

UNIVERSITY OF SWAZIALND**DEPARTMENT OF ACCOUNTING****MAIN EXAMINATION PAPER 2005**

DEGREE / DIPLOMA AND YEAR OF STUDY: B. COM. V

TITLE OF THE PAPER : **INTERNATIONAL ACCOUNTING
AND THEORY**

COURSE CODE : **AC 506 (M) 2005**

TIME ALLOWED : **Three (3) Hours**

- INSTRUCTIONS**
- 1 There are five (5) questions, answer all.**
 - 2 Begin the solution to each question on a
new page.**
 - 3 The marks awarded for a question are
indicated at the end of each question.**
 - 4 Show your workings.**

**NOTE: You are reminded that in assessing your work account will be taken
of accuracy of the language and the general quality of expression
together with layout and presentation of your answer.**

**THIS PAPER IS NOT TO BE OPENED UNTIL PERMISSION HAS BEEN
GRANTED BY THE INVIGILATOR / SUPERVISOR.**

QUESTION 1:

Why are accountants wavering so much on the issue of accounting for changing prices? (25 marks)

QUESTION 2:

The quick (or acid-test) ratio is frequently used to assess the short-term debt-paying ability of a business enterprise. As a rule of thumb, U.S. commercial lenders often consider a ratio of at least 1 to 1 to be satisfactory. Why might it be inappropriate to apply this standard when evaluating the liquidity of a non-U.S. company? (15 marks)

QUESTION 3:

What evidence indicates that International Accounting Standards (IAS) are becoming widely accepted around the world? Name at least four different ways that national accounting standard setters use IAS in setting their own standards. (16 marks)

QUESTION 4:

(A) Code law countries typically have portions of their financial accounting and reporting requirements anchored in the law itself and other portions derived from professional standards or recommendations. Explain whether extensive legal requirements lead to high-quality levels of financial reporting. (6 marks)

(B) Large companies often list their equity shares on different stock exchanges around the world. What accounting issues are raised by this practice? (8 marks)
(Total 14 marks)

QUESTION 5:

(A) Explain the role of a conceptual framework. (15 marks)

(B) Explain the IASB Conceptual Framework and South Africa's Conceptual Framework. (15 marks)
(Total 30 marks)

GOOD LUCK!