transaction with resulting gains and losses reported in the statement of changes in equity

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

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* Main timer is server based. Local timer is approximate and will be affected by loading delays

ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING

ACCA

Question 17. When developing and applying an accounting policy where no IFRS specifically deals with the transaction, what should a company do?

- Not account for the transaction, as no guidance is available
- Refer to guidance in IFRSs dealing with similar transactions
- Treat the transaction in the most prudent way
- Record the transaction using a suspense account

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

Submit answer and continue

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* Main timer is server based. Local timer is approximate and will be affected by loading delays

ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING

ACCA

Question 18. Under IAS 7 interest received and paid should appear under which of the following?

- Operating cash flows
- Investing cash flows
- Financing cash flows
- Either operating, investing or financing, whichever the entity deems most appropriate

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

Submit answer and continue

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* Main timer is server based. Local timer is approximate and will be affected by loading delays

ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING

ACCA

Question 19. What adjustment (if any) to the financial statements should be made if it is discovered after the year end but before the financial statements are authorised for issue that the company is no longer a going concern?

- No adjustment is necessary
- Assets and liabilities should be valued on a break-up basis
- Disclosure should be made that the company is no longer a going concern, but no adjustment is necessary
- Assets and liabilities should be valued in the financial statements at their book values, but the differences with break-up values should be disclosed in the notes.

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

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* Main timer is server based. Local timer is approximate and will be affected by loading delays

ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING ACCA

اشتراك سنوي

Question 20. Typeface plc receives $1,500 on 15 August 20X2, representing annual subscriptions in advance to three of its monthly publications ($480 for the first, $600 for the second and $420 for the third). The publications are dispatched to the customer on the 1st day of each calendar month. How much revenue should Typeface recognise in the financial statements for the year ended 31 December 20X2?

- $562.50
- $500
- Nil
- $1,500

Total receiving 1500
= 1500/12 = 125 X 4 = 500

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

Submit answer and continue

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ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING

ACCA

Question 21. Which of the following correctly describes the ordering of items in a statement of financial position (balance sheet) in accordance with the guidance on implementing IAS 1 'Presentation of Financial Statements'?

- Non-current assets; current assets; non-current liabilities; current liabilities; capital and reserves
- Non-current assets; current assets; capital and reserves; non-current liabilities; current liabilities
- Non-current assets; non-current liabilities; current assets; current liabilities; capital and reserves
- Non-current assets; current assets; current liabilities; non-current liabilities; capital and reserves

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

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ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING

ACCA

Question 22. Syrup, a public limited company, sells and invoices goods to a US company for 200,000 dollars on 1 December 20X0. The US company receives the goods on 7 December 20X0 and pays for the goods on 7 January 20X1. The cheque is received and banked by Syrup on 12 January 20X1.

How would the gain or loss on exchange be calculated in the financial statements of Syrup?

- ✓ Sale recorded using exchange rate at 1/12/X0 and cash received using exchange rate at 7/01/X1
- ○ Sale recorded using exchange rate at 1/12/X0 and cash received using exchange rate at 12/01/X1
- ○ Sale recorded using exchange rate at 7/01/X1 and cash received using exchange rate at 12/01/X1
- ◉ Sale recorded using exchange rate at 7/12/X0 and cash received using exchange rate at 7/01/X1

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

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ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING ACCA

Question 23. Insurers can recognise an intangible asset, that is the difference between the fair value and book value of insurance liabilities taken on in a business combination. This asset should be accounted for using:

- IFRS 4 Insurance Contracts only
- IAS 16 Property, Plant and Equipment
- IAS 38 Intangible Assets
- IFRS 3 Business Combinations

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

Submit answer and continue

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* Main timer is server based. Local timer is approximate and will be affected by loading delays

ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING

ACCA

Question 24. Which of the following statements are correct if an entity reports in the currency of a hyperinflationary economy?

