16 FINANCIAL REPORTING STANDARDS

1. According to the IFRS framework, timeliness is a characteristic that enhances:
   (A) only relevance.
   (B) only faithful representation.
   (C) both relevance and faithful representation.

2. Which of the following is least likely one of the general requirements for financial statements under IFRS?
   (A) Statements should be prepared under a going concern assumption.
   (B) No offsetting of income against expenses unless a standard permits or requires it.
   (C) Statements should be prepared at least quarterly.

3. The objective of financial reporting is most accurately described as providing information about a firm that is:
   (A) complete, neutral, and free from error.
   (B) compliant with accepted accounting principles.
   (C) useful to decision makers.

4. Accounting standard setting bodies are best described as:
   (A) government agencies that exercise regulatory authority over financial reporting standards.
   (B) organizations of securities commissions that establish international financial reporting standards.
   (C) professional organizations that establish financial reporting standards.

5. 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) Relevance.
   (B) Faithful representation.
   (C) Conservatism.

6. Which of the following is least likely a fundamental characteristic of financial statements that makes them useful, according to the IASB Conceptual Framework for Financial Reporting?
   (A) Reliability.
   (B) Relevance.
   (C) Faithful representation.

7. According to the IASB Conceptual Framework for Financial Reporting, one of the qualitative characteristics of financial statements is:
   (A) faithful representation.
   (B) going concern.
   (C) timeliness.

8. 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.

9. Which of the following is a company least likely required to present according to International Accounting Standard (IAS) No. 1?
   (A) Statement of changes in owners' equity.
   (B) A summary of accounting policies.
   (C) Disclosures of material events.

10. Required financial statements, according to International Accounting Standard (IAS) No. 1, include a(n):
   (A) balance sheet and explanatory notes.
   (B) cash flow statement and auditor's report.
   (C) income statement and working capital summary.

11. According to the IASB conceptual framework, characteristics that enhance relevance and faithful representation include:
   (A) assurance, timeliness, and understandability.
   (B) timeliness, comparability, and verifiability.
   (C) comparability, understandability, and thoroughness.

12. Two underlying assumptions of financial statements, according to the IASB conceptual framework, are:
   (A) historical cost and going concern.
   (B) accrual accounting and historical cost.
   (C) going concern and accrual accounting.