



Hong Kong Institute of  
Certified Public Accountants  
香港會計師公會



# Qualification Programme

## Associate Modules 6 to 9 Sample Paper (Combined Modules)

Time Allowed	2 hour 30 minutes
Multiple Choice Questions	100 Marks    All questions are compulsory.

This sample examination paper is set to assess candidates' core foundational technical knowledge of the subject matters, and their skills in applying the knowledge to tackle routine professional problems, including computations. Mark(s) for each question is set in accordance with its level of difficulty.

The sample questions in this paper are to help candidates familiarise themselves with the form and style of questions which they may see in the Modules 6 to 9 examinations. The sample questions and answers are for reference only, and the content may not have been updated to reflect any changes in relevant standards or legislation.

You should answer **all questions** in this paper and allocate approximately 1.5 minutes for each mark.

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Published in June 2025

## A. Single Select Multiple Choice Questions

Choose the best answer for each question.

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Single Select Multiple Choice Questions

1 2

Multiple Selection Questions

3 4

True or False Questions

5 6

Cloze Questions

7 8

Drag and Drop Questions

9 10 11 12

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Single Select Multiple Choice Questions

Choose the best answer for each question.

1

Assume the returns on Stock HD were positive in January, March, May, June, July and November. The other months the returns on Stock HD were negative. The returns on Stock LD were positive in January, February, May, July, September, November and December, and negative in the remaining months.

Analyse which one of the following correlation coefficients best describes the relationship between Stock HD and Stock LD.  
(2 marks)

☐ A. -1.0.

☐ B. -0.5.

☐ C. 0.0.

☐ D. 1.0.

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2

Identify which of the following is/ are the auditor's responsibility relating to fraud. (2 marks)

☐ A. The auditor is required to detect all fraud during an assurance engagement.

☐ B. The auditor shall maintain professional skepticism throughout the audit and recognise the possibility that a material misstatement due to fraud could exist.

☐ C. When fraud is identified, a qualified audit opinion is a must for such assurance engagement unless the client provides adequate undertaking to protect the auditor.

☐ D. Both B and C are true.

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## B. Multiple Selection Questions

Read instructions carefully and choose all correct answers.

**3** All companies face risk; risk and reward are correlated. Too much risk can lead to business failure. In particular, companies operating in the investment industry rely heavily on risk management to bear market crashes. ab ▼


Justify why effective risk management can add value to any organization. Select ALL correct answers from the following options. (2 marks)

- ☐ A. It protects an organisation's capital structure and profit generating ability without hindering growth.
- ☐ B. Investors are more willing to invest in corporates.
- ☐ C. The organisation can easier access to funding with lower borrowing costs.
- ☐ D. The organisation can improve financial performance.

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**4** Identify THREE general controls from the following options. (2 marks) ab ▼

- ☐ A. Adding up the total of a batch of supplier invoices to ensure the total agrees to the value inputted into the system (Batch total checks).
- ☐ B. Preventing and detecting unauthorised access to the IT system.
- ☐ C. Ensuring that changes to the IT system are appropriate, carried out by authorised individuals and are logged and have appropriate access rights.
- ☐ D. Matching master files to transaction records – for example inspecting the number of documents processed to ensure there have been no deletions.
- ☐ E. Ensuring controls are in place to prevent business interruption in case of failure of the IT system
- ☐ F. Inspecting the output of numerical sequence checks for any exception reports and inquiring as to how these have been resolved (Sequence checks)
- ☐ G. Ensuring that sales invoices are mathematically correct in terms of amounts invoiced and that sales taxes are correctly calculate (Arithmetic checks).

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### C. True or False Questions

Determine whether the statement is true or false based on your knowledge and choose the appropriate option.

Question

ab

Zoom

5

Determine whether the statement is true or false based on your knowledge and choose the appropriate option. Answer all sub-questions as required. (2 marks)

Answer area

Zoom

1.

In a test of control, an increase in the tolerable rate of deviation would increase the sample size.

☐ A. True

☐ B. False

2.

An anomalous error is an one-off error for which the auditor must obtain sufficient appropriate audit evidence that such error is not representative of the population.

☐ A. True

☐ B. False

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Question

ab

Zoom

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Determine whether the statement is true or false based on your knowledge and choose the appropriate option. Answer all sub-questions as required. (2 marks)

Answer area

Zoom

1.

NHP has a piece of land currently developed for industrial use as a site for a factory. Nearby sites have recently been developed for residential use as sites for high-rise apartment buildings. The value of the land is HK\$3 million if it is developed for industrial use and the value of the land as a vacant site for residential use is HK\$3.6 million, taking into account the costs of demolishing the factory and other costs.

"The fair value of the land is HK\$3.6 million."

Identify whether the above statement is true in accordance with HKFRS 13 Fair Value Measurement.

☐ A. True

☐ B. False

2.

"When applying the equity method, any goodwill arising on the acquisition of an associate is separately recognised in the investor's consolidated statement of financial position".

Identify whether this accounting treatment is true in accordance with HKAS 28 Investments in Associates and Joint Ventures.

☐ A. True

☐ B. False

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#### D. Cloze Questions

The question(s) /sentence(s) below are presented with missing word(s) or phrase(s). Fill in the blanks with the appropriate options provided by clicking on the answer box to complete the question/ sentence.

Substantive procedures are designed to 7 material misstatements at the assertion level. (2 marks)

-Please Select-

correct

prevent

detect

estimate

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An inherent advantage of using audit software as it reduces 8 . (2 marks)

-Please Select-

detection risk

inherent risk

control risk

risk of material

misstatement

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## E. Drag and Drop Questions

Read the question(s) and instruction(s) in the left panel carefully. Drag the appropriate item(s) from the answer option list in the right panel and drop them into the corresponding categories or position(s) in the left panel.

**9** Describe how each form of EMH predicts the future share price forecast to beat the market.

Match the appropriate description to each EMH. (3 marks)

(i) Technical analysis is of no use, and the efforts of technical analysts are of no benefit to investors to beat the market.

(ii) The current stock price reflects all information, public as well as private, and investors will not be able to earn excess returns to beat the market as a result.

(iii) Fundamental analysis using publicly available information is of no benefit, and most of the financial analysts and mutual fund managers are not providing any value to beat the market.