1. The financial statements should be restated into current measuring units
2. The gain or loss on the net monetary position should be included in comprehensive income, not in the profit/loss for the year
3. A general price index should be applied to non-monetary items

- 1, 2 and 3
- 1 and 2 only
- 2 and 3 only
- 1 and 3 only

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

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ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING ACCA

Question 25. Identify which of the following statements is false:

- Under IAS 36 an entity must perform an impairment review for all its assets every 3 years.
- Goodwill should be reviewed for impairment at each year end.
- Under IAS 16 residual life and useful economic life must be reviewed annually.
- Brands that are purchased may be capitalised under IAS 38.

all year

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

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ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING

ACCA

Question 1. Leasy Inc sells and leases back a manufacturing asset by way of a finance lease. The net book value at the date of disposal was $80,000, the sale proceeds and fair value were $100,000 and the remaining useful economic life is 5 years. The lease rentals are $25,000 per annum for 5 years.

What is the total net charge to profit or loss for each year of the lease, in accordance with IAS 17 'Leases'?

(Finance charges and depreciation should be spread on a straight-line basis)

- 1,000
- 21,000
- 25,000
- 29,000

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

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ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING ACCA

Question 2. In accordance with IFRS 11 'Joint Arrangements', a joint venture should be incorporated into the group financial statements using:

- Full line-by-line consolidation
- Proportionate consolidation only
- Equity accounting only
- Proportionate consolidation or equity accounting

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

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* Main timer is server based. Local timer is approximate and will be affected by loading delays

ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING

ACCA

Question 4. Emily Inc chooses to revalue property under IAS 16. On 31 December 20X1, their head office building is valued at $30m when it is recorded in the financial statements at historical cost of $25m with $4.5m of accumulated depreciation charged against it. Which of the following statements is true?

- A revaluation gain of $5m should be recorded through other comprehensive income, grouped with other items that will not subsequently be reclassified to profit or loss
- A revaluation gain of $5m should be recorded through profit or loss
- A revaluation gain of $9.5m should be recorded through other comprehensive income, grouped with other items that will not subsequently be reclassified to profit or loss
- A revaluation gain of $9.5m should be recorded through other comprehensive income, grouped with other items that will subsequently be reclassified to profit or loss

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

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ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING

ACCA

Question 5. What is the status of an IFRIC?

- It has the same status as a standard
- It must only be complied with if there is no standard on the subject
- Compliance with an IFRIC is optional
- It must only be complied with if there is a standard on the subject

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

Submit answer and continue

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Question 6. Ginger plcs financial year end is 30 June. Its financial statements were approved and issued on 15 August. The following occurred:

1. On 10 July, inventory was sold for less than its year end book value due to flood damage. The flood occurred on 29 June.
2. On 31 July, a Court case was settled for a lower value than the amount provided for in the year end financial statements.
3. On 20 August, a major share issue was made

Which of these material events should be adjusted for in the financial statements for the year ended 30 June?

- 1 and 2 only ok
- 1, 2 and 3
- 2 and 3 only
- 1 and 3 only

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

Submit answer and continue

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ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING

ACCA

Question 7. IAS 21 'The Effects of Changes in Foreign Exchange Rates' defines the treatment of the financial statements of foreign subsidiaries in consolidated financial statements of the parent.

On the disposal of a foreign operation, the cumulative amount of exchange differences held in respect of that operation should be

- Shown in the statement of profit or loss as part of the gain or loss on disposal ok
- Left in equity
- Transferred to profit or loss reserve
- Shown as an extraordinary item in the statement of profit or loss

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

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* Main timer is server based. Local timer is approximate and will be affected by loading delays

ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING

ACCA

Question 8. Bush Inc leases a train over an 8-year term commencing on 1 June 20X0. The discounted present value of the lease payments is $25,000.

In which of the following circumstances does IAS 17 'Leases' indicates that the train may **not** appear on the statement of financial position of Bush Inc?

- Bush Inc can purchase the train for $1 at the end of the lease term.
- The estimated useful life of the train is 10 years. The train must be returned at the end of year 8.
- Title to the train passes at the end of year 8 to Bush Inc.
- The cash price of the train on an arms length basis on 1 June 20X0 is $35,000.

