Name: ____________________ Class: ____________________ Date: ____________

Chapter 02 – International Accounting Differences: past and present

1. Historically, in Code Law countries accounting standards were set by a private standard setter.

a. True

b. False

ANSWER: False

2. In Anglo-Saxon countries, the accounting profession is largely self-regulating.

a. True

b. False

ANSWER: True

3. In countries that are classified as Code Law countries the degree of enforcement of investor protection is much stricter.

a. True

b. False

ANSWER: True

4. In countries classified as Code Law countries 'the substance' dominates 'the legal form'.

a. True

b. False

ANSWER: False

5. Under a conservative accounting system, it is often regarded that lower profits will be reported than the profits reported under a system driven by representational faithfulness.

a. True

b. False

ANSWER: True

6. Which of the following is **NOT** a dimension along which, traditionally, there have been differences in the objective of financial reporting across countries?

a. Shareholder orientation versus stakeholder orientation

b. Masculinity versus femininity

c. The link between tax income and accounting income

d. Economic substance versus legal form

ANSWER: b

7. Which of the following is **NOT** classified as a Common Law country'?

a. England

b. Wales

c. Scotland

d. Ireland

ANSWER: c

8. Hofstede's concept of collectivism implies that:

a. people are loyal to their relatives and social group.

b. worker cooperatives are common.

c. family is more important than society.

d. people like to acquire (collect) material wealth.

ANSWER: a

9. Which of the following is an 'accounting value' as defined by Gray (1988)?

a. Professionalism versus Adhocracy

b. Rigidity versus Flexibility

c. Pessimism versus Optimism

d. Secrecy versus Transparency

ANSWER: d

10. The recording of deferred tax on the balance sheet is well established in which one of the following countries?

a. Denmark

b. Sweden

c. Norway

d. Germany

ANSWER: a