Available items:

- Weak-form efficiency
- Semi strong-form efficiency
- Strong-form efficiency

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**10** Identify which of the THREE items below are NOT the basic elements of an unmodified auditor's report of an unlisted Hong Kong company according to HKSA 700 (Revised) *Forming an Opinion and Reporting on Financial Statements*. (3 marks)

Available items:

- Title of the report
- Addressee
- Basis for opinion
- Key audit matters
- Other information
- Responsibilities of Directors and Those Charged with Governance for the financial statements
- Auditor's responsibilities for the audit of the financial statements
- Director's name and signature
- Auditee's address
- Date of the report

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**11** Green Clean decided to issue bonds to provide further funding for its manufacturing plant upgrades. Assume that Green Clean made an irrevocable designation on initial recognition for the bonds to be measured at fair value through profit or loss, and the bonds met the requirements to be measured on this basis.

At initial recognition, the bonds had a fair value of HK\$1,000,000. At the end of year 1, the bonds had a fair value of HK\$900,000. Of this movement, HK\$20,000 was attributable to an increase in Green Clean's credit risk.

Prepare the journal entry to account for the change in fair value of the bonds at the end of year 1. (2 marks)

	Dr (HK\$)	Cr (HK\$)
Dr. Bonds payable	100,000	
Cr. <input type="text"/>		<input type="text"/>
Cr. Fair value gain (profit or loss)		<input type="text"/>

Available items:

Changes in own credit risk (OCI)

impairment loss (profit or loss)

20,000

80,000

100,000

0

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## F. Fill in the Blanks

Read the question carefully and fill in the most suitable answer(s) in the blank space(s) provided by typing word(s), phrase(s) or number(s) to complete the question(s) /statement(s).

12 On 15 March 2024, Joe received a notice of additional salaries tax assessment for the year of assessment 2017/18 to assess his income from another employment which he had omitted to declare in his tax return. On 20 April 2024, he discovered that he had omitted to claim approved charitable donations of HK\$10,000 in his 2017/18 tax return. Assume today is 1 May 2024. Joe may apply for correction of omission of his claim for deduction of approved charitable donations under s.70A of the IRO. The deadline is the later of  or . (2 marks)

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13 Outline any THREE financial risk management approaches to address risk. (3 marks)

Risk

Risk

Risk

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14 The audit senior has calculated average trade receivable days and compared this with the prior year. This substantive analytical procedure addresses the  assertion of trade receivables. (2 marks)

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15 Tom owns Property A which was let out for HK\$40,000 per month starting from 1 January 2023 under a 2-year lease. Rates were payable by the tenant. Tom also rented Property B for a monthly rent of HK\$25,000 and sub-let it for HK\$35,000 per month since 1 April 2023.

The amount of assessable value of Tom under property tax for the year of assessment 2023/24 is: HK\$ . (2 marks)

★ Flag

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16 Toy Palace has determined its larger outlets were a disposal group that was classified as held for sale. As of 2 April 2024, the fair value less costs to sell of the disposal group was determined to be HK\$8 million. The carrying amount of the assets within the disposal group was HK\$12 million, which consisted of the following assets:

Asset	Carrying amount (HK\$m)
Goodwill	1
Other intangibles	2
Property, plant and equipment	6
Cash	2
Trade receivables	1
	<u>12</u>

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Determine the amount to be written down for each asset within the disposal group in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations. (Round to 2 decimal places) (3 marks)

Answer area:

	Carrying amount to be written down (HK\$m)
Goodwill	
Other intangibles	
Property, plant and equipment	
Cash	
Trade receivables	

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## G. Scenario-based Questions

Read case background in the left panel, and answer all questions presented on the right panel.  
Read the instruction carefully. Question format will be stated at the beginning of each question.

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Fill in the Blanks

12 13 14 15 16

Scenario-based Questions

17 18

Task-based Questions

19

Task-based Questions

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Scenario-based Questions

Read case background in the left panel, and answer all questions presented on the right panel. Read the instruction carefully. Question format will be stated at the beginning of each question.

Question

17 PHD & Co has been the auditor of a Hong Kong listed company – Good Health Limited ("GHL") for seven years. The partner in charge of this audit has always been Kelvin over this seven year period. Same as the prior years, GHL plans to celebrate the completion of the audit by arranging a party for their staff and the audit team. In order to enhance the atmosphere of the party, a lucky draw is arranged every year and everyone can get a piece of gold of a different weight. The chairman of GHL believes that the money is well spent as such an arrangement can enhance the audit efficiency of each year.

Close to the end of the audit team's field work for the financial year ended 31 December 2024, Kelvin was approached by the chairman of GHL discussing the continuation of the assurance engagement for the next year. The only condition was that the bank loan of GHL could be renewed after the current

Answer area

1. [Multiple Selection Question] Analyse the situation of GHL for PHD & Co and identify which THREE of the potential threats and the ethical principle that may be breached. (2 marks)

☐ A. Familiarity threat  
☐ B. Self-review threat  
☐ C. Advocacy threat  
☐ D. Self interest threat  
☐ E. Intimidation threat

2. [Single Select Multiple Choice Question] Based on the situation outlined in the third paragraph of the case, determine which type of auditor's opinion should be issued by PHD & Co. (2 marks)

☐ A. Unmodified opinion

[Left Panel – Question]

Question

17 PHD & Co has been the auditor of a Hong Kong listed company – Good Health Limited ("GHL") for seven years. The partner in charge of this audit has always been Kelvin over this seven year period. Same as the prior years, GHL plans to celebrate the completion of the audit by arranging a party for their staff and the audit team. In order to enhance the atmosphere of the party, a lucky draw is arranged every year and everyone can get a piece of gold of a different weight. The chairman of GHL believes that the money is well spent as such an arrangement can enhance the audit efficiency of each year.

Close to the end of the audit team's field work for the financial year ended 31 December 2024, Kelvin was approached by the chairman of GHL discussing the continuation of the assurance engagement for the next year. The only condition was that the bank loan of GHL could be renewed after the current year's audit with an unmodified auditor's report. The renewal of the bank loan is critical for GHL's continuation of business.

After evaluating all the audit evidence, Kelvin concluded that there was a material uncertainty regarding the renewal of the bank loan of GHL and such material uncertainty has been adequately disclosed in its 2024 financial statements. He also concluded that the management's use of the going concern basis of accounting to prepare GHL's 2024 financial statements is appropriate. The auditor's report was issued on 31 March 2025.

