

ACCA

Applied Skills

Financial Reporting (FR)

EXAM KIT

KAPLAN
PUBLISHING

CONTENTS

	Page
Index to questions and answers	P.5
Analysis of past examinations	P.9
Exam technique	P.11
Exam specific information	P.13
Kaplan's recommended revision approach	P.14
Kaplan's detailed revision plan	P.18
Technical update	P.22

Section

1	Objective Test Questions – Section A	1
2	Objective Case Questions – Section B	65
3	Constructed Response Questions – Section C	129
4	Answers to Objective Test Questions – Section A	175
5	Answers to Objective Case Questions – Section B	225
6	Answers to Constructed Response Questions – Section C	267
7	Specimen exam questions	359
8	Answers to specimen exam questions	379
9	References	391

This document references IFRS® Standards and IAS® Standards, which are authored by the International Accounting Standards Board (the Board), and published in the 2023 IFRS Accounting Standards Red Book.

	Page number		
Question	Answer		Past exam

SECTION A – OBJECTIVE TEST QUESTIONS



Conceptual framework/IFRS Accounting Standards	1	175	
Statement of cash flows	43	207	
Consolidated financial statements	46	210	
Interpretation of financial statements	58	220	

SECTION B – OBJECTIVE CASE QUESTIONS

Conceptual framework/IFRS Accounting Standards	65	225	
Statement of cash flows	115	256	
Consolidated financial statements	118	259	
Interpretation of financial statements	124	263	

SECTION C – CONSTRUCTED RESPONSE QUESTIONS

PREPARATION OF SINGLE ENTITY FINANCIAL STATEMENTS

421	Moston		129	267	Sep/Dec 15 (A)
422	Triage		131	270	Sep 16
423	Haverford Co		132	274	Mar/Jun 18 (A)
424	Duggan Co		134	278	Sep/Dec 18
425	Vernon Co		135	281	Mar/Jun 19
426	Loudon Co		137	284	Sep/Dec 20
427	Mims Co		138	287	Sep/Dec 21
428	Print Co		140	292	Mar/Jun 22
429	Sphinx Co		141	298	Mar/Jun 23
430	Gibraltar Co		143	301	Sep/Dec 23

EXAM SPECIFIC INFORMATION

THE EXAM

FORMAT OF THE EXAM

The exam will be in **THREE sections**, and will be a mix of narrative and computational answers. Section A will be 15 objective test questions, each worth 2 marks. Section B will consist of 3 objective case questions, each worth 10 marks and containing 5 questions. Section C will consist of two 20-mark questions

	<i>Number of marks</i>
Section A: Fifteen 2-mark objective test questions	30
Section B: Three 10-mark objective case questions	30
Section C: Two 20-mark constructed response questions, covering the interpretation and preparation of financial statements for a single entity or a group	40
	—————
	100
	—————

Note that the FR exam will have both a discursive and computational element. The questions will therefore include a mix of calculation-based and explanations-based questions.

PASS MARK

The pass mark for all ACCA Qualification examinations is 50%.

DETAILED SYLLABUS, STUDY GUIDE AND CBE SPECIMEN EXAM

The detailed syllabus and study guide written by the ACCA, along with the specimen exam, can be found at <https://www.accaglobal.com/in/en/student/exam-support-resources/fundamentals-exams-study-resources/f7.html>

Within the main accaglobal.com website this is accessed within the Study Support Resources area.

Section 1

OBJECTIVE TEST QUESTIONS – SECTION A

CONCEPTUAL FRAMEWORK/INTERNATIONAL FINANCIAL REPORTING STANDARDS

- 1 IAS 16 *Property, Plant and Equipment* requires an asset to be measured at cost on its original recognition in the financial statements. EW used its own staff, assisted by contractors when required, to construct a new warehouse for its own use.

Identify whether the costs listed below should be capitalised or expensed.

	Capitalise	Expense
Clearance of the site prior to commencement of construction		
Professional surveyor fees for managing the construction work		
EW's own staff wages for time spent working on construction		
A proportion of EW's administration costs, based on staff time spent		

- 2 On 1 July 20X4, Experimenter opened a chemical reprocessing plant. The plant was due to be active for five years until 30 June 20X9, when it would be decommissioned. At 1 July 20X4, the costs of decommissioning the plant were estimated to be \$4 million in 5 years' time. Experimenter considers that a discount rate of 12% is appropriate for the calculation of a present value, and the discount factor at 12% for five years is 0.567.

What is the total charge to the statement of profit or loss in respect of the decommissioning for the year ended 30 June 20X5?

- A \$453,600
- B \$725,760
- C \$800,000
- D \$2,268,000

- 3** An entity purchased property for \$6 million on 1 July 20X3. The land element of the purchase was \$1 million. The expected life of the building was 50 years and its residual value nil. On 30 June 20X5 the property was revalued to \$7 million, of which the land element was \$1.24 million and the buildings \$5.76 million. On 30 June 20X7, the property was sold for \$6.8 million.

What is the gain on disposal of the property that would be reported in the statement of profit or loss for the year to 30 June 20X7?

- A Gain \$40,000
 - B Loss \$200,000
 - C Gain \$1,000,000
 - D Gain \$1,240,000
- 4** A manufacturing entity receives a grant of \$1m towards the purchase of a machine on 1 January 20X3. The grant will be repayable if the entity sells the asset within 4 years, which it does not intend to do. The asset has a useful life of 5 years.

What is the deferred income liability balance at 30 June 20X3?

\$ _____,000

- 5** On 1 January 20X1 Sty received \$1m from the local government on the condition that they employ at least 100 staff each year for the next 4 years. Due to an economic downturn and reduced consumer demand on 1 January 20X2, Sty no longer needed to employ any more staff and the conditions of the grant required full repayment.

What should be recorded in the financial statements on 1 January 20X2?

- A Reduce deferred income balance by \$750,000
 - B Reduce deferred income by \$750,000 and recognise a loss of \$250,000
 - C Reduce deferred income by \$1,000,000
 - D Reduce deferred income by \$1,000,000 and recognise a gain of \$250,000
- 6** **Which of the following properties owned by Scoop would be classified as an investment property?**
- A A property that had been leased to a tenant but which is no longer required and is now being held for resale
 - B Land purchased for its investment potential. Planning permission has not been obtained for building construction of any kind
 - C A new office building used as Scoop's head office, purchased specifically in order to exploit its capital gains potential
 - D A stately home used for executive training



You are viewing a sample

Interested in the full version?