

Tutorial 1 Questions

Comprehension questions

1. What are the key sources of regulation in Australia for a listed company?
2. Specify the objectives of general purpose financial reporting, the nature of users and the information to be provided to users to achieve the objectives as provided in the *Conceptual Framework*.
3. Performance of a business entity

A financial analyst said:

‘I advise my clients to invest for the long term. Buy good shares and hang onto them. Therefore, I am interested in a company’s long-term earning power. Accounting standards that result in earnings volatility obscure long-term earning power. Accounting should report earning power by deferring and amortising costs and revenues.’

Is this analyst’s view consistent with the fundamental characteristics of financial information established in the conceptual framework?

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Application and analysis exercises

1. Need for the conceptual framework versus interpretations

Applying the conceptual framework is subjective and requires judgement. Would the IASB or AASB be better off to abandon the conceptual framework entirely and instead rely on a very active interpretations committee that develops detailed guidance in response to requests from constituents?

2. Requirements to prepare a financial report

Apple Isle Transport Pty Ltd operates tours and transport services throughout Tasmania. The company has 50 employees. Its accounting records show that it has total assets of \$25 million, equity of \$20 million and revenue of \$60 million. The directors of Apple Isle Transport Pty Ltd have not received a request for a financial report from the shareholders or ASIC. Is Apple Isle Transport Pty Ltd required to prepare a financial report? If so, explain whether Apple Isle Transport Pty Ltd needs to apply Tier 1 or Tier 2 reporting requirements.

Case studies

Case study 1 The IASB

**Visit the website of the International Accounting Standards Board (www.ifrs.org).
Report on:**

- 1. the resources that are provided by the IASB for the accounting profession**
- 2. the funding of the IASB**
- 3. the goals and the mission statement of the IASB.**
- 4. a current project being undertaken by the IASB.**

Assignment Project Exam Help

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