

Tentin päivämäärä / Date of exam: 10.1.2013
Opintojakson koodi, nimi ja tentin numero / The code and the name of the course and number of the exam: 721197S Advanced International Accounting (2)
Tentaattori(t)/ Examiner(s): Henry Jarva
Sallitut apuvälineet / The devices allowed in the exam: <input checked="" type="checkbox"/> Laskin (ei graafinen/ohjelmoitava)/Calculator (not graphic, programmable) <input checked="" type="checkbox"/> Sanakirja/Dictionary <input type="checkbox"/> Muu materiaali, tarkennettu alla/Other material, specified below
Tenttiin vastaaminen / Please answer the questions <input checked="" type="checkbox"/> suomeksi/ in Finnish <input checked="" type="checkbox"/> englanniksi/ in English
Kysymyspaperi on palautettava / Paper with exam questions must be returned: <input type="checkbox"/> Kyllä/Yes <input checked="" type="checkbox"/> Ei/No

1. How discount rate is defined when value in use is estimated? (6 points)
2. Explain what sale and leaseback transaction means. How is it treated in bookkeeping according to IAS 17? (6 points)

3a. AIA Inc. is installing a new plant at its production facility. It has incurred these costs:

1. Cost of the plant (cost per supplier's invoice plus taxes)	€2,500,000
2. Initial delivery and handling costs	€200,000
3. Cost of site preparation	€600,000
4. Consultants used for advice on the acquisition of the plant	€700,000
5. Interest charges paid to supplier of plant for deferred credit	€200,000
6. Estimated dismantling costs to be incurred after 7 years	€300,000
7. Operating losses before commercial production	€400,000
	(3 points)

3b. AirRaidSiren Inc. acquires copyrights to the original recordings of a famous singer. The agreement with the singer allows the company to record and rerecord the singer for a period of five years. During the initial six-month period of the agreement, the singer is very sick and consequently cannot record. The studio time that was blocked by the company had to be paid even during the period the singer could not sing. These costs were incurred by the company:

a) Legal cost of acquiring the copyrights	€10 million
b) Operational loss (studio time lost, etc.) during start-up period	€2 million
c) Massive advertising campaign to launch the artist	€1 million
	(3 points)