

UNIVERSITY OF COLOMBO, SRI LANKA

FACULTY OF MANAGEMENT AND FINANCE

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

INB 2206 –International Accounting

Two (02) Hours

Answer All Questions

1. i. “Hofstede (1980) developed a model for culture with four main dimensions. Gray (1988) identified four accounting values arising directly from prevailing social values.”

Based on the above statement discuss the cultural influence on the development of accounting systems in an international context.

(17 Marks)

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

(13 Marks)

- iii. Based on the article titled ‘Influential Factors of Country’s Accounting System Development’ by Cerne (2009), explain how the quality of accounting education and the status of accounting profession influence in determining accounting systems of a country.

(10 Marks)

(Total 40 marks)

2. Explain briefly influence of the following factors in developing an accounting system for a country.

- i. Provision of finance
- ii. Taxation
- iii. Level of inflation
- iv. Theories of accounting
- v. Situational factors

(03 Marks * 5= 15 Marks)

3. i. "Accounting regulations in the United Kingdom are found in both professional pronouncements and legislations." Elaborate this statement.

(08 Marks)

ii. "Accounting regulations in many Continental Europe Countries are legislated". Justify the above statement.

(08 Marks)

iii. Explain briefly the role of the United States Securities and Exchange Commission in developing accounting regulations.

(04 Marks)

(Total 20 marks)

4. i. 'In international accounting, harmonization is moving away from total diversity of practice whereas standardization is a movement towards uniformity'. Do you agree with the statement? Justify your answer.

(15 Marks)

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

(10 Marks)

(Total 25 Marks)
