

AAT

Q2022

Drafting and Interpreting Financial Statements

EXAM KIT

This Exam Kit supports study for the following AAT qualifications:

AAT Level 4 Diploma in Professional Accounting

AAT Diploma in Professional Accounting at SCQF Level 8

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This document references IFRS® Standards and IAS® Standards, which are authored by the International Accounting Standards Board (the Board), and published in the 2020 IFRS Standards Blue Book.

Features in this exam kit

In addition to providing a wide ranging bank of real exam style questions, we have also included in this kit:

- unit-specific information and advice on exam technique
- our recommended approach to make your revision for this particular unit as effective as possible.

You will find a wealth of other resources to help you with your studies on the AAT website:

www.aat.org.uk/

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UNIT-SPECIFIC INFORMATION

THE EXAM

FORMAT OF THE ASSESSMENT

The assessment will comprise of seven independent tasks. Students will be assessed by computer-based assessment.

In any one assessment, students may not be assessed on all content, or on the full depth or breadth of a piece of content. The content assessed may change over time to ensure validity of assessment, but all assessment criteria will be tested over time.

The learning outcomes for this unit are as follows:

	Learning outcome	Weighting
1	Understand the reporting frameworks that underpin financial reporting	7%
2	Draft statutory financial statements for a limited company	43%
3	Draft consolidated financial statements	25%
4	Interpret financial statements using ratio analysis	25%
	Total	100%

Time allowed

2.5 hours

PASS MARK

The pass mark for all AAT CBAs is 70%.



Always keep your eye on the clock and make sure you attempt all questions!

DETAILED SYLLABUS

The detailed syllabus and study guide written by the AAT can be found at:

www.aat.org.uk/

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Section 1

PRACTICE QUESTIONS

STATUTORY FINANCIAL STATEMENTS FOR A LIMITED COMPANY

1 ABC LTD

DATA

You have been asked to help prepare the financial statements of ABC Ltd for the year ended 31 October 20X9. The company's trial balance as at 31 October 20X9 is shown below.

ABC Ltd

Trial balance as at 31 October 20X9

	Debit	Credit
	£000	£000
8% bank loan repayable 20Y6		28,000
Accruals		292
Administrative expenses	6,888	
Cash at bank	19,308	
Distribution costs	4,900	
Final dividend for year ended 31 October 20X9	1,080	
Interest	1,120	
Interim dividend for year ended 31 October 20X9	780	
Inventories as at 1 November 20X8	8,932	
Property, plant and equipment – cost	79,760	
Accumulated depreciation at 31 October 20X9		43,560
Purchases	65,552	
Retained earnings		6,930
Returns inwards	688	
Returns outwards		446
Sales		93,554
Share capital		18,000
Trade and other payables		2,694
Trade and other receivables	4,468	
	<hr/>	<hr/>
	193,476	193,476
	<hr/>	<hr/>

Additional data

- The share capital of the company consists of ordinary shares with a nominal value of £1.
 - The inventories at the close of business on 31 October 20X9 were valued at £9,974,000.
 - The company paid £1,024,000 for one year’s insurance on 1 February 20X9; this is due to expire on 31 January 20Y0 (i.e. next year).
 - The company hired vehicles to distribute finished goods locally. It was able to negotiate a deal with a local company for the period 1 September to 30 November 20X9 at a cost of £198,000. This was invoiced on 6 November 20X9 and paid, in full, on 1 December 20X9. No entry has been made in the accounts.
 - Interest on the bank loan for the last six months of the year has not been included in the accounts in the trial balance.
 - The company made a bonus issue of 2,500,000 ordinary shares out of retained earnings but has not made any accounting entries for this.
 - The tax charge for the year has been calculated as £1,960,000.
- (a) Draft the statement of profit or loss and other comprehensive income for ABC Ltd for the year ended 31 October 20X9.**
- (b) Draft the statement of financial position for ABC Ltd as at the 31 October 20X9.**
- (c) Draft the statement of changes in equity for ABC Ltd for the year ended 31 October 20X9.**

Note: Additional notes and disclosures are not required.

Journal entries for the additional data:

	Dr	Cr
	£000	£000



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