



UNIVERSITY OF COLOMBO, SRI LANKA

FACULTY OF MANAGEMENT AND FINANCE

Bachelor of Business Administration (Level II - Semester VII) Examination 2016

ACT 2206 – International Accounting

Two (02) Hours

Answer All Questions

1. i. "Hofstede (1980) developed a model for culture with four main dimensions, while Gray (1988) identified four accounting values arising directly from prevailing social values". Discuss the cultural influences on the development of accounting systems in an international context, based on the above statement.

(16 Marks)

- ii. Legal systems play a significant role in differentiating accounting principles among countries. Distinguish between two major types of legal systems that are applied in determining accounting principles.

(12 Marks)

- iii. Based on the article Cerne, K. (2009), Influential Factors of Country's Accounting System Development, *Economic Research*, 22(2), 66-97, explain how the quality of accounting education and the status of the accounting profession can be considered as factors affecting a country's accounting system.

(12 Marks)

(Total 40 marks)

2. Briefly explain how the following factors affect the development of an accounting system in a country.
- Provision of Finance
 - Taxation
 - Level of Inflation

d. Theories of Accounting

e. Situational Factors

(03 Marks * 5= 15 marks)

3. i. "Accounting regulations in the United Kingdom are found in both professional pronouncements and legislation". Discuss the above statement.

(08 Marks)

ii. "Accounting regulations in many Continental European countries are legislated". Comment on the above statement.

(08 Marks)

iii. Briefly explain the role of United States Securities and Exchange Commission (SEC) in developing accounting regulations.

(04 Marks)

(Total 20 marks)

4. i. 'Under international accounting, harmonization is a movement away from total diversity of practice, while standardization is a movement toward uniformity'. Do you agree with the above statement? Justify your answer.

(15 Marks)

ii. "Accounting harmonization has merits as well as demerits." Do you agree with this statement? Explain your answer.

(10 Marks)

(Total 25 marks)