

**DEPARTMENT OF ACCOUNTING  
MAIN EXAMINATION PAPER NOVEMBER 2019**

**TITLE OF PAPER : INTERNATIONAL ACCOUNTING**

**COURSE CODE : ACF411/516/421 (M) NOVEMBER 2019**

**TOTAL MARKS : 100 MARKS**

**TIME ALLOWED : THREE (3) HOURS**

- INSTRUCTIONS**
- 1 There are five (5) questions, answer any four (4).**
  - 2 Begin the solution to each question on a new page.**
  - 3 The marks awarded for a question are indicated at the end of each question.**
  - 4 Show the necessary working.**
  - 5 Calculations are to be made to zero decimal places of accuracy, unless otherwise instructed.**

**Note: You are reminded that in assessing your work, account will be taken of accuracy of the language and general quality of expression, together with layout and presentation of your answer.**

**THIS PAPER IS NOT TO BE OPENED UNTIL PERMISSION HAS BEEN GRANTED BY THE INVIGILATOR OR SUPERVISOR.**

**SPECIAL REQUIREMENTS: CALCULATOR**

## INSTRUCTION

THERE ARE *FIVE (5) QUESTIONS* IN ALL. YOU ARE REQUIRED TO ANSWER ANY *FOUR (4) QUESTIONS*. ALL THE QUESTIONS CARRY EQUALL MARKS

### QUESTION ONE

- a. List five (5) causes of international accounting differences globally (5 Marks)
- b. State four (4) objectives of the IASB (5 Marks)
- c. State the full meaning of the following acronyms as used in International Accounting:
  - i. FASB (2 Mark)
  - ii. IFRIC (2 Mark)
  - iii. IFRS (2 Mark)
  - iv. GAAP (2 Mark)
  - v. IASB (2 Mark)
- d. IFRS is developed through a formal system of due process. State the process involved in setting IFRS. (5 Marks)

[Total: 25 Marks]

### QUESTION TWO

- a. What is *Harmonization of International Accounting Standards*? (5 Marks)
- b. Explain the following terms in accordance with *IAS-21: The Effect of Changes in Foreign Exchange Rates*
  - i. Closing Rate (2 Mark)
  - ii. Opening Rate (2 Mark)
  - iii. Net Investment (2 Mark)
  - iv. Functional Currency (2 Mark)
  - v. Presentation Currency (2 Mark)
  - vi. Foreign Subsidiary (2 Mark)
  - vii. Exchange Rate (2 Mark)
  - viii. Forward Rate (2 Mark)
  - ix. Spot Exchange Rate (2 Mark)
  - x. Monetary Items (2 Mark)

[Total: 25 Marks]

### QUESTION THREE

Due to the differences of accounting standards among countries, the International Accounting Standards Board (IASB) is committed to narrowing these differences by seeking to harmonise regulations, accounting standards and procedures relating to the preparation and presentations of financial statements for the purpose of providing information that is useful in making economic decisions.

*Explain five (5) advantages of harmonization of accounting standards (25 Marks)*

### QUESTION FOUR

Accountants prepare accounts based on a conceptual framework. This framework deals with, among other things, objectives for the preparation of accounts, qualitative characteristics of accounting information, concept of capital maintenance and recognition and measurement of the elements of financial statements.

**Required:**

- a) Outline **four** importance of the conceptual framework for financial reporting. (4 marks)
- b) Identify **four** components of a financial statement and for each of them state the objective for preparing that component. (8 marks)
- c) Explain **two** fundamental and **four** enhancing qualities of accounting information. (13 marks)

[Total: 25 Marks]

### QUESTION FIVE

Shugarine Enterprise operates in Nigeria with a branch in Ghana, Dudu Enterprise. The financial statements prepared in Cedi (Ghana Currency) were as follows:

**Dudu Enterprises**

**Statement of Profit or Loss for the year ended 31/12/2016**

	Cedi	Cedi
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>

**Dudu Enterprises**

**Statement of Financial Position as at 31<sup>st</sup> December, 2016**

<u>Non-current assets (Net Book Value)</u>	Cedi	Cedi
Furniture and Fittings	562,000	
Motor Vehicles	<u>120,000</u>	682,000
<b><u>Current assets</u></b>		
Closing inventory	206,420	
Account receivables	110,000	
Cash at bank	<u>85,000</u>	
	401,420	
<b><u>Current liabilities</u></b>		
Current account	128,500	
Account payables	<u>140,000</u>	<u>(268,500)</u>
		<u>814,920</u>
<b>Financed by</b>		
Retained profit		634,700
Long term debts		<u>180,220</u>
		<u>814,920</u>

Additional information for the period was given as follows:

1. The head office current account and the tangible assets were agreed at when the exchange was ₦ 0.20/1 cedi on 01/01/2014
2. On 1/1/2016 the retained earnings was ₦23,500
3. The exchange rates for cedi during the period were:
  - 1/1/2016 ₦0.56/1cedi
  - 31/12/2016 ₦0.73/1cedi

**Required:** Translate the financial statement of Dudu Enterprises into Naira using temporal method. **[TOTAL: 25 MARKS]**