

## Test Bank

### CHAPTER 1:

1. **Which international organization began the movement toward international accounting standards?**
  - A. International Accounting Standard Committee (IASC)
  - B. International Federation of Accountants (IFAC)
  - C. International Financial Reporting Interpretation Committee (IFRIC)
  - D. Standards Advisory Council (SAC)
  
2. **What is the function of IASCF?**
  - A. Providing supporting funds to professional bodies
  - B. Receiving official support from relevant regulatory authorities
  - C. Appointing support committees to the IFAC
  - D. Creating and issuing the standards of IFRS
  
3. **Which is not a step of developing IFRS in the process?**
  - A. The IASB and staff set an agenda of possible issues to be addressed by IFRS.
  - B. A discussion paper (DP) is prepared only for IASC committee review.
  - C. After considering all comments and additional proposals to its DP, the board may issue an exposure draft (ED)
  - D. IASB may publish a final IFRS to be considered for adoption in the various jurisdictions

**4. Which country is the only major country not to formally commit to the adoption of IFRS?**

- A. Japan
- B. Australia
- C. Brazil
- D. U.S.A

**5. Which is not a goal of the convergence project by the FASB and IASB?**

- A. To make their existing financial reporting standards fully compatible as soon as is practical
- B. To coordinate future work programs to ensure that once achieved, compatibility is maintained
- C. FASB and IASB should have one joint commitment of cooperation
- D. All U.S companies need to take IFRS as the accounting standards

**6. The 2011 roundtable was attended by:**

- A. bigger public firms and investors.
- B. smaller private firms, regulators, and investors.
- C. smaller public firms, regulators, and investors.
- D. none of the above

**7. Which point supports the use of IFRS by U.S. public companies?**

- A. IFRS presents opportunities for global U.S. companies to lower costs through standardization of financial reporting, centralization of processes, improved controls, and better cash management
- B. Adoption of IFRS results in improvements in liquidity, valuation for companies because the company can interpret the IFRS standards for their own benefits
- C. U.S. companies' competitiveness are strengthened in global capital markets even though the use of IFRS may increase their cost of capital
- D. IFRS is more attractive for public companies than non-public companies

**8. How has the AICPA promoted the adoption of IFRS?**

- A. Recommended that the SEC move immediately to allow optional adoption of IFRS by U.S. companies
- B. Supported the goal of a single set of high quality, comprehensive financial reporting standards to be used by public companies of transparent and comparable financial reports throughout the world
- C. Reported that a majority of its members have at least a basic knowledge of IFRS and support this position.
- D. All of the above

**9. Which is the primary concern over the adoption of IFRS?**

- A. The effect on smaller public companies
- B. The effect on bigger public companies
- C. The effect on smaller private companies
- D. The effect on bigger private companies

**10. What is the appropriate reason why people object to adopting the roadmap?**

- A. FASB is applicable to broadly concerned with both public and private companies, whereas the IASB is public companies
- B. IASB provide funds to accounting authorities and depend on their decisions to create IFRS
- C. The SEC roadmap does not present, in sufficient detail, the methodology and criteria expected to be applied in assessing the adequacy of IFRS
- D. Even though the comparability of financial statements prepared under IFRS can enhanced due to consistency in most international countries, judgments that are influenced by former country standards

**11. Resolution of which milestone(s) is the most important hurdle to be achieved before the SEC moves forward?**

- A. Sufficient development and application of standards
- B. Independence funding of the IFSC Foundation and the standard setting process
- C. Human capital readiness
- D. A and B

**12. Which inventory method is not allowed under IFRS?**

- A. FIFO
- B. LIFO
- C. Lower of Cost and Market Method
- D. Periodic inventory method

**13. Which is not a significant change to the U.S. reporting infrastructure that would support the move to IFRS?**

- A. To solely focus on impact on public companies
- B. To train and educate issuers, regulators, auditors, and investors about IFRS
- C. To transition auditing standards
- D. To adjust regulatory and contractual arrangements

**14. Which is not a characteristic of IFRS?**

- A. Transparency
- B. Lowering operational risks
- C. Comparability
- D. Financial improvement

Chapter 1	
1	A
2	B
3	B
4	D
5	D
6	C
7	A
8	D
9	A
10	C
11	D
12	B
13	A
14	B


