

1. The international accounting standards are called:
 - A. IAS and SSAPs
 - B. FRS and SSAPs
 - C. FRS and IFRS
 - D. IFRS and IAS
2. Which of the following statements is TRUE?
 - A. International Financial Reporting Standards are now adopted by every country in the world
 - B. All companies quoted on all exchanges in the world have to prepare their accounts using IFRS
 - C. The UK is still harmonising its accounting standards with IFRS.
 - D. The US are in charge of the IASB
3. Which of the following bodies advises the IASB on issues such as the IASB's agenda, the IASB's timetable and implementing standards?
 - A. SAC
 - B. IASC Foundation
 - C. IFRIC
 - D. IASC
4. The Role of the IFRC is to:
 - A. Oversee the standard setting and regulatory process
 - B. Control the accountancy profession
 - C. Formulate accounting standards
 - D. Review defective accounts
5. IAS 10 deals with:
 - A. The presentation of financial statements
 - B. The valuation of inventories
 - C. The disclosures in the statement of cash flows
 - D. Events after the reporting period
6. IAS 37 deals with:
 - A. The accounting for property, plant and equipment
 - B. Revenue recognition
 - C. Accounting for provisions, contingent liabilities and contingent assets
 - D. Accounting for intangible assets
7. Which of the following issues international accounting standards?
 - A. The international auditing practices board
 - B. The international stock exchange
 - C. The international accounting standards board
 - D. Representatives of the government of the six main trade countries in the world.
8. When setting accounting standards DP stands for:
 - A. Diagnostic process
 - B. Detailed plan
 - C. Discussion presentation
 - D. Discussion paper

9. When setting accounting standards ED stands for:
- A. Edition Draft
 - B. Exposure Draft
 - C. Editor Draft
 - D. Emerging Draft
10. Which of the following depicts the correct order of consultation when issuing an international accounting standard?
- A. Research (agenda), Discussion Paper, Exposure Draft, IFRS
 - B. Discussion Paper, Research (agenda), Exposure Draft, IFRS
 - C. Exposure Draft, Research (agenda), Discussion Paper, IFRS
 - D. Research (agenda), Exposure Draft, Discussion Paper, IFRS
11. IFRS 3 deals with:
- A. Non-current assets held for sale and discontinuing activities
 - B. Intangible assets
 - C. Events after the reporting period
 - D. Business combinations
12. IFRS 5 deals with:
- A. Non-current assets held for sale and discontinuing activities
 - B. Intangible assets
 - C. Events after the reporting period
 - D. Business combinations
13. IAS 18 Revenue sets out when the sale of goods should be recognised. Given the conceptual framework of accounting, which of the following statements is false?
- A. Revenue can only be recognised if costs can be measured reliably
 - B. A reliable measure of the economic benefits must be possible for revenue to be recognised
 - C. Revenue should be recognised when the risks and rewards of ownership are transferred to the buyer
 - D. Revenue should not be recognised when the goods remain on the seller's premises.
14. Which of the following is not a method that is utilised by the IASB to achieve their objective of 'providing the world's integrating capital markets with a common language for financial reporting' (IASB, 2008).
- A. Harmonisation of accounting standards internationally
 - B. Independence in the standard setting process
 - C. Promotion of an open, thorough and transparent due process
 - D. Having a member sit on the board of directors of each stock exchange to assist harmonisation
15. Which of the following is not an objective of the SAC?
- A. To nominate members for appointment by the IASC foundation to IASB and other bodies
 - B. To provide an input to the IASB's agenda
 - C. To assist in the establishment of the IASB's project timetable
 - D. To provide advice on projects, with particular emphasis on practical matters and implementation issues.
16. IAS 7 deals with:
- A. The statement of sources and applications of funds
 - B. The statement of cash flows
 - C. The cash flow statement
 - D. The funds flow statement

ch02 Key

1. The international accounting standards are called:
- A. IAS and SSAPs
 - B. FRS and SSAPs
 - C. FRS and IFRS
 - D.** IFRS and IAS

The correct answer was D. FRS and SSAPs are UK accounting standards.

Thomas - CHAPTER 2 #1

2. Which of the following statements is TRUE?
- A. International Financial Reporting Standards are now adopted by every country in the world
 - B. All companies quoted on all exchanges in the world have to prepare their accounts using IFRS
 - C.** The UK is still harmonising its accounting standards with IFRS.
 - D. The US are in charge of the IASB

The correct answer was C. Many companies adopt IFRS, but not all. Some exchanges do not require the companies that are quoted to be prepared using IFRS. The IASB is independent from the US; however, it does have quite an influence on the standard setting process, as does the UK.

