

1. Technical feasibility
2. Intention to
3. Ability to
4. Exist a market for it
5. Enough technical, financial & resources to complete the
6. The costs can be allocated to the intangible asset

INTERNATIONAL ACCOUNTING  
Exam 13.01.2017

2191 / 22E00400  
time: 4h

Equipment: English  
vocabulary, own calculator

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

- ✓ 1. International accounting classifies lease contracts into operating leases and finance (capital) leases. What are the *differences between these two types* of leases and what are the *criteria* (in example form in IFRS) for a lease to be classified as a finance lease? What is the major change in the approved new leasing standard that becomes mandatory in 2019?
2. ✓ a) How should *research and development costs* be accounted for according to IFRS rules and U.S. GAAP? Compare!  
✓ b) What does *management approach* in segment reporting mean?
3. ✓ a) Calculate both *basic* and *diluted earnings per share* (EPS) for the following case!  
Profit attributable to ordinary equity holders for the year 2016 was € 1 500 000.  
During 2016, the weighted average number of ordinary shares outstanding was 250 000 shares and the average market price of one ordinary share € 25.00. During 2016, the weighted number of shares under option was 50 000 shares and the exercise price for shares under option was € 18.75.  
b) Give at least five different examples where *vague criteria* in IFRS standards cause *diversity* in IFRS practices!
4. a) In the cash flow statement, how should *interest received, interest paid, and dividends received* be classified (in operating, investing, or financing activities) according to IFRS as compared to U.S. GAAP?  
✓ b) Define *service cost* and *interest cost* under defined benefit plans!  
✓ c) Under what circumstances does an auditor issue a *disclaimer of opinion*?  
d) How is investment property defined and accounted for (IAS 40)?  
✓ e) What does *constructive obligation* mean? (Provisions IAS 37)
5. a) On 30 June 2015, Co. A enters into a forward exchange contract to receive £ 100 000 and deliver € 109 600 on June 30 2016. 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 2016, and to pay the resulting payable due on 30 June 2016. 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 30.06.2015 and 31.12.2015!

Date	Spot rate	Forward rate to June 2016
30 June 2015	1.072	1.096
31 December 2015	1.080	1.092
31 March 2016	1.074	1.076
30 June 2016	1.072	--

- b) How are *internally generated intangible assets* accounted for? How are *intangible assets* acquired in a *business acquisition* accounted for (exclude goodwill) *subsequently* to the time of acquisition?

indefinite  
finite