Answer area

Restore

## [Right Panel – Answers]

Question	Answer area
<div>↔ Restore</div>	<div>↔ Restore</div> <p><b>1.</b> [Multiple Selection Question] Analyse the situation of GHL for PHD &amp; Co and identify which THREE of the potential threats and the ethical principle that may be breached. (2 marks)</p> <ul style="list-style-type: none"><li><input type="checkbox"/> A. Familiarity threat</li><li><input type="checkbox"/> B. Self-review threat</li><li><input type="checkbox"/> C. Advocacy threat</li><li><input type="checkbox"/> D. Self interest threat</li><li><input type="checkbox"/> E. Intimidation threat</li></ul> <div><div>Flag</div><div>Previous</div><div>Next</div></div>

Question	Answer area
<div>↔ Restore</div>	<div>↔ Restore</div> <p><b>2.</b> [Single Select Multiple Choice Question] Based on the situation outlined in the third paragraph of the case, determine which type of auditor's opinion should be issued by PHD &amp; Co. (2 marks)</p> <ul style="list-style-type: none"><li><input type="radio"/> A. Unmodified opinion</li><li><input type="radio"/> B. Qualified opinion</li><li><input type="radio"/> C. Adverse opinion</li><li><input type="radio"/> D. Disclaimer opinion</li><li><input type="radio"/> E. Unmodified opinion with a separate section under the heading "Material Uncertainty Related to Going Concern"</li></ul> <div><div>Flag</div><div>Previous</div><div>Next</div></div>

Question

Restore

Answer area

Restore

3. [Single Select Multiple Choice Question] Subsequent to the issuance of auditor's report, GHL reappointed PHD & Co as its auditor for the financial year ending 31 December 2024. Identify the duration of cooling-off period that Kelvin has to be followed? (2 marks)

☐ A. 2 consecutive years

☐ B. 4 consecutive years

☐ C. 5 consecutive years

☐ D. 7 consecutive years

☐ E. Cooling off is not required

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▼ Fill in the Blanks

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**Scenario-based Questions**

Read case background in the left panel, and answer all questions presented on the right panel. Read the instruction carefully. Question format will be stated at the beginning of each question.

English (United States) ▼

**Question**

**18** Ulbar Technology Company Limited ("UTC") is planning to invest in a potential project, "Water Taxi". The risks associated with the project "Water Taxi" are comparable to the risks of UTC's current operations. The proposed project will incur an initial cost of HK\$17.2 million that will be depreciated on a straight-line basis over ten years. The project also requires additional expenditure for repairs and maintenance of HK\$678,000 annually over the project's life. Management estimates that the project will generate cash inflows of HK\$4.78 million a year over its 10-year life. The initial investment will be depreciated on a straight-line basis over the life of the project. At the end of the ten years, the firm expects to sell the trucks and facilities for HK\$1.3 million.

You are the Chief Financial Officer of UTC estimating the discount rate, which is the cost of capital, for capital budgeting appraisal. The financial information of UTC with

**Answer area**

**1.** [Fill in the Blanks] Compute the cost of equity and the cost of preferred stock. (Round your answers are to 2 decimal places.) (2 marks)

Cost of equity =  %

Cost of preferred stock =  %

**2.** [Single Select Multiple Choice Question] Compute the pre-tax cost of debt for UTC. (2 marks)

☐ A. 9.5%  
☐ B. 4.45%  
☐ C. 6%  
☐ D. 6.85%

**3.** [Fill in the Blanks] Assuming that UTC is going to maintain

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## [Left Panel – Question]

**Question**

**18** Ulbar Technology Company Limited ("UTC") is planning to invest in a potential project, "Water Taxi". The risks associated with the project "Water Taxi" are comparable to the risks of UTC's current operations. The proposed project will incur an initial cost of HK\$17.2 million that will be depreciated on a straight-line basis over ten years. The project also requires additional expenditure for repairs and maintenance of HK\$678,000 annually over the project's life. Management estimates that the project will generate cash inflows of HK\$4.78 million a year over its 10-year life. The initial investment will be depreciated on a straight-line basis over the life of the project. At the end of the ten years, the firm expects to sell the trucks and facilities for HK\$1.3 million.

You are the Chief Financial Officer of UTC estimating the discount rate, which is the cost of capital, for capital budgeting appraisal. The financial information of UTC with related market information are given below:

**Common stock:** There are 285 million shares outstanding selling for HK\$26.50 per share. The stock has a beta coefficient of 1.65.

**Preferred stock:** 35 million shares selling at HK\$75 per share, with dividend rate of 4.5% and face value of HK\$100.

**Answer area**

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**Debt:** Five years ago, the company issued 5 million 15-year annual coupon bonds with par value of HK\$1,000 each that are still outstanding now. Its coupon rate is 6%. The total market value of the coupon bonds are currently selling at HK\$4,699,417,007.

**Market:** The current U.S. Treasury Bill yields 3% and the expected return on the market is 9.5%. The company is in the 35% corporate tax bracket.

Answer area

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### [Right Panel – Answers]

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**Answer area**

**1.** [Fill in the Blanks] Compute the cost of equity and the cost of preferred stock. (Round your answers are to 2 decimal places.) (2 marks)

Cost of equity =  %

Cost of preferred stock =  %

**2.** [Single Select Multiple Choice Question] Compute the pre-tax cost of debt for UTC. (2 marks)

☐ A. 9.5%  
☐ B. 4.45%  
☐ C. 6%  
☐ D. 6.85%

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Question

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Answer area

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3. [Fill in the Blanks] Assuming that UTC is going to maintain the current capital structure, compute the total market value of equity, preferred stock and cost of debt for the company. (Round your answers are to the nearest dollar) (2 marks)

Total market value of equity is HK\$

Total market value of preferred stock is HK\$

Total market value of cost of debt is HK\$

Total market value of equity, preferred stock and cost of debt is HK\$

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Question

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Answer area

Restore

4. [Single Select Multiple Choice Question] Assuming that UTC is going to maintain the current capital structure, compute the weighted average cost of capital ("WACC") for the company. (2 marks)

☐

 A. 4.62%

☐

 B. 9.44%☐☐

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5. [Fill in the Blanks] Produce the forecast cash flows generated in Year 10, in the form of a pro-forma statement of profit or loss, for project "Water Taxi" of UTC. (7 marks)

Forecasted cash flow for Year 10	
	HK\$
Revenue/Cash inflows	4,780,000
Less:	
Earnings before tax	
Less:	
Earnings after tax	
Add:	
Operating cash flow	
Add:	
Net cash flow	

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Question

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Answer area

↔ Restore

6. [Single Select Multiple Choice Question] Based on the result in Q5, calculate the net present value ("NPV") of Project "Water Taxi". (2 marks)

☐ A. HK\$ -9,363,400  
☐ B. HK\$ 3,902,096  
☐ C. HK\$ 5,013,675  
☐ D. HK\$ 9,363,400

7. [Single Select Multiple Choice] Determine whether UTC should accept or reject the project accordingly. (2 marks)

☐ A. As the NPV of the project is positive, the project should be accepted.  
☐ B. As the NPV of the project is positive, the project should be unaccepted.  
☐ C. As the NPV of the project is negative, the project should be accepted.  
☐ D. As the NPV of the project is negative, the project should be unaccepted.

