

CIMAPRA19-F02-1^{Q&As}

F2 - Advanced Financial Reporting

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QUESTION 1

If you were asked to express the overall performance of an entity as a percentage of its total investment in net assets which of the following ratios would you calculate?

- A. Return on capital employed
- B. Asset utilisation
- C. Dividend yield
- D. Non-current asset turnover

Correct Answer: A

QUESTION 2

Which THREE of the following would typically indicate a finance lease?

- A. An asset with a useful life of ten years is being leased for ten years.
- B. The lessor is responsible for the annual maintenance of the asset.
- C. The lessee has the option to buy the asset at the end of the lease for \$1.
- D. The lease contract for an asset includes an upgrade to the asset every two years.
- E. A leased asset has been specifically modified for the lessee's use.

Correct Answer: ACE

QUESTION 3

UV entered into a five year non-cancellable operating lease for an asset two years ago. Lease payments are settled annually in arrears.

At the year end, UV no longer requires this leased asset as they have decided to discontinue the product line that it was used for.

At this date UV had made two out of the five lease payments.

Which of the following statements about the unavoidable lease payments is true in accordance with IAS 37 Provisions, Contingent Liabilities and Assets?

- A. A provision should be recognised for the unavoidable lease payments with a corresponding charge to profit or loss.
- B. A provision should be recognised for the unavoidable lease payments with a corresponding charge to other comprehensive income.
- C. The amount of the unavoidable lease payments should be disclosed in the financial statements with no corresponding accounting entry.

D. The amount of the unavoidable lease payments should be ignored in the financial statements.

Correct Answer: A

QUESTION 4

On 30 November 20X9 OPQ acquires a financial asset that is classified as Available for Sale.

Which of the following describes the value of the financial asset on the date of acquisition?

- A. Fair value excluding transaction costs.
- B. Fair value including transaction costs.
- C. Present value including transaction costs.
- D. Present value excluding transaction costs.

Correct Answer: B

QUESTION 5

When accounting for a finance lease under IAS 17 Leases, which TWO of the following are recognised in the statement of profit or loss?

- A. Finance cost element of the lease payments
- B. Depreciation of the leased asset
- C. Lease payments paid
- D. Lease payments payable
- E. Capital repayment element of the lease payments

Correct Answer: AB

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