



## YLIOPISTOTENTTILOMAKEPOHJA / UNIVERSITY EXAM TEMPLATE

Koskee tiedekuntia LuTK, OyKKK, KaTK, TTK, TST ja BMTK (Linnanmaan tentit) /  
Concerns Faculties SCI, OBS, OMS, TECH, ITEE and BMM (Linnanmaa campus)

<b>Tentin päivämäärä / Date of exam:</b> 12.10.15		<b>Tentin kesto tunteina / Exam in hours:</b> 4	
<b>Tiedekunta / Faculty:</b>		Oulu Business School	
<b>Opintojakson koodi, nimi ja tentin numero / The code and the name of the course and number of the exam:</b> 721137S International Financial Reporting			
<b>Tentaattori(t) / Examiner(s):</b> Anna Elsilä		<b>Sisäinen postios. / Internal address</b> 6OyKKK	
<b>Sallitut apuvälineet / The devices allowed in the exam:</b>			
<input checked="" type="checkbox"/> Nelilaskin / Standard calculator		<input type="checkbox"/> Funktiolaskin / Scientific calculator	<input type="checkbox"/> Ohjelmoitava laskin / Programmable calculator
<input type="checkbox"/> Muu materiaali, tarkennettu alla / Other material, specified below: Dictionary			
<b>Tenttiin vastaaminen / Please answer the questions:</b>			
<input checked="" type="checkbox"/> Suomeksi / in Finnish		<input checked="" type="checkbox"/> Englanniksi / in English	
<b>Kysymyspaperi on palautettava / Paper with exam questions must be returned:</b>			
<input type="checkbox"/> Kyllä / Yes		<input checked="" type="checkbox"/> Ei / No	

Note: Your feedback will help me to develop the course, so please do not hesitate to let me know what worked and what did not in the course (either anonymously through the WebOodi or directly visiting my office TA329).

1. What are the conceptual differences between IFRS and US GAAP? Describe three specific examples of differences between IFRS and US GAAP discussed during the course.
- 2.

Consider the following transactions pertaining to Retail Traders Company. Amounts in parentheses indicate a decrease in the account.

Explanation	Assets		=	Liabilities + Owners' Equity	
	Cash	Inventory		Accounts Payable	Common Stock + Retained Earnings
Beginning balance		\$ 10,000		\$ 5,000	\$ 3,000 + \$ 2,000
Credit purchases		100,000		100,000	
Cash sales	\$ 115,000				115,000
Cost of goods sold		(90,000)			(90,000)
Cash paid to suppliers	(85,000)			(85,000)	
Ending balance	\$ 30,000	\$ 20,000		\$ 20,000	\$ 3,000 + \$ 27,000

**Required:**

1. Based on this information, prepare an income statement and statement of cash flows.
2. Provide an intuitive explanation of how the adjustments made to net income in the cash flow statement convert the accrual numbers to cash flow numbers.

(Continues on the other side)

3. Refer to the excerpt from 2014 Annual Report of Outokumpu Oyj provided below to answer the following requirements:
- Which of the items mentioned in this disclosure have been recognized in the Outokumpu's income statement as revenues or expenses for the year ended December 31, 2014?
  - Discuss possible reasons for the increase in "Additions" from 3 to 8 between 2013 and 2014.
  - Explain what is meant by "Deductions" and what income statement or balance sheet accounts were affected by recording the Deduction of -2 in 2014.
  - Discuss possible reasons why Outokumpu engaged in transactions resulting in derecognition of trade receivables and how these actions complicate financial statement analysis.

## 22. Trade and other receivables

€ million	2014	2013
<b>Current</b>		
Trade receivables	536	564
Allowance for impairment of trade receivables		
Allowance on Jan 1	19	25
Additions	8	3
Disposed subsidiaries	-	-0
Deductions	-2	-4
Recovery of doubtful receivables	-5	-2
Reclassification to assets held for sale	-	-4
Allowance on Dec 31	19	19

€ million	2014	2013
<b>Age analysis of trade receivables</b>		
Neither Impaired, nor past due	466	481
Past due 1-30 days	52	67
Past due 31-60 days	14	6
More than 60 days	4	10
	536	564

The maximum exposure to credit risk at the reporting date is the carrying amount of the loan and trade receivables. Most of the outstanding trade receivables have been secured by credit insurance policies, which typically covers some 90% of an insured credit loss. Credit risks related to trade receivables are presented in more detail in Note 19. Financial risk management, capital management and insurances.

As at December 31, 2014 Outokumpu has derecognized trade receivables totaling EUR 261 million (2013: EUR 197 million), which represents fair value of the assets. Net proceeds received totaled EUR 250 million (2013: EUR 182 million). Underlying assets have maturity less than one year. The maximum amount of loss related to derecognized assets are estimated to be EUR 9 million (2013: EUR 5 million). This estimation is based on insurance policies and contractual arrangements of factoring companies and Outokumpu. The analysis does not include impact of any operational risk related to Outokumpu's contractual responsibilities.



