Final exam answer ifrs

Pr.dr.DJEMAA HAOUAM

Answer1-6mrk

Government grants, including non-monetary grants at fair value, shall not be recognised until there is reasonable assurance that:4 mrks

(a) the entity will comply with the conditions attaching to them; and

(b) the grants will be received

1-recognition of grantincome for depreciable assets

Grants related to depreciable assets are usually recognized as income over the periods and in the proportions in which depreciation on those assets is charged.

year	Rate of dep	Income grant 000	Depreciation 000
1 2 3 4	25%	1000 1000 1000 1000	1500 1500 1500 1500

First year	Debit 000	Credit 000
Cash	4000	
Diferred income		4000
-------------dec 31-------------		
Diferred income	1000	
Income grant		1000

Presentation in the Financial position

Government grants related to assets, including nonmonetary grants at fair value, should be presented in the balance sheet in either of two ways:

(1) By setting up the grant as deferred income

(2) By deducting the grant in arriving at the carrying amount of the asset

The grant should appear in FP[the thirdyear] of A at the liability side[Differed income] with the amount of 1000 000.

2-Repyment of the grant related to an asset

• Should be recorded by increasing the carrying amount of the asset or reducing the deferred income balance by the amount repayable

• The cumulative additional depreciation that would have been recognized to date as an expense in the absence of the grant should be recognized immediately as an expense.

Dr Any deferred Income Balance or Dr Cost of asset

Dr Income statement with any balance

And CR cash with the amount repaid

	Debit **000**	**Credit** **000**
deferred Income Balance **expense** **cash**	1000 200	 1200

1-**Anwser2-6mrk**

1-A disposal group is a group of assets to bedisposed of, by sale or otherwise, together as a group in a single transaction and liabilitiesdirectlyassociatedwiththoseassetsthatwillbetransferred in the transaction

2-The entity recognizes a loss of 2000 immediately before classifying it as ready for sale.

The impairment loss **is 4000(** 11000 – 15000). t isallocated to non-currentassetsonly, with the reduction of goodwill -and thenother tangible non-currentassets in proportion to itsexisting balances, and impairmentis not allocated to currentassetssuch as inventory or financialassets, as follows:

ITEM	**Book value** **Remeasured** **Immediatelybefore**	**impairmentloss allocation**	**Book value after provision for impairmentloss**

	classification as equipment **for sale**		
Goodwill **PPE(Revaluedamounts)** **PPE(at costs)** **Inventory** **Financial assetsheld for sale**	**2000** **3000** **6000** **3200** **800**	**(2000)** **(667)** **(1333)** **0** **0**	**0** **2333** **4667** **3200** **800**
	15000	**4000**	**11000**

Answer 3

According to IFRS 17, the insurance contracts are initially measured at the sum of:

- **Fulfilment cash flows**; in this example, we have:
  - **Estimates of future cash inflows**, being premiums expected to receive from policyholders amounting to 90 per contract. That gives us **9000** for the whole group of 100 contracts;
  - **Estimates of future cash outflows**; being the insurance claims payments, servicing costs, these amount to $7,000 **per year in the years 1 – 3**.
- **Discounting**: It is necessary to bring these cash flows to the present value using the discount rate of 5% (given in question above);
- **Risk adjustment for non-financial risks: 5% (**of the present value of the expected cash outflows**);**
- **Contractual service margin**: the negative value of the sum of all above items (fulfilment cash flows adjusted by discounting and risk adjustment) for non-onerous contracts.

YEAR	CASH IN	CASH OUT	NET CASH FLOW	DISCOUNT FACTOR	Pv OF CASH FLOWS
0	27000		27000	1.000	27000
1		[7000]	[7000]	0.952	-6664
2		[7000]	[7000]	0.907	-6349
3		[7000]	[7000]	0.864	-6048

TOTA L					**7939**
Less risk adjustment					**-953**
The fulfilment cash flows					**6986**
Contractual service margin					**-6986**
Initial measurement of group of insurance contracts:					**0**

Initial measurement of insurance contracts other than onerous is zero and no journal entry is passed.