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## H. Task-based Questions

Read case background and additional information in the left panel. Answer questions presented in different tabs on the right panel. Question types will be stated at the beginning of the questions.  
Read the instructions on each question carefully.

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Task-based Questions  
Read case background and additional information in the left panel. Answer questions presented in different tabs on the right panel. Question types will be stated at the beginning of the questions. Read the instructions on each question carefully.  
English (United States)  
Question  
19 Supreme Gold Limited ("SGL") acquired 70% of the equity shares of Platinum Limited ("PLL") for HK\$22,400,000 on 1 October 2019. PLL has become SGL's subsidiary since then. At the acquisition date, PLL reported retained earnings of HK\$7,800,000. SGL recorded its investment in PLL at cost in its separate financial statements. SGL, together with PLL, is collectively known as the SGL Group (the "Group").  
The statements of financial position for SGL and PLL as at 31 March 2022 are shown below.  

	SGL HK\$'000	PLL HK\$'000
Assets		
Non-current assets		
Property, plant and equipment, net	82,500	31,300
Investment in Platinum Limited	22,400	

Answer area  
Q1 Q2 Q3 Q4 Q5  
[Fill in the Blanks] Determine the goodwill in the acquisition of PLL (4 marks)  
The net identifiable assets were measured at HK\$  
and the Non-controlling interest at the acquisition date were measured at HK\$

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[Left Panel – Questions]

Question  
19 Supreme Gold Limited ("SGL") acquired 70% of the equity shares of Platinum Limited ("PLL") for HK\$22,400,000 on 1 October 2019. PLL has become SGL's subsidiary since then. At the acquisition date, PLL reported retained earnings of HK\$7,800,000. SGL recorded its investment in PLL at cost in its separate financial statements. SGL, together with PLL, is collectively known as the SGL Group (the "Group").  
The statements of financial position for SGL and PLL as at 31 March 2022 are shown below.  

	SGL HK\$'000	PLL HK\$'000
Assets		
Non-current assets		
Property, plant and equipment, net	82,500	31,300
Investment in Platinum Limited	22,400	
Current assets		
Inventories	49,100	21,800

Answer area  
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Split

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Trade receivables	17,200	11,530
Cash	7,300	3,740
	<u>178,500</u>	<u>68,370</u>
Equity and Liabilities		
Equity		
Share capital (HK\$1 each in issue and fully paid)	80,000	20,000
Retained earnings, 31 March 2022	23,200	19,270
Non-current liabilities	49,600	14,000
Current liabilities	25,700	15,100
Total equity and liabilities	<u>178,500</u>	<u>68,370</u>

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Addition information:

- At the date of acquisition, the fair values of PLL's net assets were equal to their carrying amounts, with the exception of its factory building of which the fair value exceeded the carrying amount by HK\$3,000,000. The remaining useful life of the factory building was 30 years.  
  
Both SGL and PLL measure its property, plant and equipment items using the cost model in accordance with HKAS 16 Property, Plant and Equipment and adopt straightline depreciation for their property, plant and equipment items. Depreciation is recorded on a monthly basis.
- SGL chose to measure the non-controlling interest in PLL at its fair value at the date of acquisition. PLL's share price on 1 October 2019 was HK\$1.6 per share. This was deemed to be representative of the fair value of the shares held by the noncontrolling interest at the date of acquisition.
- On 30 March 2022, PLL sold goods to SGL with a transfer price of HK\$3,600,000. PLL applied a mark-up on cost of 20% for all goods sold to SGL. SGL has not yet sold any of these inventory items to its customers by 31 March 2022. SGL settled this amount on the same day.

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- PLL's opening retained earnings as at 1 April 2021 was HK\$14,000,000. PLL paid a dividend of HK\$700,000 on 31 December 2021. This dividend payment and the net profits earned in the year were the only changes in PLL's retained earnings for the year ended 31 March 2022.
- PLL has not issued any shares since 1 October 2019.

**Required**

- Determine the amount of the net identifiable assets and non-controlling interest at the acquisition date for calculation of goodwill. (4 marks)
- Regarding the factory building of which the fair value exceeded the carrying amount by HK\$3,000,000 at the date of acquisition, determine which consolidated adjustment journal entries is correct. (2 marks)
- Regarding the sale of inventories on 30 March 2022, determine which of the following statements is correct. (2 marks)
- Regarding the dividend of HK\$700,000 paid by PLL on 31 December 2021, determine which consolidated adjustment journal entries is correct. (2 marks)
- Prepare the consolidated statement of financial position for the Group as at 31 March 2022. (10 marks)

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## [Right Panel – Answers]

**Task-based Questions**

Read case background and additional information in the left panel. Answer questions presented in different tabs on the right panel. Question types will be stated at the beginning of the questions. Read the instructions on each question carefully.

English (United States) ▼

Question

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Answer area

Q 1 Q 2 Q 3 Q 4 Q 5

Restore

[Fill in the Blanks] Determine the goodwill in the acquisition of PLLI (4 marks)

The net identifiable assets were measured at HK\$

and the Non-controlling interest at the acquisition date were measured at HK\$

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**Task-based Questions**

Read case background and additional information in the left panel. Answer questions presented in different tabs on the right panel. Question types will be stated at the beginning of the questions. Read the instructions on each question carefully.

English (United States) ▼

Question

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Answer area

Q 1 Q 2 Q 3 Q 4 Q 5

Restore

[Single Select Multiple Choice Question] Regarding the factory building of which the fair value exceeded the carrying amount by HK\$3,000,000 at the date of acquisition, determine which of the following consolidated adjustment journal entries is correct. (2 marks)

☐ A.

Dr. Depreciation expense	HK\$100,000	
Dr. Retained earnings	HK\$150,000	
Cr. Accumulated depreciation		HK\$250,000

☐ B.

