

NLI_81_2

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13/4/18

REDEEMER'S UNIVERSITY
P.M.B 230, EDE, OSUN STATE



COLLEGE OF: MANAGEMENT & SOCIAL SCIENCES

DEPARTMENT OF: FINANCIAL STUDIES.

COURSE CODE/TITLE: ACC 402/INTERNATIONAL ACCOUNTING

SECOND SEMESTER EXAMINATIONS: 2017/2018 SESSION.

INSTRUCTIONS ON CHOICE OF QUESTIONS TO BE ANSWERED:

ANSWER QUESTION No.1 AND ANY OTHER THREE (3) QUESTIONS

TIME ALLOWED: 2 HOURS: 30 MINUTES

Q1

John Mary Nig. PLC has a 100% owned subsidiary in the United States of America, named Joad Inc. Before Final accounts for the year can be prepared, the financial statements of Joad Inc. must be translated into Naira. The summarized income statement of Joad Inc. for the year ended 31st December, 2016 and its balance sheet as at that date are shown below:

Joad Inc

Statement of Comprehensive Income for the Year Ended 31st December, 2016.

	US\$
Sales	600,000
Cost of goods sold	<u>(280,000)</u>
Gross profit	320,000
Expenses	<u>(170,000)</u>
Net Income	150,000
Dividend paid	<u>(50,000)</u>
Transfer to Retained earnings	<u>100,000</u>

Joad Inc

Statement of Financial Position as at 31st December, 2016

	US\$
Cash	35,000
Account Receivable (Net)	90,000
Inventory	75,000

Plant and Equipment (Net)	<u>360,000</u>
Total Assets	<u>560,000</u>
Account Payable	40,000
Notes Payable	55,000
Common Stocks	200,000
Retained earnings	<u>265,000</u>
	<u>560,000</u>

Assuming that the following are the exchange rates for the US Dollar at the dates specified ;

- (a) When the subsidiary was acquired, N110
- (b) Average for 2016, N136
- (c) December 31,2016, N138
- (d) When dividends were paid, N135
- (e) You are required to translate the final statements of Joad Inc. into Naira, indicating the exchange rate applied for each of the items. 15marks

Q2

- (a) What is International Accounting? 2marks
- (b) What are the implications of international Accounting concept and theories? 5marks
- (c) Critically examine the environmental conditions that may likely affect the determination of accounting standards 5marks.
- (d) What are the basic objectives of International Accounting Standards Board?. 3marks

Q3 **Total** **15marks**

- (a) Assuming today's exchange rates are given as follows;

US\$ / DKr = 5.8900 – 5.9150

US \$ / N = 85.5500 – 86.2550

Required:

- (i) Convert N5million to US Dollar at the selling rate. 2marks
- (ii) Convert U3\$ 57967.65 to Naira(N) 2marks

(iii)	Convert N5million to Danish Krone using the Dollar cross rates	2 marks
(iv)	Convert Dkr 342,878.67 back to Naira through the cross rates	2marks
v)	Convert Dkr 342,878.67 back to Naira through N/Dkr rates	2marks
(b)	Clearly State the golden rules of Foreign Exchange Market	5 marks
	Total	15marks

Q4

Explain the following theories in line with the theory of international trade;

(i)	Ricardian Theory of Comparative Advantage	4 marks
(ii)	The Hechsher – Ohlin Theory	4 marks
(iii)	First Mover Advantage Theory	3 marks
(iv)	The Technological Gap Theory	4 marks

Q5 **Total** **15 Marks**

	What do you understand by inflation Accounting?	2 marks
(b)	Critically examine the two main system of accounting for changing prices viz –a- viz their principles, advantages and disadvantages	13marks

Q6 **Total** **15marks**

Explain the following terms in line with international Accounting and Finance;

(a)	Hedging	3 marks
(b)	Lead and Lag	3 marks
(c)	Arbitrage	3 marks
(d)	Inflation	3 marks
(e)	Interest rate.	3 marks
	Total	15marks