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

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* Main timer is server based. Local timer is approximate and will be affected by loading delays

ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING

ACCA

Question 9. To which of the following does IAS 1 'Presentation of Financial Statements' not apply:

- Consolidated accounts of groups and financial statements of individual enterprises
- Condensed interim financial information ok
- Public sector business enterprises with a profit objective
- General purpose financial statements

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

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ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING ACCA

Question 10. Under IAS 1(revised) an entity should present a statement of profit or loss and other comprehensive income. The other comprehensive income section will include

- exceptional items of profit or loss
- dividends declared and paid during the period
- royalty income
- actuarial gains or losses on a defined benefit plan

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

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ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING

ACCA

أي القوائم المالية طريقة لاقتصاد تضخمي التقارير المالية

Question 11. IAS29 "Financial Reporting in Hyperinflationary Economies" applies to the financial statements of any company that reports in the currency of a hyperinflationary economy. The standard does not establish an absolute rate at which hyperinflation is deemed to occur. However, the standard gives an indication of the economic characteristics which indicate hyperinflation. Which of the following characteristics might indicate a hyperinflationary economy according to IAS29?

معدل التراكمي للتضخم خلال ٣ سنوات يقترب من ١٠٠%

- Cumulative inflation rate over three years is approaching or exceeds 100%
- An annual average inflation rate for the last three years of 20% or more
- Interest rates of over 25% at the company year end
- A devaluation of the currency by 20% or more

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

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ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING ACCA

Question 12. The Conceptual Framework for Financial Reporting states that the purpose of financial reporting is to provide information:

- To management accountants for decision making
- To investors, lenders and other creditors for decision making ok
- To tax authorities for tax assessment
- To existing and future employees regarding the security of the entity as an employer

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

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ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING

ACCA

Question 13. In accordance with IAS 38 'Intangible Assets', an intangible asset with an indefinite useful life should be:

- amortised over twenty years as a presumed maximum
- amortised over twenty years in all cases
- amortised over twenty years as a presumed maximum, or more if subject to annual impairment reviews
- not amortised but tested annually for impairment ok

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

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ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING

ACCA

Question 14. Which of the following are correct when accounting for and reporting on defined contribution pensions under IAS 19 Employee Benefits?

- Actuarial gains and losses should be recognised using the corridor approach
- The obligation of the entity is limited to the amount it agrees to contribute to the plan
- The fair value of plan assets must be calculated and disclosed in the notes to the financial statements
- The present value of the obligation and current service cost must be discounted using the projected unit credit method.

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

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ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING ACCA

Question 15. Red Riding Hood Inc acquired a 65% share of Wolf Inc on 1 January 20X2 for $3,400k. The fair value of the net assets of Wolf Inc on that date was $2,100. The non controlling interest was fair valued at $900k. Calculate goodwill based on the partial goodwill method under IFRS 3.

- $1,300k
- $2,200k
- $1,365k
- $2,035k

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

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ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING ACCA

Question 16. Which of the following statements is correct?

- Internally developed brands must be capitalised at cost X
- All intangible assets are deemed to have an indefinite useful life X
- Intangible assets may be depreciated on a reducing balance basis ok
- Intangible assets may not be revalued upwards. X

لا يجوز اعادة تقييم الاصول الغير ملموسة

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

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ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING

ACCA

Question 17. Y, a public limited company, adopts IFRS as at 31 December 20X5. Which of the following statements is true under IFRS1, ?First time Adoption of International Financial Reporting Standards??

- The opening balances at 1 January 20X4, and the financial statements for the years ended 31 December 20X4 (comparatives) and 31 December 20X5 must comply with IFRS in force at 31 December 20X5. ok
- The opening balances at 1 January 20X4, and the financial statements for the years ended 31 December 20X4 (comparatives) and 31 December 20X5 must comply with IFRS in force at 1 January 20X4.
- The opening balances at 1 April 20X4, and the financial statements for the years ended 31 December 20X4 (comparatives) and 31 December 20X5 must comply with IFRS in force at 31 December 20X4.
- The opening balances at 1 April 20X4, and the financial statements for the years ended 31 December 20X4 (comparatives) and 31 December 20X5 must comply with IFRS in force at the respective dates of the financial statements, ie 1 January 20X4, 31 December 20X4, and 31 December 20X5.

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

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ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING ACCA

Question 18. Butter plc issues £50m 6% preference shares at par on 1/1/20X0. The shares carry a contractual obligation to be redeemed at a 10% premium in 5 years time. According to International Financial Reporting Standards how should the shares be initially recognised in the financial statements on 1/1/20X0?

