

YLEISEN TENTIN TENTTILOMAKE - GENERAL EXAM FORM

Opiskelija täyttää / Student fills in

Opiskelijan nimi / Student name: Click here to enter text.	Opiskelijanumero / Student number: Click here to enter text.
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Opettaja täyttää / Lecturer fills in

Opintojakson koodi / The code of the course: 721137S	
Opintojakson (tentin) nimi / The name of the course or exam: International Financial Reporting	
Opintopistemäärä / Credit units: 6 Mikäli kyseessä on välikoe, opintopistemääräksi täytetään 0 op. 0 ECTS Credits is used for mid-term exams.	
Tiedekunta / Faculty: Oulu Business School	
Tentin pvm / Date of exam: 24.04.2019	Tentin kesto tunteina / Exam in hours: 3 h
Tentaattori(t) / Examiner(s): Anna Rossi	Sisäinen postiosoite / Internal address: 6OyKKK
Tentissä sallitut apuvälineet / The devices allowed in the exam: <input checked="" type="checkbox"/> Funktiolaskin / Scientific calculator <input type="checkbox"/> Ohjelmoitava laskin / Programmable calculator <input type="checkbox"/> Muu tentissä sallittu materiaali tai apuvälineet. Tarkenna alla. / Other material or devices, allowed in the exam. Specify below. Click here to enter text. <input type="checkbox"/> Tentissä ei ole sallittua käyttää apuvälineitä / The devices are not allowed in the exam	
Muut tenttiä koskevat ohjeet opiskelijalle (esimerkiksi kuinka moneen kysymyksen opiskelijan tulee vastata) / Other instructions for students e.g. how many questions he/she should answer: Click here to enter text.	

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Tentin kysymykset / Exam questions:

1. What is the difference between absorption costing and variable costing? Which of them is allowed in the IFRS/ US GAAP? How can the costing method allowed in IFRS/ US GAAP complicate financial analysis?
2. Assume that you plan to start a taxi business. You plan to buy a car and estimate that the business will generate 10,000 euros of net cash flows per year. Assume that you plan to operate the business for 3 years and that you expect to sell the car for 15,000 euros at the end of year 3. Assume that the appropriate discount rate is 5%. You plan to finance this business by issuing 5,000 of shares. Next, you purchase a car for 36,000 euros and start operations. You depreciate the car using straight-line depreciation method.

Required:

- a) What price will investors be willing to pay for the share?
- b) Assume that at the end of year 1, a local car dealer sells similar cars for 26,000 euros. What will be the carrying value of the car on the balance sheet of your company?

3. Rawl Company sells T-shirts. In December 2017, it has sold 100 t-shirts for 100 euros for cash. Rawl's provides its customers with a right to return any unused product within 30 days and receive a full refund. In 2017, customers returned 3% of T-shirts. The Rawl's cost of each t-shirt is 60 euros. Rawl estimates that the costs of recovering the products will be immaterial and expects that the returned T-shirts can be resold at a profit.

Required:

- a) Provide all the necessary journal entries related to the sale.
- b) What amount of revenue should be recognized on December 31, 2017?
- c) Assume that instead of providing a 30-day right of return, Rawl allows customers to return the t-shirts within 180 days. How your answer to b) change?
- d) Assume that Rawl started business in November 2017. Of all the t-shirts sold in November 2017, customers returned 3%. How would your answer to b) change?

Opettajalle: Jos tenttikysymykset sisältävät matemaattisia kaavoja, kuvia tms. sisältöä, joka ei saa muuttua, toimita tämä tenttilomake docx-muodossa ja varsinaiset tenttikysymykset erillisenä liitteenä pdf-muodossa. Toimita tentin kysymykset sekä suomeksi että englanniksi, jos tentissä on kansainvälisiä opiskelijoita.