

UNIVERSITY OF SWAZILAND

DEPARTMENT OF ACCOUNTING

FACULTY OF COMMERCE

MAIN FINAL EXAMINATION PAPER

December 2017

---

DEGREE / YEAR OF STUDY: BACHELOR OF COMMERCE YEAR IV /Level V & VI (PART -TIME)

Title of Paper : INTERNATIONAL ACCOUNTING  
Course Code : AC421/ IDE AC 421 & 516 (Part- Time) December 2017  
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 classification? Describe briefly the important elements of financial statements. (Marks: 09)
- ii. Describe briefly the important factors that which are driving the field of accounting into the ever-growing international dimension? (Marks: 16)

**QUESTION No. 2**

- i. Discuss the difference between spot, forward and swap markets? (Marks: 05)
- ii. Explain the different environmental factors that have an effect on accounting development. (Marks: 08)
- iii. What are the important points relating to directors report of United Kingdom? (Marks: 12)

**QUESTION No. 3**

- i. The following comparative balance sheets as on December 31<sup>st</sup> 2015 and 2016 and an income statement for the year ended December 31<sup>st</sup> 2016 relate to Rabi Company Limited, which is a subsidiary of a United States corporation in Swaziland. Rabi Company Limited uses American Terminology for naming its accounts. **REQUIRED.** Translate the 2016 financial statement of Rabi Company Limited from Emalangeni to US Dollars using the current rate method of translation (when Emalangeni is Functional Currency) (Marks: 20)

Balance sheets as on	31-12-2015	31-12-2016
	E	E
Cash	6,750	11,250
Accounts receivable	29,250	22,500
Inventories at (LIFO)	27,000	33,750
Fixed assets (Net)	202,500	180,000
	265,500	247,500
	49,500	54,000
Long- term- debt	99,000	67,500

Capital stock	45,000	45,000
Retained earnings	72,000	81,000
	<hr/>	<hr/>
Total liabilities and owners' equity	265,500	247,500
	<hr/>	<hr/>
Income statement for the year ended		31-12-2016.
	E	E
Sales		225,000
Expenses		
Cost of sales	133,875	
Depreciation (Straight line)	22,500	
Other expenses	33,593	189,968
Operating income		35,032
Income taxes		10,508
		<hr/>
Total operating profit		24,524
		<hr/>

Capital stock was valued at the rate of E 1=US\$ 0.20 at the time of issue. Inventories on January 1<sup>st</sup> 2016 were acquired during the fourth quarter of 2015. Purchases, sales, other Expenses and dividends (E 15,525) occurred evenly during 2016. Retained earnings in U.S dollars under the temporal method were \$ 5,110. Exchange rates for the calendar year 2016 were as follows

January 1 <sup>st</sup> 2016	E1= US\$0.25
December31 <sup>st</sup> 2016	E1=US\$0.22
Average during the year 2016	E1 =US \$0.24
Average during fourth quarter 2015	E1= US \$0.24
Average during fourth quarter 2016	E1=US \$0.23

- ii. Describe the different approaches relating to an international accounting. (Marks: 05)

**QUESTION No.4**

- i. Describe briefly financial statements are potentially misleading during the period of inflation. (Marks: 07)

- ii. What are the internal risk factors related to financial risk management? (Marks: 09)

- iii. Explain the environmental factors that affect the multinational decision making Process? (Marks: 09)