**IFRS4-1**

The financial statements of Louis Vuitton are presented in Appendix F. Instructions for accessing and using the company's complete annual report, including the notes to its financial statements, are also provided in Appendix F.

***Instructions***

Visit Louis Vuitton's corporate website and answer the following questions from Louis Vuitton's 2014 annual report.

(a)

From the notes to the financial statements, how does the company determine the amount of revenue to record at the time of a sale?

(b)

From the notes to the financial statements, how does the company determine the provision for product returns?

(c)

Using the consolidated income statement and consolidated statement of financial position, identify items that may result in adjusting entries for deferrals.

(d)

Using the consolidated income statement, identify two items that may result in adjusting entries for accruals.

**IFRS5-1**

Explain the difference between the “nature-of-expense” and “function-of-expense” classifications.

**IFRS5-2**

For each of the following income statement line items, state whether the item is a “by nature” expense item or a “by function” expense item.

* \_\_\_\_\_\_\_\_ Cost of goods sold.
* \_\_\_\_\_\_\_\_ Depreciation expense.
* \_\_\_\_\_\_\_\_ Salaries and wages expense.
* \_\_\_\_\_\_\_\_ Selling expenses.
* \_\_\_\_\_\_\_\_ Utilities expense.
* \_\_\_\_\_\_\_\_ Delivery expense.
* \_\_\_\_\_\_\_\_ General and administrative expenses.

**IFRS5-3**

Matilda Company reported the following amounts (in euros) in 2017: Net income, €150,000; Unrealized gain related to revaluation of buildings, €10,000; and Unrealized loss on non-trading securities, €(35,000). Determine Matilda's total comprehensive income for 2017.

**INTERNATIONAL FINANCIAL REPORTING PROBLEM: Louis Vuitton**

**IFRS5-4**

The financial statements of Louis Vuitton are presented in Appendix F. Instructions for accessing and using the company's complete annual report, including the notes to its financial statements, are also provided in Appendix F.

***Instructions***

Use Louis Vuitton's annual report to answer the following questions.

(a)

Does Louis Vuitton use a multiple-step or a single-step income statement format? Explain how you made your determination.

(b)

Instead of “interest expense,” what label does Louis Vuitton use for interest costs that it incurs?

(c)

Using the notes to the company's financial statements, determine the following:

* **1.**Composition of the inventory.
* **2.**Amount of inventory (gross) before impairment.

**IFRS6-1**

Briefly describe some of the similarities and differences between GAAP and IFRS with respect to the accounting for inventories.

**IFRS6-2**

LaTour Inc. is based in France and prepares its financial statements (in euros) in accordance with IFRS. In 2017, it reported cost of goods sold of €578 million and average inventory of €154 million. Briefly discuss how analysis of LaTour's inventory turnover (and comparisons to a company using GAAP) might be affected by differences in inventory accounting between IFRS and GAAP.

#### INTERNATIONAL FINANCIAL REPORTING PROBLEM: Louis Vuitton

**IFRS6-3**

The financial statements of Louis Vuitton are presented in Appendix F. Instructions for accessing and using the company's complete annual report, including the notes to its financial statements, are also provided in Appendix F.

***Instructions***

Using the notes to the company's financial statements, answer the following questions.

(a)

What cost flow assumption does the company use to value inventory?

(b)

What amount of goods purchased for retail and finished products did the company report at December 31, 2014?

**IFRS2-1**

In what ways does the format of a statement of financial of position under IFRS often differ from a balance sheet presented under GAAP?

**IFRS2-2**

What term is commonly used under IFRS in reference to the balance sheet?

**IFRS2-3**

The statement of financial position for Sundell Company includes the following accounts (in British pounds): Accounts Receivable £12,500, Prepaid Insurance £3,600, Cash £15,400, Supplies £5,200, and Debt Investments (short-term) £6,700. Prepare the current assets section of the statement of financial position, listing the accounts in proper sequence.

**IFRS2-4**

The following information is available for Lessila Bowling Alley at December 31, 2017.

|  |  |  |  |
| --- | --- | --- | --- |
| Buildings | $128,800 | Share Capital | $100,000 |
| Accounts Receivable | 14,520 | Retained Earnings (beginning) | 15,000 |
| Prepaid Insurance | 4,680 | Accumulated Depreciation—Buildings | 42,600 |
| Cash | 18,040 | Accounts Payable | 12,300 |
| Equipment | 62,400 | Notes Payable | 97,780 |
| Land | 64,000 | Accumulated Depreciation—Equipment | 18,720 |
| Insurance Expense | 780 | Interest Payable | 2,600 |
| Depreciation Expense | 7,360 | Bowling Revenues | 14,180 |
| Interest Expense | 2,600 |  |  |

Prepare a classified statement of financial position. Assume that $13,900 of the notes payable will be paid in 2018.