

Strategic Business Reporting: Practice and Revision Kit

For exams in September 2019, December 2019, March 2020 and June 2020

Question 6 Associate

The information in note (d) of the additional information should be amended to say the following:

- (d) P Co sells goods to J Co at cost plus 25%. J Co held \$100,000 of these goods in inventories at 31 December 20X5

Mock exam 4, Question 2(a)

The answer to this question contains a calculation error. The corrected amounts are highlighted below.

The incorrect treatment has enabled Fiskerton to remain within its debt covenant limits. Gearing per the financial extracts is currently around 49.8% ($50 / (10 + 20.151 + 70.253)$). Fair value gains on investment properties are reported within profit or loss. Retained earnings would consequently be restated to \$62.253 million ($\$70.253\text{m} - \8m). Gearing would subsequently become 54.1% ($50 / (10 + 20.151 + 62.253)$).