Q-1. On 1 January, a company, which prepares its financial statements according to IFRS, arranged financing for the construction of a new plant. The company:

- borrowed NZ$5,000,000 at an interest rate of 8%,
- issued NZ$5,000,000 of preferred shares with a cumulative dividend rate of 6%
- temporarily invested NZ$2,000,000 of the loan proceeds for the first six months of construction and earned 7% on that amount.

The amount of financing costs to be capitalized (NZ$) to the cost of the plant in the first year is closest to:

A. 330,000.

B. 400,000.

C. 630,000.

Q-2. A company owns its own office building which it purchased in 2011 for $1,000,000. The real estate market has been volatile in the last few years. The company uses the revaluation model as allowed by IFRS and the following table shows the fair market values since 2011:

Year	Year-End Fair Market Value ($ thousands)
2011	1,000
2012	600
2013	800
2014	1,300

The impact (in $ thousands) on the income statement in 2014 will most likely be a gain of:

A. 300.

B. 500.

C. 200.

Q-3. For which of the following assets is it most appropriate to test for impairment at least annually?

A. A trademark with an indefinite expected life

B. Land

C. A patent with a legal life of 20 years

Q-4. A financial analyst at BETTO S.A. is analyzing the result of the sale of a vehicle for 85,000 Argentine pesos (ARP) on 31 December 2009. The analyst compiles the following information about the vehicle:

Acquisition cost of the vehicle	ARP 100,000

Acquisition date	1 January 2007
Estimated residual value at acquisition date	ARP 10,000
Expected useful life	9 years
Depreciation method	Straight-line

The result of the sale of the vehicle is *most likely*:

A. a loss of ARP 15,000.

B. a gain of ARP 15,000.

C. a gain of ARP 18,333.

Q-5. A company is purchasing a customer list that it expects will provide economic benefits for the next 5 years. The company chooses to use an accelerated amortization method. The choice will most likely result in

A. the highest amortization expense in the first year.

B. the highest amortization expense in the fifth year.

C. an equal amortization expense in all 5 years.