

Test Bank

CHAPTER 1:

1. **Which 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. **What 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 a 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 not to formally commit to the adoption of IFRS?

- A. Japan
- B. Australia
- C. Brazil
- D. U.S.A

5. Which is not a goal of the convergence project by the FASB and IASB?

- 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. The 2011 roundtable was attended by:

- A. bigger public firms and investors.
- B. smaller private firms, regulators, and investors.
- C. smaller public firms, regulators, and investors.
- D. none of the above

7. Which point supports the 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 the use of IFRS may increase their cost of capital
- D. IFRS is more attractive for public companies than non-public companies

8. How has the AICPA promoted the adoption of IFRS?

- A. Recommended that the SEC move immediately to allow optional adoption of IFRS by U.S. companies
- B. Supported the goal of a single set of high quality, comprehensive financial reporting standards to be used by public companies of transparent and comparable financial reports throughout the world
- C. Reported that a majority of its members have at least a basic knowledge of IFRS and support this position.
- D. All of the above

9. Which is the primary concern over the adoption of IFRS?

- A. The effect on smaller public companies
- B. The effect on bigger public companies
- C. The effect on smaller private companies
- D. The effect on bigger private companies

10. What is the appropriate reason why people object to adopting the roadmap?

- 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

11. Resolution of which milestone(s) is the most important hurdle to be achieved before the SEC moves forward?

- A. Sufficient development and application of standards
- B. Independence funding of the IFSC Foundation and the standard setting process
- C. Human capital readiness
- D. A and B

12. Which inventory method is not allowed under IFRS?

- A. FIFO
- B. LIFO
- C. Lower of Cost and Market Method
- D. Periodic inventory method

13. Which is not a significant change to the U.S. reporting infrastructure that would 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

14. Which is not a characteristic of IFRS?

- A. Transparency
- B. Lowering operational risks
- C. Comparability
- D. Financial improvement

Chapter 1	
1	A
2	B
3	B
4	D
5	D
6	C
7	A
8	D
9	A
10	C
11	D
12	B
13	A
14	B

