
Question 1: Financial Accounting and Financial Statement Analysis (35 points)

Table 1, Table 2 and Table 3 below, respectively show the consolidated statement of financial position, the consolidated income statement and the consolidated statement of cash flows of Company Xel, all based on the International Financial Reporting Standards (IFRS). Numerical numbers stated in the consolidated statement of financial position and the consolidated income statement are all integer numbers not less than zero, but numerical numbers stated in the consolidated statement of cash flows can have either positive or negative values.

Table 1: Summary of Financial Position of company Xel (in USD million)

Assets	FY2023	FY2024
Cash and cash equivalents	5.4	⑫
Accounts receivable	6.3	7.6
Merchandise	7.2	9.0
Land	15.0	14.0
Property, plant, and equipment	3.7	5.1
Goodwill	2.0	2.0
Shares of affiliated companies	4.0	①
Total assets	43.6	☆

Liabilities	FY2023	FY2024
Accounts payable	4.2	5.3
Accrued interest	0.3	0.2
Long-term debt	13.0	15.0
Total liabilities	17.5	20.5
Common stock	20.0	20.0
Retained earnings	5.1	6.3
Non-controlling interests	1.0	④
Total equity	26.1	☆
Total liabilities and equity	43.6	☆

Note: ☆ indicates numbers that have been concealed due to the questions.

Table 2: Consolidated Income Statement of company Xel (in USD million)

Net sales	10.0
Cost of sales	-7.0
Gross Profit	3.0
Depreciation	-0.7
Other operating expenses	-0.6
Operating income	1.7
Equity method investment gain/loss	②
Interest on debt	-0.6
Gain on sale of land	1.5
Net income before income tax	3.3
Income tax expenses	-1.2
Net income	2.1
Income attributable to non-controlling shareholders	⑤
Income attributable to shareholders of the parent company	⑥

Table 3: Statement of Cash Flows of company Xel (in USD million)

Operating activities	
Net income before income tax	3.3
Adjustments to reconcile net income before income tax to net cash flows	
Depreciation	0.7
Interest on debt	0.6
Equity method investment gain	A
Gain on sale of land	-1.5
Working capital adjustment	
Increase in operating receivables	B
Increase in inventories	C
Increase in operating payables	D
Subtotal	
Dividends received	③
Interest paid	⑧
Corporation tax, etc. paid	-1.2
Cash flows from operating activities	⑪
Investing activities	
Acquisition of buildings	⑨
Sale of land	⑩
Cash flows from investing activities	E
Financing activities	
Fund procurement from long-term debt	2.0
Dividends paid	⑦
Cash flows from financing activities	F
Net increase/decrease in cash and cash equivalents	G
Cash and cash equivalents as of the end of FY2023	H
Cash and cash equivalents as of the end of FY2024	⑫

- a) Company Xel owns 40% of shareholders' equity of Company Yel, applying the equity method to its share holdings. Company Yel reported net income of USD 1.75 million and paid USD 1.0 million in dividends. Assume that there was no change in the shareholding ratio in FY2024. Based on this information, fill in the blanks ① to ③ in Tables 1, 2 and 3. (6 points)
- b) Company Xel owns 80% of shareholders' equity of Company Zel. Company Zel reported net income of USD 1 million and paid USD 500,000 in dividends. Assume that there were no capital transactions other than dividend payments and there was no change in the shareholding ratio of Company Xel in FY2024. Based on this information, fill in the blanks ④ to ⑥ in Tables 1 and 2. (6 points)
- c) In FY2024, Company Xel did not conduct any capital transactions other than dividend payments. Based on the clean surplus relation, calculate the dividends paid by Company Xel to fill in the blank ⑦ in Table 3. (3 points)
- d) By using Table 1 and Table 2, fill in the blanks ⑧ to ⑩ in Table 3. (6 points)
- e) Calculate the cash flows from operating activities to fill in the blank ⑪ in Table 3. (5 points)
- f) Fill in the blank ⑫ in Tables 1 and 3. (5 points)
- g) Comment on the company's funding operations, focusing on operating cash flow and net income. (4 points)