

## ACCA FR – Answers to Chapter 15 Practice Questions

### Answer to Question 1

	\$
Current tax (W)	10,920
Movement (decrease) in deferred tax	(1,110)
= 3,210 – 2,100	
<b>Income tax expense</b>	<b>9,810</b>

### Workings

Tax payable		
B/f	2,450	
		Tax expense (SPL) (β)
C/f	8,470	10,920
	<hr/> 10,920	<hr/> 10,920

## Answer to Question 2

	\$
Current tax (W)	7,737,824
Movement (decrease) in deferred tax	(273,700)
<b>Income tax expense</b>	<b>7,464,124</b>

## Workings

Tax payable		
	B/f	6,830,000
	Tax expense (SPL)	7,737,824
C/f	14,567,824	
	<hr/>	<hr/>
	14,567,824	14,567,824

	\$
Opening deferred tax	8,593,700
Closing deferred tax (26,000,000 x 32%)	8,320,000
Decrease in deferred tax	273,700

### Answer to Question 3

	\$
Current tax (W)	18,600,000
Movement (decrease) in deferred tax	400,000
<b>Income tax expense</b>	<b>19,000,000</b>

### Workings

Tax payable		
	B/f	800,000
	Tax expense (SPL)	18,600,000
C/f	19,400,000	
	19,400,000	19,400,000

	\$
Opening deferred tax	2,600,000
Closing deferred tax	6,750,000
Increase in deferred tax	4,150,000
PPE revaluation to OCI	(3,750,000)
Increase in deferred tax (profit or loss)	400,000

#### Answer to Question 4

Tax payable			
		B/f (150 + 360)	510
<b>Paid (β)</b>	<b>200</b>	Tax expense (SPL)	280
C/f (420 + 170)	590		
	790		790

### Answer to Question 5

Tax payable			
<b>B/f (β)</b>	<b>900</b>		
Paid	1,500	Tax expense (SPL) (W)	7,000
C/f (420 + 170)	4,600		
	7,000		7,000

### Workings

	\$
Current tax (β)	7,000
Movement (increase) in deferred tax (W)	700
Income tax expense – per question	7,700

	\$
Opening deferred tax	3,000
Closing deferred tax (4,500 – 800)	3,700
Increase in deferred tax	700

Deferred tax on revaluation = 25% x 3,200 = 800

## Answer to Question 6

<b>20X1</b>		<b>20X2</b>
1,200	Carrying value	900
800	Tax base	720
400	Temporary difference	180
80	Deferred tax @20%	36
	Movement = 44 decrease	

DR Deferred tax provision	\$44,000
<b>CR Profit or loss</b>	<b>\$44,000</b>