

**UNIVERSITY OF SWAZILAND**

DEPARTMENT OF ACCOUNTING

FACULTY OF COMMERCE

**SUPPLEMENTARY EXAMINATION PAPER**

**JULY 2016**

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**DEGREE / YEAR OF STUDY: BACHELOR OF COMMERCE YEAR IV /Level VI( PART TIME)**

Title of Paper : **INTERNATIONAL ACCOUNTING**  
Course Code : AC421/ IDE AC 516 (Part Time) JULY 2016  
Total Marks : 100  
Time Allowed : **THREE HOURS**

**Instructions**

- (i) There are **FOUR** Questions Answers to All
- (ii) Begin the solutions to each Question on a New page
- (iii) The marks awarded for each question are indicated at the end of the question
- (iv) Show all your workings
- (v) Calculations are to be made to zero decimal places of accuracy, unless otherwise Instructed.

**RECOMMENDATION:** Reading time should not exceed fifteen minutes

**Note:** You are reminded that in assessing your work, account will be taken of accuracy of the language and 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  
OR SUPERVISOR**

**SPECIAL REQUIREMENTS : CALCULATOR**

**QUESTION No.1**

- i. Describe the meaning of Accounting. Explain the different approaches related to international accounting. (Marks:11)
- ii. What are the important elements of financial statements? (Marks:14)

**QUESTION No. 2**

- i. What are the important points relating to Directors Report of Australia? (Marks:10)
- ii. Explain the Structures of International Accounting Standard Board (IASB). (Marks:8)
- iii. Why Financial Statements are potentially misleading during the inflation period? (Marks:7)

**QUESTION No. 3**

The following comparative balance sheets as on December 31<sup>st</sup> 2014 and 2015 and an income statement for the year ended December 31<sup>st</sup> 2015 related to VESPA COMPANY, which is a subsidiary of a United States Corporation in Swaziland.

VESPA COMPANY uses American terminology for naming its accounts.

REQUIRED. Translate the 2015 financial statement of VESPA COMPANY. From

Emalangeni to US Dollars using the current rate method of translation (when

Emalangeni is functional currency.) (Marks:25)

Balance sheets as on	31-12-2014	31-12-2015
	E	E
Cash	21,600	36,000
Accounts Receivable (Net)	93,600	72,000
Inventories at (FIFO)	86,400	1,08,000
Fixed Assets (Net)	6,48,000	5,76,000
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Total Assets	8,49,600	7,92,000
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Accounts Payable	1,58,400	1,72,800

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Long- Term- debt	3,16,800	2,16,000
Capital Stock	1,44,000	1,44,000
Retained Earnings	2,30,400	2,59,200
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Total Liabilities and Owners Equity	8,49,600	7,92,000
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Income Statement for the Year ended		31-12-2015.
	E	E
Sales		7,20,000
Expenses		
Cost of Sales	4,28,400	
Depreciation (Straight line )	72,000	
Other Expenses	1,07,496	6,07,896
Operating Income		1,12,104
Income Taxes		33,624
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		78,480
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Capital stock was valued at the rate of E 1=US\$ 0.19 at the time of Issue inventories On January 1<sup>st</sup> 2015 were acquired during the fourth quarter of 2014. purchases sales, and other expenses and dividends (E 49,680) occurred evenly during 2015. retained earnings in U.S dollars under the temporal method were \$ 22,752 exchange rates for the calendar year 2015 were as follows.

January 1 <sup>st</sup> 2015	E1= US\$ 0.24
December 31 <sup>st</sup> 2015	E 1=US \$ 0.21

Average during 2015 E1 =US\$0.23

Average during fourth quarter 2014 E1= US\$0.24

Average during fourth quarter 2015 E1=US\$0.22

**QUESTION No.4**

i. What are the related Purposes and Status of the International Accounting Standard Board(IASB)? (Marks:14)

ii. Define Foreign Exchange Risk. What are the related factors to external risk in management at the Enterprise Level? (Marks:11)

