



NATIONAL OPEN UNIVERSITY OF NIGERIA
Plot 91 Cadastral Zone Nnamdi Azikiwe Express Way, Jabi-Abuja
FACULTY OF MANAGEMENT SCIENCES
DEPARTMENT OF FINANCIAL STUDIES
2021_2 EXAMINATION

Course Code: ACC426

Credit Units: 3

Course Title: INTERNATIONAL ACCOUNTING

Time Allowed: 2^{1/2}Hrs

Instruction: 1. Answer a total of FOUR questions.

2. Question one is compulsory.

3. Answer questions one 25MARKS and any other three 15MARKS each.

4. Your answer must be clearly stated.

QUESTION 1.

PH Ltd purchased 60% holding in Ghana Ltd several years ago when the rate of exchange was C6 to ₦1, and the reserve of Ghana Ltd amounted to C60, 000.

The statements of financial positions of the two companies at 31 December 2020 were as follows:

	PH Ltd	Ghana Ltd
	₦'000	Cedi (C)'000
Assets		
Non-current assets:		
Property, plant & equipment	718,000	764,200
Investment in London	<u>70,000</u>	<u>-</u>
	788,000	764,200
Current assets:		
Inventory	80,000	64,000
Debtors	203,000	86,000
Cash	<u>84,000</u>	<u>24,000</u>
	<u>367,000</u>	<u>174,000</u>
Total assets	<u>1,155,000</u>	<u>938,200</u>
Equity and Liabilities:		

Ordinary shares of ₦ 1/£ 1 each	250,000	500,000
Retained earnings	<u>508,000</u>	<u>239,200</u>
	758,000	739,200
Non-current Liabilities:	197,000	90,000
Current liabilities:	200,000	109,000
Total liabilities	<u>397,000</u>	<u>199,000</u>
Total equity & liability	<u>1,155,000</u>	<u>938,200</u>

The statement of profit or loss for the year ended 31 December 2020 showed the following results:

	₦'000	Cedi (C)'000
Trading profit	391,000	280,000
Dividend from subsidiary	6,250	-----
Taxation	200,000	109,000
Dividend paid	-----	50,000

The following additional information is given

1. PH Ltd has declared a final dividend of 50k per share, which has not yet been incorporated into its book.
2. Ghana Ltd purchased all their non-current assets when the exchange rate was C6.0 to ₦1, before being acquired by PH Ltd with the exception of additions costing 40,000 on 30th June 2020.
3. The following exchange rates are relevant:

1 Jan 2020	C 5.5 to ₦ 1
30 Jun 2020	C5.0 to ₦ 1
31 Dec 2020	C4.5 to ₦ 1

You are required to prepare the consolidated statement of financial position as at 30 June 2020.

25 marks

QUESTION 2.

Briefly discuss any three ways in which culture influences accounting practices in different countries of the world. Limit your answer within the constructs identified by Hofstede (1984).

15 marks

QUESTION 3

- (a) What is political lobbying in accounting standards setting? **6 marks**
- (b) Who are the initiators of political lobbying and how do the standard-setters handle the challenges of political lobbying? **5 marks**
- (c) IFRS Foundation is an independent, private, non-profit making organization working in the public interest. What are the objectives of setting up IFRS foundation? **4 marks**

QUESTION 4.

IFRS was adopted in Nigeria by signing into law of the FRCN Act by the President of the Federal Republic of Nigeria in 2011. Discuss five obstacles that impeded implementation of IFRS in Nigeria? **15 marks**

QUESTION 5.

- (a) What is financial statement analysis? **3 marks**
- (b) Why should financial statements analysts be interested in profitability and cash flow of companies? **10 marks**
- (c) State four sources of financial information needed for analysis. **2 marks**

Total 15 marks