

Course No: ACC 4319
Course Title: International Accounting
Date: 21/11/2011
No. of Questions: (3)
Time: 1 hour
Using Calculator (yes)

University of Palestine



Mid-term Exam
1st 2011/2012
Total Grade: 30

Instructor Name: Dr. Khaled Eissa

Student No.: _____

Student Name: _____

College Name: Business Administration

Dep. / Specialist: Accounting

Using Dictionary (No)

Question 1:

Circle the right answer:

1. Reduction of alternatives while retaining a high degree of flexibility in accounting practices refers to:
a) Convergence b) Harmonization c) Comparability d) Reliability
2. The primary objective of IFRS-based financial statements is to:
a) Provide the users with Relevant information b) Provide information useful for decision making
c) Provide the users with Reliable information d) Provide the users with comparable information
3. The IASB defines the IFRS as the standards and interpretation adopted by IASB and consist of:
a) International Financial Reporting Standards
b) International Accounting Standards
c) Interpretations originated by the Financial Reporting Interpretations Committee
d) All of the above.
4. The Relevance characteristic of financial information means that financial information:
a) Free from bias.
b) useful for making predictions and confirming existing expectations
c) Allows for meaningful comparisons to financial statements of previous periods and other companies
d) Should be understandable to people with reasonable financial knowledge
5. Among the elements of the financial statements is liabilities which is defined as:
a) Resources controlled by the enterprise from which future economic benefits are expected to flow to the enterprise
b) Present obligations arising from past events that are expected to be settled through an outflow of resources
c) The increase in net financial assets, excluding owner transactions
d) The increase in equity, other than from transactions with owners
6. IFRS 1 provides guidance for:
a) Presentation format b) first time adoption
c) Items to be included on face of financial statements d) Content of notes
7. To meet the objective of financial statements, it must be prepared on:
a) Cash basis b) Accrual basis c) Tax basis d) Economic basis
8. Level one of the definition of international accounting refers to:
a) Standards, guidelines, and practices that a company follows related to its international business activities
b) Standards, guidelines, and rules of accounting, auditing, and taxation issued by supranational organizations
c) Standards, guidelines, and rules of accounting, auditing, and taxation that exist within each country.
d) None of the above.

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9. A foreign sale transaction on account in the United states of 100,000 Euro, where the exchange rate is (€ = \$1.5) is recorded in the books as:

- | | |
|-------------------------------|----------------------------------|
| a) \$ 150,000 Account payable | b) \$ 150,000 Account receivable |
| c) €100,000 Account payable | d) €100,000 Account receivable |

10. According to IFRS inventory is reported on the balance sheet at:

- | | |
|--|--|
| a) The lower of cost or replacement cost | b) The lower of cost or net realizable value |
| c) The lower of cost or fair value | d) The lower of cost or selling price. |

Question 2:

The annual reports of 3 among the largest companies in the Euro region (A,B, and C) provide the following information about their local and foreign operations:

Company	Geographic areas	Sales (€million)	Total assets (€million)	Employees
A	Europe	9,412	3,945	3,400
	Outside Europe	8,750	3,642	5,100
B	Europe	5,301	4,512	7,600
	Outside Europe	11,915	6,845	8,950
C	Europe	15,346	7,512	11,800
	Outside Europe	4,326	2,630	3,350

Required:

Use the United Nations formula to determine which of these 3 companies is more multinational.

Answer for Q2:

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A large rectangular area with horizontal dashed lines, intended for writing answers during the exam.

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Question 3:

GE company acquired equipment on January 1, 2009 at a cost of \$ 25 million. The asset has a five year life, no residual value, and is depreciated on a straight line basis. On January 2, 2011 GE determines the fair value of the asset to be 18 million.

Required:

According to IAS 16 with respect to the measurement of PP&E subsequent to initial recognition to determine:

- a. The carrying value of the equipment that would be reported on the balance sheet at the end of year 2011
- b. The amounts to be reported in net income related to this building for year 2011.

Answer for Q3:

Lined area for writing the answer to Question 3.

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End of Questions

Good Luck