



**NATIONAL OPEN UNIVERSITY OF NIGERIA**  
**PLOT 91, CADASTRAL ZONE, NNAMDI AZIKIWE EXPRESSWAY, JABI, ABUJA**  
**FACULTY OF MANAGEMENT SCIENCES**  
**2025\_2 EXAMINATIONS**

**COURSE CODE: ACC 426** **CREDIT UNIT: 3Units**

**COURSE TITLE: INTERNATIONAL ACCOUNTING**

**TIME ALLOWED: 2 Hours**

**INSTRUCTIONS:**

- 1. Attempt Question 1 and any other three (3) Questions.**
- 2. Question 1 is compulsory and carries 25 marks while the other 3 Questions carry 15 marks each.**
- 3. Present all your points in a coherent and orderly manner**

**QUESTION 1**

**Good Tidings Nigeria Ltd** operates in Nigeria with a Cocoa producing branch in Cameroon called Kindness Ltd. The financial statements prepared in Central African Francs (Camerounian Currency) were as follows:

Kindness Ltd

Statement of Profit or Loss for the year ended 31<sup>st</sup> December, 2023

	CFA	CFA
Turnover		850,000
Less cost of sales		
Opening inventory	355,750	
Add purchases	<u>120,500</u>	
	476,250	
Closing inventory	<u>206,420</u>	<u>(269,830)</u>
Gross profit		580,170
Depreciation	18,000	
Operating expenses	<u>142,820</u>	<u>(160,820)</u>
Net profit		<u>419,350</u>

Koruna Ltd

Statement of Financial Position as at 31<sup>st</sup> December, 2023

	CFA	CFA
<u>Non-current assets (Net Book Value)</u>		
Furniture and Fittings	562,000	
Motor Vehicles	<u>120,000</u>	682,000
<u>Current assets</u>		
Closing inventory	206,420	
Account receivables	110,000	
Cash at bank	<u>85,000</u>	
		<u>401,420</u>
<b>Total Assets</b>		<b><u>1,083,420</u></b>

**Equity and Liabilities**

Retained profit		634,700
Long Term debt		<u>180,220</u>
		814,920

<u>Current liabilities</u>		
Current account	128,500	
Account payables	<u>140,000</u>	
		(268,500)
<b>Total Equity and Liabilities</b>		<b><u>1,083,420</u></b>

Additional information for the period was given as follows:

The head office current account and the tangible assets were agreed at when the exchange rate was ₦0.50/1 CFA on 01/01/2023.

On 1/1/2023 the retained earnings was ₦23,500

The exchange rates for CFA during the period were:

1/1/2023 ₦0.56/1 CFA

31/12/2023 ₦0.73/1 CFA

### Required:

Translate the financial statements of Kindness Ltd into Naira using temporal method in accordance with *IAS 1 (25marks)*

### QUESTION 2

- The development of International Accounting as a discipline can be attributed to some factors, mention and explain five of these factors. (5 Marks)
  - Briefly explain the term harmonization. (2.5 Marks)
  - Discuss five reasons for harmonization of accounting standards? (7.5 Marks)
- (Total= 15 Marks)

### QUESTION 3

- Discuss seven implications of the adoption of IFRS on taxation. (7 Marks)
  - State at least eight roles of Financial Reporting Council of Nigeria (FRCN) 8 Marks)
- (Total= 15 Marks)

### QUESTION 4

- Define a multinational corporation (2 Marks)
  - Itemise and discuss six dangers posed by Multi-National Corporation s (MNCs) to host countries (9 Marks)
  - State 4 accounting issues of Multi-National Corporation MNCs. (4 Marks)
- (Total= 15 Marks)

### QUESTION 5

- Define the concept performance evaluation (2 Marks)
  - List and explain three financial measures used by MNCs to evaluate domestic and foreign subsidiaries (9 Marks)
  - Why consider transfer pricing an issue when developing MNC evaluation systems? (4 Marks)
- (Total= 15 Marks)

### QUESTION 6

IAS 21 lays down the circumstances in which a particular method of translation should be used.

- Discuss three of these methods and the translation rate used for items of assets, liabilities, expenses and income. (9 Marks)
- List four factors that influence the adoption of transfer price in the external reporting of multinational companies.