

PILOT PAPER – 2023-2027 SYLLABUS

OL2.2 Advanced Financial Accounting & Finance

Operational Level

ANSWER KEY

Practice Examination – Part I

Q. No	Answer	Q. No	Answer
01	D	11	B
02	B	12	C
03	A	13	A
04	A	14	B
05	B	15	D
06	C	16	A
07	B	17	C
08	D	18	A
09	A	19	A
10	A	20	B

Practice Examination – Part II

Question 01 - Advanced Financial Accounting - each question 02 marks in maximum, total 06 marks - Segment A

1. What are the amounts to be charged as depreciation in the statement of comprehensive income for the year ended 31st December 2022:

Motor Vehicle (Rs)	150000
Computer Equipment (Rs)	52500

- 2.
3. What is the Net Book Value (NBV) of intangible assets as at 31st December 2022: Intangible Assets (NBV) (Rs)

102500

4. What is the net impact on the balance of the revaluation reserves account as at 31st December 2022 due to the revaluation of lands during these two years: (Rs)

100000

Question 02 - Finance - each question 02 marks in maximum, total 08 marks - Segment B

5. Select the correct statement regarding a perpetuity. **Answer C**
6. The present value of annual university expenses of the eldest child at the end of year 20 will be: (Rs.)

1641613

7. Indicate whether the following statements are True or false. (*Figures are rounded off to the nearest whole number*).

Statement	True/False
The present value of annual university expenses of the youngest child at the end of year 20 is Rs. 1,214,295	True
Total expenditure for the two children at the end of 20 years is Rs. 2,828,908	False

8. Calculate the amount of money you must deposit in an account each year to fund your children's education (*Round off all your workings to the nearest whole number*). (Rs.)

28141

Question 03 - Finance - each question 02 marks in maximum, total 08 marks - Segment C

9. Calculate the expected rate (%) of return for individual stocks.

X 16.50

Y 16.30

10. Calculate the risk of returns (%) for individual stocks.

X 3.91

Y 1.35

11. Select the correct expected rate of return of the equally weighted portfolio. **Answer C**

12. Select the correct risk of the equally weighted portfolio from the below drop down: **Answer A**

Question 04 - Finance - each question 02 marks in maximum, total 08 marks - Segment D

13. Select the **characteristics** of firms with a long operating cycle. **Answer B & D**

14. Indicate whether the following statements **are True or false**.

Statement	True/False
The cash cycle of a firm is generally longer than its operating cycle.	False
It is unlikely that the accounts payable period would ever be negative since that implies the firm pays its bills before they are incurred.	True

15. Calculate the operating cycle assuming 365 days a year (*Round off to the nearest whole number*).

(Days) 73

16. Calculate the cash cycle assuming 365 days a year (*Round off to the nearest whole number*).

(Days) 34

Practice Examination – Part III

Practice Question 02 - Total 10 Marks - Segment B

1. Compute Deferred tax asset/liability as at 31st March 2023.
2. Compute Tax expenses for the year ended 31st March 2023.

DTL		%	Rs.
Temporary Difference on,			
Office Equipment			2,000,000
Motor Vehicle			1,000,000
			3,000,000
		30	900,000
DTA		%	
B/B/F	-	-	300,000
Provision for Gratuity		30	300,000
DTL/DTL as at 31.03.2023			300,000

. Tax Expenses	
Current Tax Expenses	480,000
(-) DTA	(300,000)
(+) DTL	900,000
Tax expenses	1,080,000

3. Answer the following questions based on SLFRS 15- Revenue from Contract with Customer.
 - I. Determine the transaction price. (Rs) 24,000
 - II.State the transaction price among the identified performance obligations.

Performance Obligation	Standalone transaction price (Rs)	Allocation of the Transaction price (Rs)
Obligation 1	1,600	$(24,000/16,000) * 1600 = 2,400$
Obligation 2	$(1200 * 12) = 14,400$	$(24,000/16,000) * 14,400 = 21,600$

Practice Question 02 - Total 10 Marks - Segment C

4. You are required prepare the extracts of the Statement of Profit or Loss and Other Comprehensive Income for the year ended 31st March 2023 in relation to the financial instruments. Using the below format.

The extracts of the Statement of Profit or Loss and Other Comprehensive Income for the year ended 31.03.2023	
	Rs. '000
Gain on disposal of FA at FV through P/L	300
Loss on disposal of FA at FV through P/L	
Debenture interest income	139.73
Interest expense-convertible debentures	(4,194.36)
Transaction cost	(120)
Loss on re-measurement of FA through P/L	
Gain on re-measurement of FA through P/L	(300)
Loss on re-measurement of FA at FV through OCI	(180)
Gain on re-measurement of FA at FV through OCI	

Practice Question 02 - Total 10 Marks - Segment D

POWER ASIA GROUP CONSOLIDATES STATEMENT OF FINANCIAL POSITIONS AS AT 31 DEC 2022				
	Power Asia PLC	Sunshine PLC	Adjustments	Group
	Rs.'000			
Assets				
Non current Assets				
Property, Plant and Equipment	3,000	2,000		
Accumulated Depreciation	-1500	-100		
Carrying Value	1,500	1,900		3,400
Goodwill				845
Intangibles Assets				120
Current Assets				
Inventory	1300	470		1,770
Trade Receivables	820	140		960
Cash and Cash equivalent	100	410		510
Total Assets	3,720	2,920		7,605
Equity and Liabilities				

Equity				
Stated Capital	1200			1,200
Consolidated Retained Earnings				1,933
Consolidated Other reserves				1,270
Equity attributable to parent				4,403
Non Controlling Interest				582
Non Current Liabilities				
Bank Loans	250	550		800
Current Liabilities				
Trade Payables	1018	358		1,376
Other Payables	252	192		444
Total Equity and Liabilities	2,720	1,100		7,605

Workings:

Goodwill

		Rs.
Investment in Sunshine PLC	2,000	
Add: Non –Controlling Interest	495	
Goodwill/Gain on Bargain Purchase		2,495
Less: Share Capital	300	
Retained Earning	300	
Other Reserves	100	
Revaluation of Property Plant and Equipment	800	
Intangible Assets	150	
Goodwill/Gain on Bargain Purchase		2,495

Consolidated Retained Earnings

	Rs.
Retained Earnings of Power PLC	1,800
Add: Retained Earnings of Sunshine PLC	133
Group Retained Earnings as at 31st December 2022	1933