Dr. Depreciation expense	HK\$100,000	
Dr. Retained earnings	HK\$70,000	
Cr. Accumulated depreciation		HK\$200,000
Dr. NCI (B/S)	HK\$60,000	
Cr. NCI (P/L)		HK\$30,000

Flag

Previous

Next

Question

Restore

Answer area

Restore

Q1 Q2 Q3 Q4 Q5

- ☐ C.
- |                              |             |             |
|------------------------------|-------------|-------------|
| Dr. Depreciation expense     | HK\$100,000 |             |
| Dr. Retained earnings        | HK\$105,000 |             |
| Cr. Accumulated depreciation |             | HK\$250,000 |
| Dr. NCI (B/S)                | HK\$75,000  |             |
| Cr. NCI (P/L)                |             | HK\$30,000  |
- ☐ D.
- |                              |             |             |
|------------------------------|-------------|-------------|
| Dr. Depreciation expense     | HK\$250,000 |             |
| Cr. Accumulated depreciation |             | HK\$250,000 |
| Dr. NCI (B/S)                | HK\$75,000  |             |
| Cr. NCI (P/L)                |             | HK\$75,000  |

Flag

Previous

Next

Question

Restore

Answer area

Restore

Q1 Q2 Q3 Q4 Q5

[Multiple Selection Question] In relation to the sale of inventories on 30 March 2022, determine which of the following statements is correct. Select all that apply. (2 marks)

- ☐ A. The balance of Inventory presented on the consolidated statement of financial position would have decreased by HK\$600,000
- ☐ B. There is no impact to the cost of goods sold to the consolidated statement of profit or loss of the Group
- ☐ C. The cost of goods sold in the consolidated statement of profit or loss of the Group would have decreased by HK\$3,000,000
- ☐ D. There is no impact to the NCI balance
- ☐ E. The NCI balance would have decreased by HK\$180,000

Flag

Previous

Next

Question

Restore

Answer area

Restore

Q1 Q2 Q3 Q4 Q5

[Single Select Multiple Choice Question] Regarding the dividend of HK\$700,000 paid by PLL on 31 December 2021, determine which of the following consolidated adjustment journal entries is correct. (2 marks)

- ☐ A.
- |                     |             |             |
|---------------------|-------------|-------------|
| Dr. Dividend income | HK\$490,000 |             |
| Dr. NCI (B/S)       | HK\$210,000 |             |
| Cr. NCI (P/L)       |             | HK\$700,000 |
- ☐ B.
- |  |             |             |
|--|-------------|-------------|
| Dr. Account receivable                     | HK\$700,000 |             |
| Cr. Retained earnings - dividends declared |             | HK\$700,000 |
- ☐ C.
- |  |             |             |
|--|-------------|-------------|
| Dr. Dividend income                        | HK\$700,000 |             |
| Cr. Retained earnings - dividends declared |             | HK\$700,000 |
- ☐ D. There is no impact to the consolidated financial statement as the dividend has already settled during the year.

Flag

Previous

Next

Question

↔ Restore

Answer area

↔ Restore

Q 1 Q 2 Q 3 Q 4 **Q 5**

[Fill in the Blanks] Prepare the consolidated statement of financial position for the Group as at 31 March 2022. (10 marks)

Consolidated statement of financial position  
as at 31 March 2022

	HK\$'000
	Dr / (Cr)
<b>Asset</b>	
<b>Non-current assets</b>	
Property, plant and equipment, net	
Investment in Platinum Limited	
Goodwill	

Flag

Previous

Next

Question

↔ Restore

Answer area

↔ Restore

Q 1 Q 2 Q 3 Q 4 **Q 5**

**Current assets**

Inventories

Trade receivables

Cash

**Total assets**

**Equity and liabilities**

**Equity**

Share capital

Retained earnings

Non-controlling interest

Non-current liabilities

**Current liabilities**

**Total equity and liabilities**

Flag

Previous

Next

## I. Task-based Questions

Read the case background and additional information presented in the left panel. Complete all blank spaces presented in the right panel by filling in numerical answers. Reference materials are attached at the end of the question.

[Full Screen for Reference]

Hong Kong Institute of Certified Public Accountants  
Qualification Programme

Seat No. :  
Candidate Number :  
Answered :  
Time Remaining :

Screen Lock

7 8  
9 10 11  
12 13 14 15 16  
17 18  
19  
20

Drag and Drop Questions  
Fill in the Blanks  
Scenario-based Questions  
Task-based Questions  
Task-based Questions

Current Unanswered Incompleted  
Done Flagged

Task-based Questions

Read the case background and additional information presented in the left panel. Complete all blank spaces presented in the right panel by filling in numerical answers.

Question

20 AG Limited ("the Company") is incorporated and carries on a trading business in Hong Kong. Mr Chen is the director of the Company. The Company does not carry on any other business in Hong Kong and it prepares its accounts to 31 March each year. Its statement of profit or loss and other comprehensive income for the year ended 31 March 2019 shows the following particulars:

	Notes	HK\$	HK\$
Gross profits	1		11,256,000
Interest received	2		170,000
Dividends from wholly owned subsidiary in mainland China	3		66,500
			11,492,500
Less:			
Auditor's fee		60,000	
Director's remuneration	4	1,560,000	
Salaries and allowances		5,370,000	

Answer area

1 Compute AG Limited's profits tax liability for the year of assessment 2018/19. Ignore provisional profits tax. Please scroll down to the bottom of the Answer to complete the workings for the Profits Tax Computation. (19 marks)

AG Limited  
Profits tax computation  
Year of assessment 2018/19  
Basis period: year ended 31 March 2019

	HK\$
Net profit	
Add:	
Special contribution to mandatory provident fund ("MPF") (Working 1)	
Annual contribution to MPF (Working 2)	
Loss on sale of fixed asset	
Sale proceeds of fixed assets	

End Exam and Submit

Flag

Reference Materials

Previous

[Left panel – Questions]

Question

20 AG Limited ("the Company") is incorporated and carries on a trading business in Hong Kong. Mr Chen is the director of the Company. The Company does not carry on any other business in Hong Kong and it prepares its accounts to 31 March each year. Its statement of profit or loss and other comprehensive income for the year ended 31 March 2019 shows the following particulars:

	Notes	HK\$	HK\$
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Less:			
Auditor's fee		60,000	
Director's remuneration	4	1,560,000	
Salaries and allowances		5,370,000	

Answer area

Previous



## Question

ab

Split

Restore

## Answer area

Restore

Rent and rates for office premises	5	640,000	
Contributions to mandatory provident fund ("MPF") scheme	6	990,000	
Loss on sale of fixed asset	7	10,000	
Commission	8	550,000	
Interest paid	9	250,000	
Water and electricity		80,000	
Motor vehicle expenses	10	275,000	
Bad debts	11	227,000	
Donations	12	400,000	
Depreciation		312,000	
General expenses (all allowable)		370,000	(11,094,000)
Net profit			398,500

Flag

Previous

## Question

ab

Split

Restore

## Answer area

Restore

Notes:

(1) All gross profits are sourced in Hong Kong.