- As a financial liability of £55m
- As a financial liability of £50m
- As an equity instrument of £55m
- As an equity instrument of £50m

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

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ACCA

ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING

Question 19. Jelly bean plc purchased an item of plant on 1 January 20X1 for $500,000. Its estimated useful life was 10 years and it was expected to have nil residual value. On 31 December 20X2, the plant was revalued upwards to $750,000 with no change to the estimated useful life. On 1 January 20X4 the plant was sold for $800,000. What was the gain/loss on disposal to be recorded in the statement of profit or loss for the year ended 31 December 20X4?

- $300,000 profit
- $50,000 loss
- $143,750 profit
- $450,000 profit

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

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ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING

ACCA

Question 20. What adjustment (if any) to the financial statements should be made if it is discovered after the year end but before the financial statements are authorised for issue that the company is no longer a going concern?

- No adjustment is necessary
- Assets and liabilities should be valued on a break-up basis
- Disclosure should be made that the company is no longer a going concern, but no adjustment is necessary
- Assets and liabilities should be valued in the financial statements at their book values, but the differences with break-up values should be disclosed in the notes.

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

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ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING

ACCA

قائمة الدخل الشامل الأرباح والخسائر قائمة تقدم عقب الأشياء مصاريف

Question 21. Under IAS 1 an entity must present a statement of profit or loss and other comprehensive income. Which of the following statements is true in respect of the other comprehensive income section?

1) Items should be grouped into those that will subsequently be reclassified to profit or loss and those that will not subsequently be reclassified to profit or loss.

2) Items must be shown net of income tax

3) Extraordinary items should be listed separately with details of the nature of the item disclosed in the notes.

- All of the above
- 1 and 2 only
- 2 only
- 1 only

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

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ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING

ACCA

Question 22. On 1 April 20X1, Bertie Co enters into a five-year operating lease with six-monthly rental payments in advance. These include one upfront payment of $6,000 followed by 9 further payments of $1,000. The expense charged through the statement of profit or loss for the year ended 31 December 20X1 will be:

- $2,250
- $3,000
- $6,000
- $2,000

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

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ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING **ACCA**

Question 23. IAS 1 "Presentation of financial statements" states that when items of income and expense are significantly large there should be separate disclosure of these items if it is relevant to explain the performance of the company.

Details of these items is usually made

- In the notes to the financial statements
- On the face of the statement of profit or loss
- On the face of the statement of financial position
- On the face of the statement of profit or loss or in the notes to the financial statements OK

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

Submit answer and continue

mark question for review **Time Left:** 0:17:49*

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ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING ACCA

شهرة حقوق الملكية مقابل الشراء

Question 24. A acquires a 60% equity shareholding in B. The purchase consideration is $130,000. The fair value of B's net assets at the date of acquisition is $160,000 and their book value is $110,000. The goodwill arising on the acquisition, measured in accordance with IFRS 3 using the purchased goodwill method (ie where the NCI is measured at its share of the acquirees identifiable net assets) is:

- $30,000 negative goodwill ok
- $20,000 positive goodwill
- $34,000 positive goodwill
- $64,000 positive goodwill

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

Submit answer and continue

mark question for review **Time Left:** 0:16:46*

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ASSESSMENT: CERTIFICATE IN INTERNATIONAL FINANCIAL REPORTING

ACCA

Question 25. Issus Inc. has 100,000 equity shares in issue on 1 January 20X0. On 1 January 20X0 it issues $200,000 of 5% convertible debt. The terms of conversion allow the debt holders to convert each $100 of debt into 12 shares on 30 September 20X4.

The profit after tax for the year ended 31 December 20X0 is $300,000.

The rate of tax is 30%.

What is the diluted earnings per share (eps) for the year ended 31 December 20X0 in accordance with IAS 33 'Earnings Per Share'.

- $2.42
- $2.48
- $2.50
- $3.00

Note: You will be able to review all of your answers on a summary sheet at the end of the assessment. To highlight entries for specific review in the summary sheet, click the 'Mark question for review box' below.

Submit answer and continue

mark question for review

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