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INTERNATIONAL ACCOUNTING

Exam 19.12.2015

2191 / 22E00400

time: 4h

Equipment: English
vocabulary, calculator

All five questions are worth 20 points each – answer in English!

- What are the IFRS and US GAAP *segment reporting* requirements?
b) *Why* is segment reporting required, i.e., how does it help the investor in his/her judgment?
- Briefly define the *three levels of hierarchy* under IFRS 13 (SFAS 157) (*fair values*)! *two different numbers input primary?*
 - What does *constructive obligation* mean? (Provisions IAS 37)
 - Define *service cost* under defined benefit plans!
 - How is *investment property* defined?
 - What causes *actuarial gains and losses*?
- Describe how *goodwill impairment* test is carried out under IFRS. How does U.S. GAAP differ?
 - Under what circumstances does an auditor issue a *qualified (modified) opinion*?
- On 30 June 2013, Co. A enters into a forward exchange contract to receive £ 100 000 and deliver € 109 600 on June 30 2014. It designates the forward contract as a hedging instrument in a cash flow hedge of a firm commitment to purchase a customer designed manufacturing machine on 31 March 2014, and to pay the resulting payable due on 30 June 2014. All hedge accounting conditions in IAS 39 are met.

The table below sets out the spot rates and forward rates on the relevant dates. Assume a 6% rate (yield curve). *Record the journal entries* for 30.06.2013 and 31.12.2013!

<u>Date</u>	<u>Spot rate</u>	<u>Forward rate to June 2014</u>
30 June 2013	1.072	1.096
31 December 2013	1.080	1.092
31 March 2014	1.074	1.076
30 June 2014	1.072	--

b) Under a finance lease, what *type of expenses* does the lessee record? What is the *fundamental IFRS accounting change* affecting lessee *lease reporting* in the new IFRS lease standard?

- Calculate both *basic* and *diluted earnings per share* (EPS) for the following case!
Profit attributable to ordinary equity holders for the year 2015 was € 3 000 000. During 2015, the weighted average number of ordinary shares outstanding was 500 000 shares and the average market price of one ordinary share € 50.00. During 2015, the weighted number of shares under option was 100 000 shares and the exercise price for shares under option was € 37.50.
 - Give at least five different examples where *vague criteria* in IFRS standards *cause diversity* in IFRS practices!