

**UNIVERSITY OF SWAZILAND**

DEPARTMENT OF ACCOUNTING

FACULTY OF COMMERCE

**MAIN FINAL EXAMINATION PAPER**

**May 2016**

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**DEGREE / YEAR OF STUDY: B.COM LEVEL SEVEN (PART- TIME)**

Title of Paper : **INTERNATIONAL ACCOUNTING**

Course Code : IDE AC 516 (Part- Time)

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. What is the meaning of accounting specialisation used in the internalisation of the Accounting Discipline? (Marks: 14)
- ii. What is the meaning of accounting classification? Explain the role of financial framework for the development of accounting discipline. (Marks: 11)

**QUESTION NO.2**

- i. What are the important points relating to Directors Report of United Kingdom? (Marks:13)
- ii. What is hyperinflation? Describe the international consequences of coping with inflation. (Marks:12)

**QUESTION NO.3**

- i. 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 relate to wood company limited, which is a subsidiary of a united states corporation in Swaziland. Wood company limited uses American Terminology for naming its accounts.

**Required.** Translate the 2015 financial statement of wood company limited 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 at bank	13,500	22,500
Accounts receivables (net)	58,500	45,000
Inventories (at LIFO)	54,000	67,500
Fixed Assets (net)	4,05,000	3,60,000
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Total Assets	5,31,000	4,95,000
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Accounts payable	99,000	1,08,000
Debentures	1,98,000	1,35,000
Capital stock	90,000	90,000
Retained earnings	1,44,000	1,62,000
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Total Liabilities and Owners Equity	5,31,000	4,95,000

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Income statement for the year ended		31-12-2015
	E	E
Sales		4,50,000
Expenses		
Cost of sales	2,67,750	
Depreciation	45,000	
Other expenses	67,185	
	-----	3,79,935
		-----
Operating income		70,065
Income taxes		21,015
		-----
Net Income		49,050
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Capital stock was valued at the rate of E1=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 (E31,050) occurred evenly during 2015. Retained Earnings

In US dollars under the temporal method were \$ 14,220. Exchange rates for the calendar year 2015 were as follows:

January 1 <sup>st</sup> 2015	E1=US\$0.24
31 <sup>st</sup> December, 2015	E1= 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 is the role of accounting in financial risk management? (Marks:5)
- ii. Describe the dimensions of strategic planning process. (Marks:08)

- iii. What is forward rate agreement? Explain the different type of foreign currency options. (Marks:12)