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UNIVERSITY OF SWAZILAND
DEPARTMENT OF ACCOUNTING
SUPPLEMENTARY EXAMINATION PAPER JULY, 2010

DEGREE/DIPLOMA AND YEAR STUDY:B COM V /IDE B COM YEAR 7

TITLE OF PAPER :ACCOUNTING THEORY
&INTERNATIONAL ACCOUNTING

COURSE CODE :AC 506 (S) 2010/IDE AC506(S)2010

TIME ALLOWED :THREE (3) HOURS

- INSTRUCTIONS**
1. THE TOTAL NUMBER OF QUESTIONS ON THIS PAPER ARE FIVE (5).ANSWER QUESTION ONE (1),IT IS COMPULSORY,AND ANY OTHER THREE (3) QUESTIONS.TOTAL QUESTIONS TO BE ANSWERED ARE FOUR (4).
 2. THE MARKS AWARDED FOR A QUESTION/PART ARE INDICATED AT THE END OF EACH QUESTION/PART OF QUESTION.
 3. WHERE APPLICABLE, SUBMIT ALL WORKINGS AND THE CALCULATIONS.

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 THE LAYOUT AND PRESENTATION OF YOUR FINAL ANSWER.

SPECIAL REQUIREMENTS: NONE

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

QUESTION 1 :**REQUIRED :**

In setting and application of International Accounting Standards there are advantages and disadvantages of their application. There are also forces that support and impede the adaptation of these standards.

A. What are the advantages and disadvantages of adopting International Accounting Standards?

(15 marks)

B. What are the forces that support and what are the forces that impede adoption of International Accounting Standards.

(10 marks)

Total for the question (25 marks)

QUESTION 2 :**REQUIRED :**

Whether industrialized or developing, all countries are experiencing closer international linkages and greater degrees of economic inter dependence. There are 16 environmental factors impacting accounting. The list is certain to change over time.

What are these environmental factors affecting the Internalization of the Accounting Discipline?

(25 marks)

QUESTION 3 :**REQUIRED :**

In transmission of accounting information to foreign readers. International capital markets are increasingly becoming an important source of finance. Foreign financial statement readers would want to be sure that the financial statements are properly prepared and all relevant information is disclosed. The foreign readers' worry is simply summarized by analysts as a measurement disclosure debate.

Describe in detail what is the measurement versus disclosure debate?

(25 marks)

QUESTION 4 :**REQUIRED :**

A. Although accounting practices change over time a snapshot of the contemporary scene can be taken. Currently, what is the global perspective of accounting practice?

(15 marks)

B. What are the effects of global perspective of accounting practice on the global business decisions?

(10 marks)

Total for the question (25 marks)

QUESTION 5 :**REQUIRED :**

A. According to Hendriksen (1982) accounting theory may be defined as a logical reasoning in the form of a set of broad principles that:

1. Provide a general frame of reference by which accounting practices can be evaluated.
2. Guide the development of new practices and procedures.
3. May be used to explain existing practices. But the main purpose of accounting theory is to provide a general frame of reference and guide the development of new practices and procedures.

Describe the several approaches to the development of accounting theory.

(15 marks)

B. Once a good accounting theories and appropriate accounting standards are is developed what are the potential positive payoff, and potential negative payoff of a better accounting reporting system.

(10 marks)

Total for the question (25 marks)

TOTAL FOR THE PAPER (100 marks)