

## F3 and FFA Extra MTQs Exam Answers

### MTQ 1

#### Task 1 (15 marks)

Statement of cashflows for the year ended 31 October 20X7	\$000	
Cash Flows from Operating Activities		
<b>Profit before tax</b>	<b>15000</b>	
Adjustments		
Depreciation	<b>4658</b>	<b>Add</b>
Profit on disposal of non-current assets	<b>720</b>	<b>Subtract</b>
Inventory	<b>6075</b>	<b>Add</b>
Receivables	<b>1863</b>	<b>Subtract</b>
Payables	<b>3198</b>	<b>Add</b>
Tax paid	<b>4090</b>	<b>Subtract</b>
Net cash from operating activities		
Cash flows from investing activities		
Payments to acquire non-current assets	<b>24340</b>	<b>Subtract</b>
Proceeds from sale of non-current assets	<b>2694</b>	<b>Add</b>
Net cash from investing activities		
Cash flows from financing activities		
Proceeds from issue of share capital	<b>1869</b>	<b>Add</b>
Repayment of loans	<b>2300</b>	<b>Subtract</b>
Net cash from financing activities		
Net movement in cash and cash equivalents	<b>181</b>	<b>Inflow</b>
Cash and cash equivalents at beginning of period	<b>634</b>	
Cash and cash equivalents at end of period	<b>815</b>	

### MTQ 2

#### Task 1 (4.5 marks)

Value of investment at acquisition	<b>\$000</b>
Investment in Erica Co held by Gasta Co	<b>1380</b>
<b>NCI as at acquisition</b>	<b>450</b>
Total value of investment at acquisition (A)	<b>1830</b>
Fair value of Erica Co's net assets at acquisition	
Equity share capital	<b>1000</b>
<b>Retained earnings</b>	<b>480</b>

Total fair value of Erica Co's net assets at acquisition (B)	<b>1480</b>
Goodwill at acquisition expressed as a formula	<b>A-100% of B</b>

**Task 2 (3 marks)**

The process of consolidation results in a single legal entity	<b>No</b>
Goodwill is recalculated using the most recent fair values at each reporting period end	<b>No</b>
NCI will always feature within the consolidated financial statements	<b>No</b>

**Task 3 (1.5 marks)**

<b>Fair value of NCI at acquisition + 25% of post-acquisition profits</b>
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**Task 4 (6 marks)**

	<b>\$000</b>
Investment	<b>0</b>
Other assets	<b>6900</b>
Share capital	<b>2000</b>
Retained earnings	<b>2175</b>
Liabilities	<b>2580</b>