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CPE ARTICLE: THE NEW GUIDANCE FOR COLLABORATIVE ARRANGEMENTS (ASU 2018-18)

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1. A collaborating arrangement by definition is:

- A. a joint venture
- B. a consolidated entity
- C. a joint operating activity
- D. none of the above

6. _____ defines a principal in a collaborative arrangement.

- A. ASC 808
- B. ASC 606
- C. Both a and b
- D. Neither a nor b

2. FASB issued its amendment on collaborative arrangements in:

- A. June 2017
- B. August 2017
- C. November 2018
- D. December 2019

7. ASC 606 states that the party that exercises control in a collaborative arrangement is often:

- A. the principal
- B. the agent
- C. the customer
- D. the government

3. Collaborative arrangements are usually within the scope of:

- A. ASC 606
- B. ASC 808
- C. Neither a nor b
- D. non-GAAP reporting

8. Regardless of the accounting method that companies use in their collaborative arrangements:

- A. the top line revenue arrangement remains the same
- B. net profit changes
- C. either a or b
- D. net profit remains the same

4. _____ is the FASB standard that defines a customer.

- A. ASC 606
- B. ASC 808
- C. Neither a nor b
- D. Non-GAAP reporting

9. A counterparty in collaborative arrangements:

- A. is always a customer
- B. is never a customer
- C. can be a customer for part of an arrangement
- D. none of the above

5. A collaborative arrangement can become within the scope of ASC 606 if the following condition(s) exist:

- A. a customer
- B. a distinct good or service
- C. Neither a nor b
- D. Both a and b

10. The author commented that the new FASB guidance has _____ clarified accounting for collaborative arrangements.

- A. extensively
- B. substantially
- C. significantly
- D. not significantly



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