

Tentin päivämäärä / Date of exam: 20.2.2014
Opintojakson koodi, nimi ja tentin numero / The code and the name of the course and number of the exam: 721197S Advanced International Accounting (3)
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. When leasing contract is a finance lease contract according to IAS 17? (6 points)
2. Explain interest method. You may illustrate with an example. (6 points)
- 3a. An entity has an oil platform in the sea. The entity has to decommission the platform at the end of its useful life, and a provision was set up at the commencement of production. The carrying value of the provision is €8 million. The entity has received an offer of €20 million (selling costs €1 million) for the rights to the oil platform, which reflects the fact that the owners have to decommission it at the end of its useful life. The value-in-use of the oil platform is €26 million ignoring the decommissioning costs. The current carrying value of the oil platform is €28 million.

**Required:**

Determine whether the value of the oil platform is impaired. (3 points)

- 3b. An entity has two cash-generating units, X and Y. There is no goodwill within the units' carrying values. The carrying values are X €10 million and Y €15 million. The entity has an office building that has not been included in the above values and can be allocated to the units on the basis of their carrying values. The office building has a carrying value of €5 million.  
The recoverable amounts are based on value-in-use of €9 million for X and €19 million for Y.

**Required:**

Determine whether the carrying values of X and Y are impaired. How the impairment loss, if any, should be allocated? (3 points)