		HK\$
(2)	Interest from Hong Kong dollar fixed deposit placed with a local bank (see also Note 9 below)	140,000
	Interest from customers on overdue accounts	30,000
		170,000
		HK\$
(3)	Gross dividend	70,000
	Less: Withholding tax @ 5%	(3,500)
		66,500

Flag

Previous

## Question

ab

Split

Restore

## Answer area

Restore

		HK\$
(4)	Director's fee to Mr Chen	1,200,00
		0
	Rent and rates paid to landlord for director's accommodation rented by the Company directly	360,000
		1,560,00
		0
		HK\$
(5)	Rent of office premises paid to landlord*	600,000
	Rates of office premises	40,000
		640,000
	* The office premises are wholly owned by KG Limited, the Company's wholly owned subsidiary in Hong Kong.	

Flag

Previous

Question

ab

Split

Restore

		HK\$	
(6)	Special payment to the scheme	500,000	
	Annual contribution to the scheme in respect of:		
	- Mr Chen (20%)	240,000	
	- Other employees (5% of remuneration)	250,000	
		990,000	
		HK\$	HK\$
(7)	Sales proceeds of computers		20,000
	Costs of computers	80,000	
	Less: Accumulated depreciation	(50,000)	(30,000)
			(10,000)
	The computers were purchased in 2012 and the costs were deducted under prescribed fixed assets in the year of assessment 2012/13.		
		HK\$	

Flag

Previous

Question

ab

Split

Restore

		HK\$	
(8)	Salesmen's commission	320,000	
	Commission to undisclosed recipients	230,000	
		550,000	
		HK\$	
(9)	Interest on loan from Mr Chen	50,000	
	Interest on loan from a local bank. The loan was secured by the Company's fixed deposit as mentioned in Note (2) above.	200,000	
		250,000	
	Mr Chen has not carried on any business in Hong Kong.		

Flag

Previous

Question

ab

Split

Restore

(10)	Fine	14,000	
	Petrol	170,000	
	Car-parking charges	72,000	
	Repairs	19,000	
		275,000	
		HK\$	
(11)	Trade debt written off	127,000	
	Loan to a customer written off	100,000	
		227,000	
(12)	These were cash donations paid to approved charitable organisations in Hong Kong.		

Flag

Previous

Question

ab

Split

Restore

Other information:

(13) The tax written down value of plant and machinery under the 30% pool brought forward from the year of assessment 2017/18 is HK\$76,000. During the year, the Company purchased the following assets:

Motor vehicles: HK\$800,000  
Computers: HK\$120,000

Other than the disposal mentioned in Note 7, the Company also sold a motor vehicle for HK\$30,000 (at book value) and the cost of the motor vehicle was HK\$600,000.

(14) The Company had incurred decoration expenses of HK\$275,000 when the Company moved into the office premises (Note 5) in the year of assessment 2010/11.

Answer area

Restore

Flag

Previous

### [Right Panel – Answers]

Question

Restore

Answer area

Restore

**1** Compute AG Limited's profits tax liability for the year of assessment 2018/19. Ignore provisional profits tax. Please scroll down to the bottom of the Answer to complete the workings for the Profits Tax Computation. (19 marks)

AG Limited	
Profits tax computation	
Year of assessment 2018/19	
Basis period: year ended 31 March 2019	
	HK\$
Net profit	
Add:	
Special contribution to mandatory provident fund ("MPF") (Working 1)	
Annual contribution to MPF (Working 2)	

Flag

Previous

Question

n

↔ Restore

Answer area

↔ Restore

Loss on sale of fixed asset	
Sale proceeds of fixed assets	
Commission	
Interest expenses	
Fine/ Penalty	
Bad debt written off	
Donations	
Depreciation	
<hr/>	
Less:	
Dividend income	
Depreciation allowance for plant and machinery (Working 3)	
Commercial building allowance (Working 4)	

Flag

↔ Restore

Previous

Question

n

↔ Restore

Answer area

↔ Restore

Prescribed fixed assets	
<hr/>	
Less:	
Approved charitable donations (XX% limit) (Working 5)	
Assessable profit	
<hr/>	
Profits tax @ 8.25%	
Less: Tax reduction	
Profits tax payable	

Flag

↔ Restore

Previous

Question

n

↔ Restore

Answer area

↔ Restore

2. Complete the working for the computation of profits tax.

Working 1:

Expenditure (HK\$)		x	Non-deductible annual instalments / Total number of annual instalments		=	Non-deductible initial and/ Special contribution to MPF (HK\$)

Question

Answer area

Restore

Restore

**Working 2:**

Deductible amount of the contribution

Annual contribution to MPF Scheme in respect of the Employee HK\$

[Emolument of the Employee HK\$

% specified in s. 17(1)(h) of the IRO]

Taxable benefit = HK\$

Flag

Previous

Question

Answer area

Restore

Restore

**Working 3:**

	30% pool	Depreciation allowance
	HK\$	HK\$
T.W.D.V. b/fwd		
Additions		
Less: I.A, (i.e. Relevant amount		
x %)		
Less: Sales proceeds		
Less: A.A. @xx%		
T.W.D.V. c/fwd		

Flag

Previous

Question

Answer area

Restore

Restore

**Working 4:**

Qualifying expenditure HK\$

Rate of annual allowance %

Commercial building allowance HK\$

x % =

**Working 5:**

The lower of the following:

(a) Charitable donations HK\$ ; OR

(b) The applicable amount (HK\$)

x % =

**Table A: Personal allowances and deductions**

Year of assessment	2018/19
<b>Personal allowances</b>	HK\$
Basic	132,000
Married person's	264,000
Single parent	132,000
Child	
1 <sup>st</sup> to 9 <sup>th</sup> child (each)	120,000
Additional allowance in the year of birth (each)	120,000
Dependent parent / grandparent (aged 60 or above or is eligible to claim an allowance under the Government's Disability Allowance Scheme)	
Basic	50,000
Additional (for dependant residing with taxpayer continuously throughout the whole year)	50,000
Dependent parent / grandparent (aged 55-59)	
Basic	25,000
Additional (for dependant residing with taxpayer continuously throughout the whole year)	25,000
Dependent brother / sister	37,500
Personal disability	75,000
Disabled dependant	75,000
<b>Deductions / Concessionary deductions</b>	HK\$
Self-education expenses	100,000
Home loan interest	100,000
Elderly residential care expenses	100,000
Contributions to recognised retirement schemes	18,000
Approved charitable donations	35%
<b>Depreciation allowances</b>	
Plant and machinery: Initial allowance ("IA")	60%
Annual allowance ("AA")	Given in question
Industrial building: IA	20%
AA	4%
Commercial building: AA	4%

