



**NATIONAL OPEN UNIVERSITY OF NIGERIA**  
**Plot 91 Cadastral Zone Nnamdi Azikiwe Express Way, Jabi-Abuja**  
**FACULTY OF MANAGEMENT SCIENCES**  
**DEPARTMENT OF FINANCIAL STUDIES**  
**JANUARY 2018 EXAMINATION**

---

**COURSE CODE: ACC 426**

**COURSE UNIT: 3**

**COURSE TITLE: International Accounting**

**TIME ALLOWED: 2 ½ Hours**

**Instructions:**

- 1. Attempt question one (1) and any other (3) questions.**
- 2. Question one (1) carries 25 marks, while the other three (3) questions carry 15 marks each.**
- 3. Present all your points in coherent and orderly manner**

---

1. The evolution of financial reporting from internal reporting to external reporting can be traced to the separation of the roles of owners and managers of the business. Accounting practices all over the world are influenced by national environmental factors and conditions which differ among countries. Thus the need to focus on global harmonization of accounting practices.

**Required:**

- a. List and Discuss 4 causes of differences in international financial reporting  
**(10 marks)**
  - b. Discuss 4 major differences in accounting practices globally **(10 marks)**
  - c. Explain 5 reasons for harmonization of accounting standards **(5 marks)**
- 
- 2a. Explain the concept of international accounting **(3 marks)**
  - 2b. Discuss the factors influencing accounting development globally **(12 marks)**
- 
3. The desire for Nigeria to achieve her vision 20 in the year 2020 of being the number one nation in Africa led to her adoption of IFRS in 2011. This adoption was done to foster the economic development of the country amongst other functions. However, there are challenges of such adoption and other implications on tax practices.

**Required:**

- a. Highlight and discuss 5 challenges facing the adoption of IFRS in Nigeria **(10 marks)**
- b. Highlight the tax implications of IFRS adoption **(5 marks)**

4. Multinational Companies (MNCs) and their subsidiaries operate in different international environments, and the performance of the foreign subsidiaries is affected several variables which must be considered when evaluating the real performance of foreign subsidiaries and their managers.

**Required:**

- i. Discuss four (4) issues to consider when developing MNC evaluation systems  
(10 marks)
- ii. Highlight 5 benefits of evaluating the performance process (5 marks)

- 5 a. Write short notes on the following

- i. Hedging
- ii. Exchange rate
- iii. Forward rate
- iv. Spot rate
- v. Monetary Items

(5 marks)

- b. On 1/1/2017 an entity with a functional currency of Naira purchased raw materials from a supplier for the sum of £750. At the end of the accounting period the entity is yet to pay the debt. The entity has a financial year-end of 31 December 2017. The spot exchange rates are as follows:

- 1/1/2017: ₦450/£1
- 31/12/2017: ₦580/£1

**Required:**

Show the journal entries for the above transactions at initial recognition and end of the year.  
(10 marks)

6. Write short notes on THREE major International Bodies that have contributed to the development of International Accounting Standards (15 marks)