



## Worksheet 2: Find the conclusion

Look at the start of each conclusion written below to answer the questions. Based on only the first sentence of the conclusion, tick the box to identify which is better and explain why.

- 1 Advise Tan whether or not he should set up a company in Country B to sell his products. Justify your answer.

Response 1	Response 2
<i>Based on the arguments, Tan should set up a company in Country B to sell his product.</i>	<i>Setting up a company in Country B has many advantages and disadvantages and Tan will need to decide whether he wants to set up a company in Country B or not.</i>

Response 1	Response 2	Explanation

- 2 Assess whether or not X Limited has made the right decision to acquire the partnership business. Support your answer using relevant calculations.

Response 1	Response 2
<i>Based on calculations X Limited made the right decision but in general X Limited made an incorrect decision to acquire the partnership.</i>	<i>X Limited did not make the right decision based on calculations such as profit and dividend has decreased, and X Limited will lose control due to an increase in shareholdings.</i>

Response 1	Response 2	Explanation



- 3 Discuss the decision of the directors referring to any relevant International Accounting Standards (IAS).  
For reference- The directors have decided that it is too late to include the impairment loss in financial statements. Impairment loss was in February and financial statements were to be presented in March.

Response 1	Response 2
<i>The directors' decision was incorrect as the financial statements were not yet presented to the shareholders.</i>	<i>The directors' decision was incorrect as the loss in the value of non-current assets is an adjusting event according to IAS 10 and according to IAS 36 impairment loss should be recognised in the same accounting year when occurred.</i>

Response 1	Response 2	Explanation

- 4 Explain why the finance director rejected Sarah's proposal to recruit Jenna. Justify your answer with reference to the fundamental principles of the ethical framework for accounting.

Response 1	Response 2
<i>Jenna is unqualified and has limited accounting experience and hence is not professionally competent to undertake her tasks hence the director rejected Sarah's proposal to recruit Jenna.</i>	<i>Jenna does not meet any of the fundamental principles of the ethical framework for accounting hence the director rejected Sarah's proposal to recruit Jenna.</i>

Response 1	Response 2	Explanation