



CHARLES DARWIN UNIVERSITY	Family Name	
	Given Names	
	Student Number	
	Teaching Period	Semester 1, 2016
FINAL EXAMINATION		DURATION
ACT301 – Accounting Theory and Contemporary Issues		Reading Time: 10 minutes Writing Time: 180 minutes

INSTRUCTIONS TO CANDIDATES

1.1 The examination has 3 sections.

Section A:	Short Answer Questions: Answer ALL questions 40 marks
Suggested Time:	60 minutes
Section B:	Short Essay Questions: Answer ALL questions 20 marks
Suggested Time:	40 minutes
Section C:	Multiple Choice Questions: Answer ALL questions 40 marks
Suggested Time:	80 minutes

Section A and Section B are to be answered in the Answer Booklet provided.

Section C must be answered on the Multiple Choice Answer Sheet provided in this examination paper and must be handed in with your answer booklet.

Please ensure that your name and student number are clearly indicated on your Answer Sheet and at the top of this examination paper.

1.2 Note that questions **ARE NOT** of equal value.

1.3 Read **ALL** questions carefully.

EXAM CONDITIONS

You may begin writing from the commencement of the examination session. The reading time indicated above is provided as a guide only.

This is a RESTRICTED OPEN BOOK examination
 No calculators are permitted
 No handwritten notes are permitted
 Hard copy, unannotated English translation dictionary only

ADDITIONAL AUTHORISED MATERIALS	EXAMINATION MATERIALS TO BE SUPPLIED
No additional printed material is permitted	1 x 16 Page Book 1 x 4-Multiple Choice Answer Sheet

**THIS EXAMINATION IS PRINTED
DOUBLE-SIDED.**

**THIS PAGE HAS BEEN INTENTIONALLY LEFT
BLANK.**

Section A
Short Answer Questions
Total No of Marks for this section: 40
Answer 4 of 4 questions

This section should be answered in the Answer Booklet provided.

Marks for each question are indicated. Suggested Time allocation for Section B: 60 mins

Question 1: (10 marks)

Positive Accounting Theory assumes that all individual action is driven by self-interest, with the self-interest being tied to wealth maximisation.

- (a) Is this a useful and/or realistic assumption?
- (b) Adopting this assumption, why would politicians introduce particular regulations?
- (c) Why would researchers study particular issues?

Question 2: (10 marks)

Identify and discuss the elements of financial statements and discuss the recognition criteria of each element.

Question 3: (10 marks)

Is it appropriate for accounting standard-setting bodies to consider culture and religion when devising accounting standards and regulations, particularly given the output of financial reporting is expected to be objective and unbiased? Detail and explain your view.

Question 4: (10 marks)

Critical theorists would challenge the work of authors whose work is grounded with Legitimacy Theory. What is the basis of their opposition? Explain your view.

Section B
Short Essay Questions

Total Number of Marks for this section: 20

This section should be answered in the Answer Booklet provided.

Marks for the question is as indicated. Suggested Time allocation for Section C: 40 mins

Question 1: (20 marks)

Assume that the government of Australia has become concerned that existing disclosure regulation tends to fixate on the financial performance of organisation but fails to address other aspects of corporate performance, including failure to provide information about corporate social and environmental impacts as well as about various initiatives and investments an organisation has undertaken to improve its social and environmental performance. As such, Australia has decided to introduce legislation that will require business corporations to provide information about the social and environmental impacts of their operations, as well as the social and environmental initiatives undertaken by the corporations.

Required:

You are required to do the following:

- (a) Explain from a ‘public interest theory perspective’ the rationale for Australia introducing the legislation and how Australia will ultimately assess whether any proposed legislation should actually be introduced.
(4 marks)
- (b) Predict from a ‘capture theory perspective’ the types of constituents that will benefit in the long run from any social and environmental disclosure legislation.
(4 marks)
- (c) Predict from an ‘economic interest group perspective’ whether any potential legislation to be introduced will lead to an increase in the accountability of corporations in relation to their social and environmental performance despite any implications that this increased corporate accountability might have for the financial success of large but heavily polluting organisations.
(6 marks)
- (d) That it is argued that the process of the regulation of financial accounting is ‘political’ in nature? Do you agree or disagree? Explain your answer.
(6 marks)

Section C
Multiple Choice Questions
Total No of Marks for this section: 40

This section should be answered on the Multiple Choice Answer Sheet provided. Please ensure that your name and student number have been written on the Answer sheet and place in the completed answer Booklet.

Each question carries 1 mark. Suggested Time allocation for Section A: 80 mins