

## ACCA F7 Practice and Revision kit – edition for exams up to June 2018

### Errata

Question 24 – The question should state:

An aircraft requires a planned overhaul every three years at a cost of \$5,000.

Question 91 – The correct answer should be B – Recognising revenue when a performance obligation is satisfied.

Qn 96 – There are TWO correct answers here. Work invoiced to date as a % of total contract price is also correct.

Qn 102 – Option B should be changed to: ‘The price paid to acquire the asset’. This will be the correct answer to the question.

Qn 142 – there is an error in the part (a). The answer should be:

(a) Goodwill on acquisition of Sentinel (1/10/X0)

	\$'000	\$'000
Consideration $((160,000 \times 75\%) \times 2/3) \times \$4$		320,000
Fair value of non-controlling interest		100,000
		420,000
Fair value of net assets:		
Shares	160,000	
Other equity reserve $(2,200 - (400 \times 6/12)^*$	2,000	
Retained earnings $(158,000 + (66,000 \times 6/12)$	191,000	
		(353,000)
Goodwill		<u>67,000</u>

\*Note. Of the \$400,000 loss on the investment in equity instruments, half (6/12) is pre-acquisition and goes to the goodwill calculation. The remainder is post-acquisition and goes to the consolidated statement of profit or loss.

Qn 146 – the correct answer is D: No effect on group inventory. The transaction will be posted as DR Share of profit of associate/CR Investment in associate.

Qn 148 – the date of the dividend payment should be 1 September 20X3.

Qn 171 – the payment in advance of \$700,000 should be added to the right-of-use asset rather than deducted from the liability. The opening liability is therefore \$2,600,000. The answer is unaffected.

Qn 180 – the deposit of \$120,000 should be added to the right-of-use asset rather than deducted from the liability. The opening liability is therefore \$240,000. The answer is unaffected.

Qn 184 – the payment in advance of \$100,000 should be added to the right-of-use asset rather than deducted from the liability. The opening liability is therefore \$250,000. The answer is unaffected.

Question 253 – the question should refer to ‘profit before interest and tax’ rather than ‘net profit’

Question 256 – the calculation of ROE is incorrect as it has been based on profit before tax, rather than profit after tax. The correct ratios are:

$$20X1: 3,000/9,500 = 31.6\% \quad 20X2: 2,500/7,250 = 34.5\%$$

Qn 279 – the correct answer is \$10,000 received, calculated as:

	\$
B/f current	-
B/f deferred	30,000
Charge for the year	160,000
Received (balance)	<u>10,000</u>
C/f (current + deferred)	<u>200,000</u>

Mixed MCQ bank:

Q2 - The question and answer should refer to PBIT margin, not net profit margin.

Q15 – Option D should state; legal action commenced by a supplier in respect of goods delivered after the year end.

Mixed OTQ bank:

Q2 – the correct answer is: Continue to recognise the receivables and treat the \$1.8 million received as a loan.

Q6 – the question should be: What is the total consideration transferred for the investment in Plank which will appear in the goodwill calculation at 31 December 20X4?

Q8 – the question should be: What is the total amount which will be charged to profit or loss in respect of this closure?

Q14 – the correct answer is \$195,000 (30,000 x \$6.50)

### ACCA Study text – edition for exams up to June 2018

Practice question bank

Question 12 – Panther

The calculation of NCI (W2) does not take account of the cancellation of interest on the intragroup loan. The working should be:

	PFY	TCI
	\$'000	\$'000
Profit/TCI for the year (610 x 6/12) / (790 x 6/12)	305	395
Less PUP (W3)	(10)	(10)
Add back intragroup interest	20	20
Additional depreciation on fair value adjustment	<u>(5)</u>	<u>(5)</u>
	<u>310</u>	<u>400</u>
NCI share (40%)	124	160