

UNIVERSITY OF SWAZILAND

DEPARTMENT OF ACCOUNTING

FACULTY OF COMMERCE

SUPPLEMENTARY EXAMINATION PAPER

July- 2018

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

Title of Paper : INTERNATIONAL ACCOUNTING
Course Code : AC 421/IDEAC 421&516 (Part-Time) July -2018
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 Explain the environmental factors that affect the internationalisation of the accounting discipline? (Marks: 16)

ii. What roles do classification and development play in the advancement of the accounting field? (Marks: 09)

QUESTION NO.2

i. Describe briefly the role of the financial framework in the development of accounting discipline. (Marks: 07)

ii .Explain the different types of factors for accounting measurements of United Kingdom. (Marks: 13)

iii. What are the international consequences of coping with inflation? (Marks: 05)

QUESTION NO.3

i. The following comparative balance sheets as on December 31st 2016 and 2017 and an income statement for the year ended December 31st 2017 relate to Hook Company Limited, which is a subsidiary of a United States corporation in Swaziland. Hook Company Limited uses American Terminology for naming its accounts.

REQUIRED. Translate the 2017 financial statement of Hook Company Limited from Emalangeni to US dollars using the current rate method of translation. (When Emalangeni is Functional Currency) (Marks: 19)

Balance sheets as on	31-12-2016	31-12-2017
	E	E
Cash at bank	9,450	15,750
Accounts receivables	40,950	31,500
Inventories (at LIFO)	37,800	47,250
Fixed assets (net)	283,500	252,000
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Total assets	371,700	346,500
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Accounts payable	69,300	75,600

AC421/IDEAC421& 516 (Part-Time) July 2018

Debentures	138,600	94,500
Capital stock	63,000	63,000
Retained earnings	100,800	113,400
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Total liabilities and owners' equity	371,700	346,500
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Income statement for the year ended		31-12-2017
	E	E
Sales		315,000
Expenses		
Cost of sales	187,425	
Depreciation	31,500	
Other expenses	47,030	

Total operating expenses		265,955

Operating income		49,045
Income taxes		14,711

Net income		34,334

Capital stock was valued at the rate of E1=US\$ 0.21 at the time of issue. Inventories on January 1st 2017 were acquired during the fourth quarter of 2016. Purchases, sales, other expenses and dividends (E21, 735) occurred evenly during 2017. Retained earnings in US Dollars under the temporal method were \$ 5,000. Exchange rates for the calendar year 2017 were as follows:

January 1 st 2017	E1=US\$0.26
31 st December, 2017	E1= US\$0.22
Average during 2017	E1=US\$0.24
Average during fourth quarter, 2016	E1=US\$0.26
Average during fourth quarter, 2017	E1=US\$0.24

QUESTION NO.4

i. Explain the different functions of international financial reporting interpretations

Committee (IFRIC)?

(Marks: 08)

ii. What is a financial future contract? Describe briefly the different dimensions of the

Strategic planning process?

(Marks: 11)

iii. Describe briefly the risks with the off balance sheet derivative innovations?

(Marks: 06)