

Eastern University, Sri Lanka  
Faculty of Commerce and Management

Final Year First Semester Examination in Bachelor of Commerce (Specialization in Accounting  
and Finance) 2012/2013 (March 2015)

Special Repeat

DAF 4033 International Accounting

Time: 03 hours

Answer all questions

- (i) Explain Differences between International Accounting and Domestic Accounting.  
(10 Marks)
- (ii) What are the four main steps in doing a business analysis using financial statements?  
(10 Marks)
- (Total 20 Marks)
- (i) List out the economic, socio, historical, and institutional factors that are believed to influence accounting development.  
(10 Marks)
- (ii) What is the difference between a transaction gain or loss and a translation gain or loss?  
(10 Marks)
- (Total 20 Marks)
- (i) KFC plc manufactures a product that is marketed in South America, East Europe and Asia. Its total manufacturing cost to produce 100 units of good X is \$3,250, detailed as follows:

	\$
Raw materials	1,500
Direct labour	1,000
Overhead	750
<b>Total</b>	<b>3,250</b>

The company bases its selling price on a cost-plus formula.

**Required:**

What would be KFC plc's selling price per unit if it wants a gross profit of 20% above cost?

(10 Marks)

- (II) Compare and contrast the main features of financial reporting in the five countries (United States, Mexico, Japan, China, and India)

(10 Marks)

(Total 20 Marks)

04. (I) Why are multinational corporations increasingly being held accountable to constituencies other than traditional investor groups?

(10 Marks)

- (II) What are the similarities and differences in the approaches China and the Czech Republic are taking in embracing market reforms?

(10 Marks)

(Total 20 Marks)

05. (I) Briefly explain about GRI

(10 Marks)

- (II) On January 1, 2014, a US manufacturer sells, on account, goods to a Sri Lankan importer for 2 million Sri Lankan rupees. The dollar/ rupee exchange rate is \$0.00775 = LKR 1. The rupees receivable are due in 90 days, and the US Company operates on calendar year basis. The rupee begins to depreciate before the receivable is collected. By the end of month, the dollar/ rupees exchange rate is \$0.0080 = LKR 1. On 1<sup>st</sup> April 2013, it is \$0.0079 = LKR 1.

**Required:**

Prepare journal entries in single and two transaction perspectives.

(10 Marks)

(Total 20 Marks)