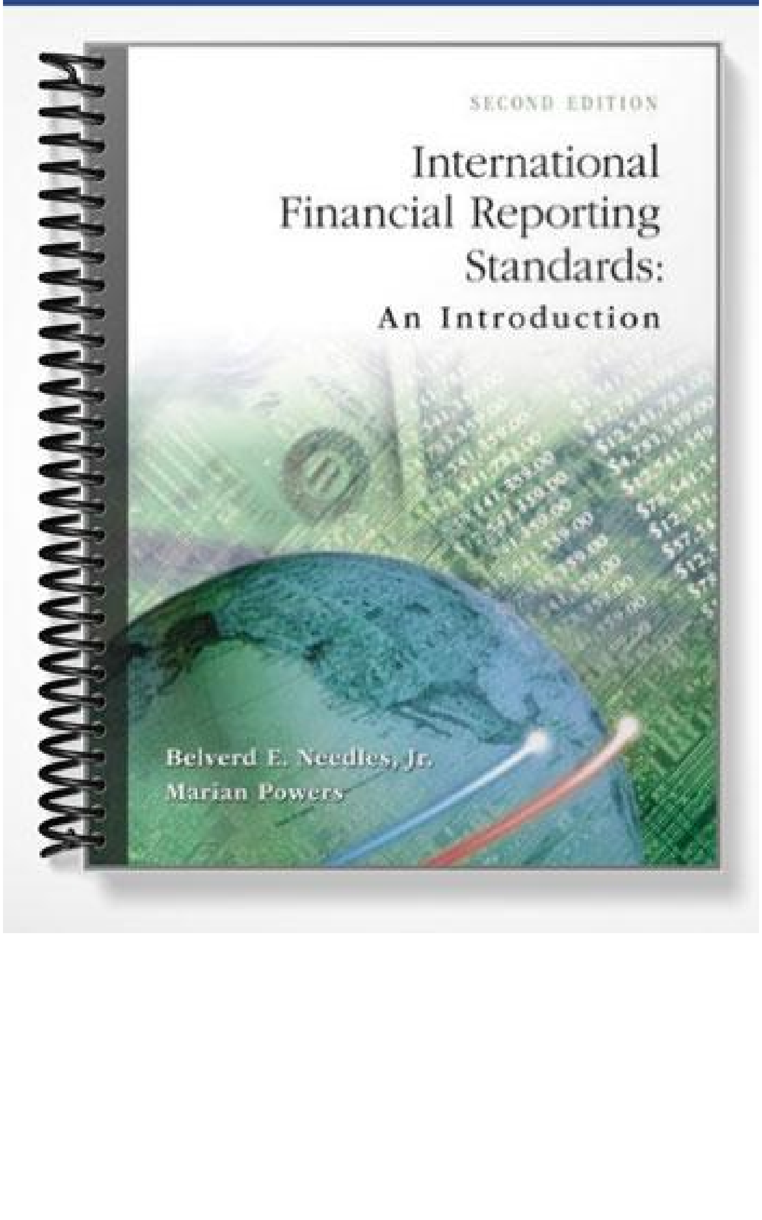
TEST BANK


SECOND EDITION
International Financial Reporting Standards:
An Introduction
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Marian Powers

Test Bank to Accompany
IFRS: An Introduction
Needles & Powers

CHAPTER 1:

1. What international organization began the movement toward international accounting standards?

A. International Accounting Standard Committee (IASC)

B. International Federation of Accountants (IFAC)

C. International Financial Reporting Interpretation Committee (IFRIC)

D. Standards Advisory Council (SAC)

2. Which is the function of IASCF?

A. Providing supporting funds to professional bodies

B. Receiving official support from relevant regulatory authorities

C. Appointing support committees to the IFAC

D. Creating and issuing the standards of IFRS

3. Which is not the step of developing IFRS in the process?

A. The IASB and Staff set an agenda of possible issues to be addressed by IFRS.

B. A discussion paper (DP) is prepared only for IASC committee review.

C. After considering all comments and additional proposals to its DP, the board may issue an exposure draft (ED)

D. IASB may publish a final IFRS to be considered for adoption in the various jurisdictions

4. Which country is the only major country to not formally commit to adoption of IFRS?

A. Japan

B. Australia

C. Brazil

D. U.S.A

5. Which is not goal of the FASB and the IASB have worked toward convergence?

A. To make their existing financial reporting standards fully compatible as soon as is practical

B. To coordinate future work programs to ensure that once achieved, compatibility is maintained

C. FASB and IASB should have one joint commitment of cooperation

D. All U.S companies need to take IFRS as the accounting standards

6. Which is not the milestone *of the Roadmap* that could lead to the adoption of IFRS by U.S.?

A. Accountability and funding of the IFSC Foundation

B. Improvement in the ability to use interactive data for IFRS reporting

C. Education and Training in the United States relating to IFRS

D. Anticipated timing of adoption of IFRS and cancellation of GAAP

7. Which is the point supporting use of IFRS by U.S. public companies?

A. IFRS presents opportunities for global U.S. companies to lower costs through standardization of financial reporting, centralization of processes, improved controls, and better cash management

B. Adoption of IFRS results in improvements in liquidity, valuation for companies because the company can interpret the IFRS standards for their own benefits