**Table B: Tax rates**

Year of assessment	2018/19*
<b>Tax rates</b>	<b>%</b>
<b>Standard</b>	15.0
<b>Progressive</b>	
HK\$1 - HK\$50,000	2.0
HK\$50,001 - HK\$100,000	6.0
HK\$100,001 - HK\$150,000	10.0
HK\$150,001 – HK\$200,000	14.0
Above HK\$200,000	17.0
<b>Two-tiered profits tax rates</b>	
First HK\$2 million assessable profits	
Unincorporated businesses	7.5
Corporations	8.25
Over HK\$2 million assessable profits	
Unincorporated businesses	15.0
Corporations	16.5

Year of assessment	2018/19*
<b>Tax rates</b>	<b>%</b>
<b>Standard</b>	15.0
<b>Progressive</b>	2.0
HK\$1 - HK\$50,000	2.0
HK\$50,001 - HK\$100,000	6.0
HK\$100,001 - HK\$150,000	10.0
HK\$150,001 – HK\$200,000	14.0
Above HK\$200,000	17.0
<b>Two-tiered profits tax rates</b>	
First HK\$2 million assessable profits	
Unincorporated businesses	7.5
Corporations	8.25
Over HK\$2 million assessable profits	
Unincorporated businesses	15.0
Corporations	16.5

\* 100% of the final tax payable under salaries tax, profits tax and tax under personal assessment will be waived, subject to a maximum of HK\$20,000.

**Table C: Stamp duty rates**

Conveyance and Agreement for sale		
<b>Ad Valorem Stamp Duty</b> (marginal reliefs ignored)	<b>Scale 1</b>	<b>Scale 2</b>
Not exceeding HK\$2,000,000	1.5%	HK\$100
Not exceeding HK\$3,000,000	3%	1.5%
Not exceeding HK\$4,000,000	4.5%	2.25%
Not exceeding HK\$6,000,000	6%	3%
Not exceeding HK\$20,000,000	7.5%	3.75%
Exceeding HK\$20,000,000	8.5%	4.25%
	From	
	5/11/2016	
For residential property		15%
(unless specifically exempted or provided otherwise)		
<b>Special Stamp Duty</b>		
Holding period		
Not exceeding 6 months		20%
Between 6 months and 12 months		15%
Between 12 months and 36 months		10%
<b>Buyer's Stamp Duty</b>		15%
<b>Lease</b>		
Rent only:		
Not exceeding 1 year		0.25%
Not exceeding 3 years		0.5%
Exceeding 3 years		1%
Premium and rent:		4.25%
Premium part		4.25%
Rent part	same as rent only lease	
<b>Hong Kong Stock Transfer</b>		
Contract notes		0.2%
Instrument of transfer		HK\$5

**Table D: Abbreviation**

CIR	Commissioner of Inland Revenue
DIPN	Departmental Interpretation and Practice Notes
IRD	Inland Revenue Department
IRO	Inland Revenue Ordinance



# **Associate Modules 6 to 9 (Combined Modules) Sample Paper**

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## **Answers**

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The purpose of the suggested answers is meant to help candidates familiarise themselves with the form and style of questions and facilitate their revision and learning. The sample questions and answers should be used with caution as the content may not have been updated to reflect any changes in relevant standards or legislation.

**Associate Modules 6 to 9 --- Sample Paper (Answer)**  
**OBJECTIVE TYPE QUESTIONS. (Total: 100 marks)**

Part	Questions	Answer	Marks															
A	1	C	2															
A	2	B	2															
B	3	ABCD	2															
B	4	BCE	2															
C	5-Q1	False	2															
C	5-Q2	True																
C	6-Q1	True	2															
C	6-Q2	False																
D	7	detect	2															
D	8	detection risk	2															
E	9	(i) Weak-form efficiency (ii) Semi strong-form efficiency (iii) Strong-form efficiency	3															
E	10	Key audit matters, Director's name and signature, Auditee's address	3															
E	11	<table><tr><td></td><td>Dr</td><td>Cr</td></tr><tr><td></td><td>HK\$</td><td>HK\$</td></tr><tr><td>Dr. Bonds payable</td><td>100,000</td><td></td></tr><tr><td>Cr. Changes in own credit risk (OCI)</td><td></td><td>20,000</td></tr><tr><td>Cr. Fair value gain (profit or loss)</td><td></td><td>80,000</td></tr></table>		Dr	Cr		HK\$	HK\$	Dr. Bonds payable	100,000		Cr. Changes in own credit risk (OCI)		20,000	Cr. Fair value gain (profit or loss)		80,000	2
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	HK\$	HK\$																
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Cr. Changes in own credit risk (OCI)		20,000																
Cr. Fair value gain (profit or loss)		80,000																
F	12	31 March 2024, 15 September 2024	2															
F	13	Any 3 of the following: <ul style="list-style-type: none"><li>• Acceptance</li><li>• Avoidance</li><li>• Mitigation</li><li>• Retention</li><li>• Reduction</li></ul>	3															
F	14	valuation	2															
F	15	HK\$480,000	2															
F	16	<table><tr><td></td><td>Carrying amount (HK\$m)</td></tr><tr><td>Goodwill</td><td>1.00</td></tr><tr><td>Other intangibles</td><td>0.75</td></tr><tr><td>Property, plant and equipment</td><td>2.25</td></tr><tr><td>Cash</td><td>0.00</td></tr><tr><td>Trade receivables</td><td>0.00</td></tr></table>		Carrying amount (HK\$m)	Goodwill	1.00	Other intangibles	0.75	Property, plant and equipment	2.25	Cash	0.00	Trade receivables	0.00	3			
	Carrying amount (HK\$m)																	
Goodwill	1.00																	
Other intangibles	0.75																	
Property, plant and equipment	2.25																	
Cash	0.00																	
Trade receivables	0.00																	
G	17-Q1	ADE	2															
G	17-Q2	E	2															
G	17-Q3	C	2															

G	18-Q1	Cost of equity = 13.73% Cost of preferred stock = 6%	2																				
G	18-Q2	D	2																				
G	18-Q3	Total market value of equity is HK\$7,552,500,000  Total market value of preferred stock is HK\$2,625,000,000  Total market value of cost of debt is HK\$ 4,699,417,007  Total market value of equity, preferred stock and cost of debt is HK\$ 14,876,917,007	2																				
G	18-Q4	D	2																				
G	18-Q5	Forecasted cash flow for Year 10 <div style="text-align: right;">HK\$</div> <table style="width: 100%;"><tr><td>Revenue/ Cash inflows</td><td style="text-align: right;">4,780,000</td></tr><tr><td>Less: Repairs and maintenance</td><td style="text-align: right;">678,000</td></tr><tr><td>Depreciation</td><td style="text-align: right;">1,720,000</td></tr><tr><td>Earnings before tax</td><td style="text-align: right;">2,382,000</td></tr><tr><td>Less: Tax</td><td style="text-align: right;">833,700</td></tr><tr><td>Earnings after tax</td><td style="text-align: right;">1,548,300</td></tr><tr><td>Add: Depreciation</td><td style="text-align: right;">1,720,000</td></tr><tr><td>Operating cash flow</td><td style="text-align: right;">3,268,300</td></tr><tr><td>Add: Residual value of the truck</td><td style="text-align: right;">1,300,000</td></tr><tr><td>Net cash flow</td><td style="text-align: right;">4,568,300</td></tr></table>	Revenue/ Cash inflows	4,780,000	Less: Repairs and maintenance	678,000	Depreciation	1,720,000	Earnings before tax	2,382,000	Less: Tax	833,700	Earnings after tax	1,548,300	Add: Depreciation	1,720,000	Operating cash flow	3,268,300	Add: Residual value of the truck	1,300,000	Net cash flow	4,568,300	7
Revenue/ Cash inflows	4,780,000																						
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G	18-Q6	B	2																				
G	18-Q7	A	2																				

