



NATIONAL OPEN UNIVERSITY OF NIGERIA
Plot 91 Cadastral Zone Nnamdi Azikiwe Express Way, Jabi-Abuja
FACULTY OF MANAGEMENT SCIENCES
DEPARTMENT OF FINANCIAL STUDIES
2022_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 25 marks and any other three 15 marks each.
 4. Your answer must be clearly stated.

QUESTION1.

The following financial statements relate to Enugu Plc. a public company and its subsidiary Beethoven PVT in the republic of Germany as at December, 2017

| | Enugu Plc. ₦'000 | Beethoven PVT DM'000 |
|-------------------------------------|---------------------|-------------------------|
| Assets | | |
| Non-current assets: | | |
| Property, plant & equipment | 240,000 | 270,000 |
| Investment in Beethoven PVT | 20,000 | - |
| Current assets: | <u>146,500</u> | <u>54,000</u> |
| Total Assets | <u>406,500</u> | <u>324,000</u> |
| Equity and Liabilities: | | |
| Ordinary shares of ₦ 1/£ 1each | 200,000 | 180,000 |
| Retained earnings | <u>20,000</u> | <u>15,000</u> |
| | 220,000 | 195,000 |
| Non-current Liabilities: | | |
| 5% Loan | 160,000 | 90,000 |
| Deferred tax | <u>12,000</u> | <u>1,000</u> |
| | 172,000 | 91,000 |
| Current liabilities: | | |
| Trade and other payables | 13,000 | 20,000 |
| Bank overdraft | <u>1,500</u> | <u>18,000</u> |

| | | |
|--------------------------|----------------|----------------|
| | <u>14,500</u> | <u>38,000</u> |
| Total liabilities | <u>186,500</u> | <u>129,000</u> |
| Total equity & liability | <u>406,500</u> | <u>324,000</u> |

The following additional information is relevant:

1. On 1st January, 2014, Enugu Ltd acquired 80% of the shared capital of Beethoven PVT for ₦20,000,000 when the retained earnings stood at ₦8,000,000.
2. It is the group policy to account for goodwill on a full fair value basis. In the year 2017, there was no goodwill impairment, and non-controlling interest is measured at fair value as ₦10,000,000.
3. The following exchange rates prevailed in the relevant financial periods.

Exchange rate ₦ 1:

| | |
|---------------------------------------|---|
| 1 st January, 2014 | 8 |
| 31 st December, 2016 | 4 |
| 31 st December, 2017 | 2 |
| Average rate for the year ending 2017 | 5 |

You are required to Prepare:

- a. Translate the statement of the financial position of Enugu Plc as at 31st December, 2017. **15 marks**
- b. Calculate the goodwill that will be included in the statement of financial position. **8 marks**
- c. Calculation of exchange gain or loss on goodwill to be included in consolidated retained earnings **2 marks**

Total 25 marks

QUESTION 2

Luca Pacioli did not invent double entry bookkeeping but he was the first to document it in his *Summa de Arithmetica, Geometrica, ProportionietProportionalite* in a section describing bookkeeping as used then in Venice.

Discuss this statement using **three** examples to support your answer.

15 marks.

QUESTION 3

The use of diversity of accounting practices and procedures across countries of the world has some negative effects which harmonization tried to resolve. State and briefly discuss 5 bottlenecks to harmonization of accounting practices across the globe. **15**

marks

Question 4

(a). IFAC is a global association of professional accountants all over the world established to serve public interest by strengthening the profession and contributing to the development of strong international economies. What specific roles does IFAC play in achieving these objectives?

6 marks

(b). IASC existed from 1973 to 2001 when its structure was change and renamed as IASB.

(i). what really led to this move for change and issuing of IFRS? **6 marks**

(ii). what are the achievements of IASB since its inception in 2001? **3 marks**

Question 5

Your friend recently secured a job with a Multinational company and his responsibilities included preparation of consolidated financial statement that provides accounting information about the parent company and its subsidiaries in the host countries. He has requested you to highlight some problems that may confront him in the process of carrying out this assignment.

List and discuss some problems that may make consolidation of financial statements difficult.

15 marks