



**NATIONAL OPEN UNIVERSITY OF NIGERIA**  
**14-16 AHMADU BELLO WAY, VICTORIA ISLAND LAGOS**  
**MARCH/APRIL 2016 EXAMINATION**  
**SCHOOL OF MANAGEMENT SCIENCES**

**Course Code: ENT 432**

**Credit Unit: 2**

**Course Title: International Accounting System**

**Time Allowed: 2 hours**

**Instructions:** 1. Attempt question Number one (1) and any other two (2).  
2. Question number 1 is compulsory and carries 30 marks, while the other questions carry 20 marks each  
3. Present all your points in coherent and orderly manner

**QUESTION ONE**

- a. Outline and Discuss three major Accounting models in respect of diversity of global financial Accounting practices
- b. It is observed that managers of most companies do present a smooth income pattern from one accounting period to another preferably a pattern with steady predictable annual increases.

In view of the above statement, briefly discuss income smoothing and its association with GAAP.

- c. It is discovered that considerable diversity exists among countries on whether purchased goodwill should be recorded in the balance sheets of firms or not, and if it is to be recorded, whether it should be amortized. Consequently, three main methods have emerged.

You are required to mention and discuss those methods that have emerged.

- d. Mention and explain the three major barriers to accounting harmonization?
- e. Outline the two major objectives of IASC as set out in its constitution (30marks)

**QUESTION TWO**

- a. Mention and explain five benefit of accounting harmonization?
- b. Identify and briefly describe four operating structures of IASC
- c. Define transnational financial reporting (20marks)

### **QUESTION THREE**

- a. Discuss three global financing strategies of multinational corporations?
- b. Multinational corporations have a role to play in trying to minimize misunderstanding of financial statements sent to users in foreign countries.

You are required to discuss five (5) approaches that multinational corporations adopt to accommodate foreign users of their financial reports.

- c. Differentiate financial and non -financial disclosure (20marks)

### **QUESTION FOUR**

- a. Mention and explain three (3) financial measures use by multinational corporations to evaluate domestic and foreign subsidiaries.
- b. Mention and explain three (3) examples of financial statement disclosure from an international perspective.
- c. Mention four (4) motives for direct foreign investment by multinationals.
- d. Mention four (4) reasons for exchange rate fluctuations. (20marks)

### **QUESTION FIVE**

- a. Outline and explain four accounting values in terms of international financial analysis
- b. Discuss briefly four communication problems in multinational corporations
- c. Describe two main approaches to capital budgeting and profit planning by multinational companies (20marks)