**Faculty of Economics, Business and Management Sciences Annaba, 22May 2025**

**Department of Financial Sciences Final Exam in**

**Master 1 (S2) Accounting and Audit International Financial**

**Time: one hour and a half Reporting Standards**

**Answer the following questions :**

**Q1-**CompanyA received a grant of 4 million dinars to install pollution-prevention filters. The company estimated the cost of thesedevices at 6 million dinars. These devices will be depreciated over 4 year using the straight line basis.

**Required:**

**1-**According to IAS(20), explain how the grant income will be recognized in year 1 and presented in the financial position of A at the end of year 3.

2- Suppose that A has to repay the amount of 1.2 million dinars during year 4.How A should account for the repayment of the grant.

Q2-An entity plans to dispose of a group of assets (Disposal Group) that it classifies as held for sale. The asset group was measured as follows:

|  |  |  |
| --- | --- | --- |
| **Item** | **Carrying value beforeclassification as**  **held for sale** | **Remeasured value**  **Immediatelybefore classification**  **as held for sale** |
| Goodwill  PPE(Revalued amounts)  PPE (at costs)  Inventory  Financial assets held for sale | 2000  4000  6000  4000  1000 | 2000  3000  6000  3200  800 |
| **Ioial** | **17000** | **15000** |

The fair value less costs to sell of the group of assets prepared for disposal was estimated at**11000** dinars

**Required :**

1. What is a disposal group
2. How to Account for the disposal group under IFRS 5.

**Q3--**An Insurance company , *issues***100 insurance contracts** with a coverage period of **3 years**, starting at the issuance date. Each holder of a policy is required to pay an annual$270 premium per contract for the whole coverage period, payable within one month after its issuance.This insurance company adopts the following assumptions:

-Expected annual cash outflows are $7,000 per annum (comprising claims and administration costs.

-All insurance claims that are incurred during a year will be paid at the end of that year.

- No policies will lapse during the coverage period and no extension periods are offered under the policy.

-Discount rate of 5% per annum.

- The risk adjustment for non-financial risk is measured at 5% of the present value of the expected cash outflows, and

- The Insurance company incurs no initial acquisition costs in respect to the insurance policies.

**Required -**How this Insurance company measures the portfolio of its insurance policies on initial recognition using the general model.

**Good luck**