H	19-Q1	Net identifiable assets: \$30,800 Non-controlling interest: HK\$9,600	4
H	19-Q2	C	2
H	19-Q3	ACE	2
H	19-Q4	A	2
H	19-Q5	<p style="text-align: center;"><b>Consolidated statement of financial position as at 31 March 2022</b></p> <p style="text-align: right;"><b>HK\$'000 Dr/ (Cr)</b></p> <p><b><u>Asset</u></b></p> <p><b><i>Non-current assets</i></b></p> <p>Property, plant and equipment, net 116,550</p> <p>Investment in Platinum Limited 0</p> <p>Goodwill 1,200</p> <p><b><i>Current assets</i></b></p> <p>Inventories 70,300</p> <p>Trade receivables 28,730</p> <p>Cash 11,040</p> <p><b>Total assets</b> 227,820</p> <p><b><u>Equity and liabilities</u></b></p> <p><b><i>Equity</i></b></p> <p>Share capital -80,000</p> <p>Retained earnings -30,634</p> <p>Non-controlling interest -12,786</p> <p>Non-current liabilities -63,600</p> <p><b><i>Current liabilities</i></b> -40,800</p> <p><b>Total equity and liabilities</b> -227,820</p>	10

I	20-Q1	<div>AG Limited</div> <div>Profits tax computation</div> <div>Year of assessment 2018/19</div> <div>Basis period: year ended 31 March 2019</div>	19																																																			
		<table><tr><td></td><td>HK\$</td></tr><tr><td>Net profit</td><td>398,500</td></tr><tr><td>Add:</td><td></td></tr><tr><td>Special contribution to mandatory provident fund ("MPF") (Working 1)</td><td>400,000</td></tr><tr><td>Annual contribution to MPF (Working 2)</td><td>60,000</td></tr><tr><td>Loss on sale of fixed asset</td><td>10,000</td></tr><tr><td>Sale proceeds of fixed assets</td><td>20,000</td></tr><tr><td>Commission</td><td>230,000</td></tr><tr><td>Interest expenses</td><td>50,000</td></tr><tr><td>Fine/ Penalty</td><td>14,000</td></tr><tr><td>Bad debt written off</td><td>100,000</td></tr><tr><td>Donations</td><td>400,000</td></tr><tr><td>Depreciation</td><td>312,000</td></tr><tr><td></td><td>1,994,500</td></tr><tr><td>Less:</td><td></td></tr><tr><td>Dividend income</td><td>66,500</td></tr><tr><td>Depreciation allowance for plant and machinery (Working 3)</td><td>589,800</td></tr><tr><td>Commercial building allowance (Working 4)</td><td>11,000</td></tr><tr><td>Prescribed fixed assets</td><td>120,000</td></tr><tr><td></td><td>-787,300</td></tr><tr><td>Less:</td><td></td></tr><tr><td>Approved charitable donations (XX% limit) (Working 5)</td><td>-400,000</td></tr><tr><td>Assessable profit</td><td>807,200</td></tr><tr><td>Profits tax @ 8.25%</td><td>66,594</td></tr><tr><td>Less: Tax reduction</td><td>-20,000</td></tr><tr><td>Profits tax payable</td><td>46,594</td></tr></table>		HK\$	Net profit	398,500	Add:		Special contribution to mandatory provident fund ("MPF") (Working 1)	400,000	Annual contribution to MPF (Working 2)	60,000	Loss on sale of fixed asset	10,000	Sale proceeds of fixed assets	20,000	Commission	230,000	Interest expenses	50,000	Fine/ Penalty	14,000	Bad debt written off	100,000	Donations	400,000	Depreciation	312,000		1,994,500	Less:		Dividend income	66,500	Depreciation allowance for plant and machinery (Working 3)	589,800	Commercial building allowance (Working 4)	11,000	Prescribed fixed assets	120,000		-787,300	Less:		Approved charitable donations (XX% limit) (Working 5)	-400,000	Assessable profit	807,200	Profits tax @ 8.25%	66,594	Less: Tax reduction	-20,000	Profits tax payable	46,594
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I	20-Q2	<p><b>Working 1:</b> HK\$500,000 x 4/5 = HK\$400,000</p> <p><b>Working 2:</b> HK\$240,000 – (HK\$1,200,000 x 15%) = HK\$60,000</p> <p><b>Working 3:</b></p> <table><tr><td></td><td><b>30% pool (in HK\$)</b></td><td><b>Depreciation allowance (in HK\$)</b></td></tr><tr><td>T.W.D.V. b/fwd</td><td>76,000</td><td></td></tr><tr><td>Additions</td><td>800,000</td><td></td></tr><tr><td>Less: I.A. (i.e. Relevant amount HK\$800,000 x 60%)</td><td>-480,000</td><td>480,000</td></tr><tr><td>Less: Sale proceeds</td><td>-30,000</td><td></td></tr><tr><td>Less: A.A. @XX%</td><td>-109,800</td><td>109,800</td></tr><tr><td>T.W.D.V. c/fwd</td><td>256,200</td><td>589,800</td></tr></table> <p><b>Working 4:</b> HK\$275,000 x 4 % = HK\$11,000</p> <p><b>Working 5:</b> (a) HK\$400,000 (b) HK\$1,207,200 x 35 % = HK\$422,520</p>		<b>30% pool (in HK\$)</b>	<b>Depreciation allowance (in HK\$)</b>	T.W.D.V. b/fwd	76,000		Additions	800,000		Less: I.A. (i.e. Relevant amount HK\$800,000 x 60%)	-480,000	480,000	Less: Sale proceeds	-30,000		Less: A.A. @XX%	-109,800	109,800	T.W.D.V. c/fwd	256,200	589,800	
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