Question #1 of 29

Which of the following is *least likely* one of the general requirements for financial statements under IFRS?

A) No offsetting of income against expenses unless a standard permits or requires it.

B) Statements should be prepared at least quarterly.

C) Statements should be prepared under a going concern assumption.

Question #2 of 29

Disagreements that inhibit development of a coherent financial reporting framework are *least* likely to involve which of the following?

A) Transparency.

B) Standard setting.

C) Valuation.

Question #3 of 29

Required financial statements, according to International Accounting Standard (IAS) No. 1, include a(n):

A) cash flow statement and auditor's report.

B) balance sheet and explanatory notes.

C) income statement and working capital summary.

Question #4 of 29

The term "convergence" is *most* accurately used to describe:

A) the process of developing one universally accepted set of accounting standards.

B) the reduction of the premium on a bond as it nears maturity.

C) when expected return and required return are equal.

Question #5 of 29

Which of the following statements about financial statements and reporting standards is *least* accurate?

A) Financial statements could potentially take any form if reporting standards didn't exist.

B) The objective of financial statements is to provide economic decision makers with useful information.

C) Reporting standards focus mostly on format and presentation and allow management wide latitude in assumptions.

Question #6 of 29

Which of the following is *least* likely to be considered a characteristic of a coherent financial reporting framework?

A) Comprehensiveness.

B) Stability.

C) Transparency.

Question #7 of 29

Which of the following is *least likely* a qualitative characteristic accounting information must possess in order to provide useful information to an analyst, according to the IASB Conceptual Framework?

A) Conservatism.

B) Faithful representation.

C) Relevance.

Question #8 of 29

Which of the following statements about financial reporting standards is *least* accurate? Reporting standards:

A) ensure that the information is “useful to a wide range of users.”

B) narrow the range within which management estimates can be seen as reasonable.

C) are disclosed on Form 8K by publicly traded firms in the United States.

Question #9 of 29

Significant accounting choices are most likely to be disclosed in the management commentary under:

A) U.S. GAAP only.

B) IFRS only.

C) both U.S. GAAP and IFRS.

Question #10 of 29

Which of the following is *least* likely to be considered a stated goal of the International Accounting Standards Board (IASB)?

A) Remain neutral in the debate on the use of global accounting standards to avoid appearance of a conflict of interest.

B) Account for the needs of emerging markets and small firms when implementing global accounting standards.

C) Develop global accounting standards requiring transparency, comparability, and high quality in financial statements.

Question #11 of 29

Characteristics of a coherent financial reporting framework are *best* described as:

A) consistency, materiality, and transparency.

B) materiality, comprehensiveness, and aggregation.

C) transparency, consistency, and comprehensiveness.

Question #12 of 29

Which of the following is a company *least* likely required to present according to International Accounting Standard (IAS) No. 1?

A) A summary of accounting policies.

B) Statement of changes in owners' equity.

C) Disclosures of material events.

Question #13 of 29

Management disclosure of the likely impact of implementing recently issued accounting standards is *least* likely to:

A) state that the impact of the standard is impossible to determine.

B) conclude that the standard does not apply.

C) conclude that the standard will not affect the financial statements materially.

Question #14 of 29

Two underlying assumptions of financial statements, according to the IASB conceptual framework, are:

A) historical cost and going concern.

B) going concern and accrual accounting.

C) accrual accounting and historical cost.

Question #15 of 29

Professional organizations of accountants and auditors that establish financial reporting standards are called:

A) Standard setting bodies.

B) Regulatory authorities.

C) International organizations of securities commissions.

Question #16 of 29

Which of the following financial reporting choices is permitted under IFRS but not under U.S. GAAP?

A) Excluding actuarial gains and losses from balance sheet pension items.

B) Revaluing plant and equipment upward.

C) Netting deferred tax assets with deferred tax liabilities.

Question #17 of 29

An analyst is *least* likely to use disclosures of accounting policies and estimates to evaluate:

A) what policies are likely to be modified in future periods.

B) what policies are discussed.

C) whether the disclosures have changed since the prior period.

Question #18 of 29

An analyst can find a company's accounting policies that require significant judgement or estimates in:

A) only the footnotes.

B) both the footnotes to the financial statements and Management's Discussion and Analysis.

C) both the footnotes and in the auditor's opinion.

Question #19 of 29

According to the IFRS framework, timeliness is a characteristic that enhances:

A) only faithful representation.

B) only relevance.

C) both relevance and faithful representation.

Question #20 of 29

When a publicly traded U.S. company prepares a proxy statement for its shareholders prior to the annual meeting or other shareholder vote, it also files the statement with the SEC as Form:

A) 8-K.

B) 144

C) DEF-14A.

Question #21 of 29

Under which framework for financial reporting systems are the financial statement elements related to performance defined as revenues, expenses, gains, losses, and comprehensive income?

A) Both IASB and FASB frameworks.

B) IASB framework.

C) FASB framework.

Question #22 of 29

The process of developing one universally accepted set of accounting standards is *best* described as:

A) unification.

B) convergence.

C) IASB.

Question #23 of 29

A firm engages in a new type of financial transaction that has a material effect on its earnings. An analyst should *most likely* be suspicious of the new transaction if:

A) management has not explained its business purpose.

B) no accounting standard exists that applies to the transaction.

C) the transaction is not governed by existing regulations.

Question #24 of 29

Desirable attributes of accounting standard-setting bodies *least likely* include:

A) operating independently of interested stakeholders.

B) having clear and consistent standard-setting processes.

C) making decisions that are in the public interest.

Question #25 of 29

Which description of the objective of financial statements is *most* accurate? The objective of financial statements is:

A) to provide securities analysts with objective data about a firm's financial prospects.

B) to provide a wide range of users with information about a firm's financial prospects.

C) to provide economic decision makers with useful information about a firm's financial performance and changes in financial position.

Question #26 of 29

Which of the following statements about the elements of financial statements under the FASB and IASB frameworks is *least* accurate?

A) The IASB framework lists income and expenses as the elements related to performance.

B) The IASB framework does not allow the values of assets to be adjusted upward.

C) The word "probable" is used by the FASB to define assets and liabilities.

Question #27 of 29

Which of the following is *most* likely to be considered a barrier to developing one universally recognized set of reporting standards?

A) GATT already requires sufficient agreement.

B) Different standard-setting bodies of different countries disagree on the best treatment of a particular issue.

C) Reluctance of firms to adhere to a single set of reporting standards.

Question #28 of 29

According to the IASB conceptual framework, characteristics that enhance relevance and faithful representation include:

A) assurance and understandability.

B) comparability and thoroughness.

C) timeliness and verifiability.

Question #29 of 29

According to the IASB Conceptual Framework for Financial Reporting, one of the qualitative characteristics of financial statements is:

A) timeliness.

B) going concern.

C) faithful representation.