C. U.S. companies' competitiveness are strengthened in global capital markets even though use of IFRS may increase their cost of capital

D. IFRS is more attractive for public companies than non-public companies

8. How could IFRS transform the finance function and create value for companies?

A. Mitigating financial reporting risk

B. Coordinating with international standards

C. Decreasing financial transparency risk

D. Creating operational efficiencies

9. Which is the appropriate reason why people object the roadmap of adoption?

A. FASB is applicable to broadly concerned with both public and private companies, whereas the IASB is public companies

B. IASB provide funds to accounting authorities and depend on their decisions to create IFRS

C. The SEC roadmap does not present, in sufficient detail, the methodology and criteria expected to be applied in assessing the adequacy of IFRS

D. Even though the comparability of financial statements prepared under IFRS can enhanced due to consistency in most international countries, judgments that are influenced by former country standards

10. Which inventory method is not allowed in IFRS?

A. FIFO

B. LIFO

C. Lower of Cost and Market Method

D. Periodic inventory method

11. Which is not the significant change to the U.S. reporting infrastructure to support the move to IFRS?

A. To solely focus on impact on public companies

B. To train and educate issuers, regulators, auditors, and investors about IFRS

C. To transition auditing standards

D. To adjust regulatory and contractual arrangements

12. Which is not the characteristic of using IFRS?

A. Transparency

B. Lowering operational risks

C. Comparability

D. Financial improvement

<u>CHAPTER 2</u>

1. **Which one is not included in the set of financial statement?**
   A. Balance sheet
   B. Income statement
   C. Accounting standards and notes from management
   D. Statement showing either all changes in equity
2. **Which following statement is correct?**

A. IFRS issued by the IASB currently consist of eleven standards issued since the formation of the IASB in 2001

B. IAS issued by the IASC from its beginning in 1971 that have not been superseded by the IFRS. Currently of the original forty-one IAS, ten are still in effect.

C. Financial statements can be described as complying with IFRS as long as they comply with two out of the whole requirements of IFRS

D. Interpretations originated by the IFRIC or its predecessor, the SIC. Currently, sixteen IFRIC and eleven SIC are still in effect.

3. **Which two concepts are defined in the *Framework for the Preparation and Presentation*** *of Financial Statement?*

A. Objective and underlying assumptions of financial statements; Concepts and interpretations of financial statements

B. Qualitative characteristics; Application and suitability of specific accounting methods

C. Concepts of capital and capital maintenance; Qualitative characteristics

D. Definition, recognition, and measurement of the elements from which financial statements are constructed; Application and suitability of specific accounting methods

4. **Which following information about financial statements is correct?**

A. The objective of financial statements is to present fairly about the financial position, performance, and changes in financial position of an entity that is useful to a wide range of users in making economic decisions.

B. The objective of financial statements is to provide all information necessary to make economic decisions

C. Financial statements are based on past information and do not normally provide projections of future information; but it includes non-financial information in its management notes for investors' consideration.

D. Two assumptions underlying financial statements are accrual accounting and fair market value

5. **Which one is the four principal qualitative characteristics of financial statements?**

   A. Understandability, Relevance, Transparency, Reliability
   B. Understandability, Relevance, Comparability, Reliability
   C. Professionalism, Relevance, Transparency, Faithfulness
   D. Professionalism, Relevance, Transparency, Reliability

6. **Which is the most common measurement under IFRS?**

   A. Historical Cost,
   B. Fair Value
   C. Realizable (settlement) Value
   D. Present Value

7. **Which following statement about fair value is not correct?**

   A. FV are relevant because they reflect conditions relating to economic resources and obligations, under which financial statement users will make decisions
   B. FV are neutral because they are unbiased
   C. Have predictive value because they help predict future cash flows of interest to investors in valuing equity
   D. FV can not be consistency, but enhance timely, because they reflect the same type of information every period

8. **Which one is not included in income statement?**
   A. Finance costs
   B. Share of profit and loss from equity method
   C. Extraordinary operations
   D. Tax expense
9. **Do IFRS allow presentation of extraordinary items or gains and losses as separate elements of the income statement, and the inclusion of "deferred tax assets/liabilities in CA and CL?**
   A. Yes, Yes
   B. Yes, No
   C. No, Yes
   D. No, No
10. **Do IFRS include non-cash investing and financing activities from the statement of cash** flows?
   A. Yes
   B. No
11. **Where is "Cash flows related to taxation" usually categorized under IFRS?**
   A. Operating Activities
   B. Investing Activities
   C. Financing Activities
12. **Which following item should not be disclosed in notes of Statement of Recognized Income and Expense?**
   A. Profit or loss from the period.
   B. Items of income or expense recognized directly in equity.
   C. The cumulative effects of retrospective application or retrospective restatement for each component of equity
   D. Reconciliation of all equity account beginning and ending balances

13. Please appropriately categorize Overhead-depreciation, Bad debt and Interest expense

A. Operating, Operating, Financing

B. Operating, Investing, Investing

C. Financing, Operating, Operating

D. Operating, Investing, Operating

14. What two items are included in Other Comprehensive Section?

A. Unrealized gains on available-for-sale securities, Share-based remuneration

B. Revaluation surplus, Realized gains on cash-flow hedges

C. Realized gains on cash-flow hedges, Foreign currency translation adjustments

D. Foreign currency translation adjustments, Tax benefit