Thomas - CHAPTER 2 #2

3. Which of the following bodies advises the IASB on issues such as the IASB's agenda, the IASB's timetable and implementing standards?
- A.** SAC
 - B. IASC Foundation
 - C. IFRIC
 - D. IASC

The correct answer was A. See chapter 2 for more information on the roles of the various bodies.

Thomas - CHAPTER 2 #3

4. The Role of the IFRC is to:
- A.** Oversee the standard setting and regulatory process
 - B. Control the accountancy profession
 - C. Formulate accounting standards
 - D. Review defective accounts

The correct answer was A. The IFRC also raises funds and controls the strategic direction of its subsidiary bodies such as the IASB.

Thomas - CHAPTER 2 #4

5. IAS 10 deals with:
- A. The presentation of financial statements
 - B. The valuation of inventories
 - C. The disclosures in the statement of cash flows
 - D.** Events after the reporting period

The correct answer was D. See chapter 2 for a brief summary of IAS 10 'Events after the Reporting Period'.

Thomas - CHAPTER 2 #5

6. IAS 37 deals with:
- A. The accounting for property, plant and equipment
 - B. Revenue recognition
 - C. Accounting for provisions, contingent liabilities and contingent assets**
 - D. Accounting for intangible assets

The correct answer was C. See chapter 2 for a brief summary of IAS 37.

Thomas - CHAPTER 2 #6

7. Which of the following issues international accounting standards?
- A. The international auditing practices board
 - B. The international stock exchange
 - C. The international accounting standards board**
 - D. Representatives of the government of the six main trade countries in the world.

The correct answer was C.

Thomas - CHAPTER 2 #7

8. When setting accounting standards DP stands for:
- A. Diagnostic process
 - B. Detailed plan
 - C. Discussion presentation
 - D. Discussion paper**

The correct answer was D.

Thomas - CHAPTER 2 #8

9. When setting accounting standards ED stands for:
- A. Edition Draft
 - B. Exposure Draft**
 - C. Editor Draft
 - D. Emerging Draft

The correct answer was B.

Thomas - CHAPTER 2 #9

10. Which of the following depicts the correct order of consultation when issuing an international accounting standard?
- A. Research (agenda), Discussion Paper, Exposure Draft, IFRS**
 - B. Discussion Paper, Research (agenda), Exposure Draft, IFRS
 - C. Exposure Draft, Research (agenda), Discussion Paper, IFRS
 - D. Research (agenda), Exposure Draft, Discussion Paper, IFRS

The correct answer was A.

Thomas - CHAPTER 2 #10

11. IFRS 3 deals with:
- A. Non-current assets held for sale and discontinuing activities
 - B. Intangible assets
 - C. Events after the reporting period
 - D.** Business combinations

The correct answer is D.

Thomas - CHAPTER 2 #11

12. IFRS 5 deals with:
- A.** Non-current assets held for sale and discontinuing activities
 - B. Intangible assets
 - C. Events after the reporting period
 - D. Business combinations

The correct answer was A.

Thomas - CHAPTER 2 #12

13. IAS 18 Revenue sets out when the sale of goods should be recognised. Given the conceptual framework of accounting, which of the following statements is false?
- A. Revenue can only be recognised if costs can be measured reliably
 - B. A reliable measure of the economic benefits must be possible for revenue to be recognised
 - C. Revenue should be recognised when the risks and rewards of ownership are transferred to the buyer
 - D.** Revenue should not be recognised when the goods remain on the seller's premises.

The correct answer is D. Where the goods remain with the seller then the substance of the transaction is that it is unlikely that a sale has taken place, more like a form of financing.

Thomas - CHAPTER 2 #13

14. Which of the following is not a method that is utilised by the IASB to achieve their objective of 'providing the world's integrating capital markets with a common language for financial reporting' (IASB, 2008).
- A. Harmonisation of accounting standards internationally
 - B. Independence in the standard setting process
 - C. Promotion of an open, thorough and transparent due process
 - D.** Having a member sit on the board of directors of each stock exchange to assist harmonisation

The correct answer was D

Thomas - CHAPTER 2 #14

15. Which of the following is not an objective of the SAC?
- A.** To nominate members for appointment by the IASC foundation to IASB and other bodies
 - B. To provide an input to the IASB's agenda
 - C. To assist in the establishment of the IASB's project timetable
 - D. To provide advice on projects, with particular emphasis on practical matters and implementation issues.

The correct answer is A. The trustee appointments advisory group nominate members for the IASC foundation to appoint.

Thomas - CHAPTER 2 #15

16. IAS 7 deals with:
- A. The statement of sources and applications of funds
 - B. The statement of cash flows**
 - C. The cash flow statement
 - D. The funds flow statement

The correct answer was B. The revised IAS 1 (implemented in January 2009) changed the name of this statement to the statement of cash flows. IAS 7 was subsequently amended. The other versions are older names for the same statement.

ch02 Summary

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