

FA 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		
Profit before tax	15000	
Adjustments		
Depreciation	4658	Add
Profit on disposal of non-current assets	720	Subtract
Inventory	6075	Add
Receivables	1863	Subtract
Payables	3198	Add
Tax paid	4090	Subtract
Net cash from operating activities		
Cash flows from investing activities		
Payments to acquire non-current assets	24340	Subtract
Proceeds from sale of non-current assets	2694	Add
Net cash from investing activities		
Cash flows from financing activities		
Proceeds from issue of share capital	1869	Add
Repayment of loans	2300	Subtract
Net cash from financing activities		
Net movement in cash and cash equivalents	181	Inflow
Cash and cash equivalents at beginning of period	634	
Cash and cash equivalents at end of period	815	

MTQ 2

Task 1 (4.5 marks)

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

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

Task 2 (3 marks)

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

Task 3 (1.5 marks)

Fair value of NCI at acquisition + 25% of post-acquisition profits

Task 4 (6 marks)

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