

Lead City University, Ibadan
Faculty of Environment, Management & Social Sciences
Department of Accounting & Finance
2nd Semester, 2017/2018 Session

Course Title: International Accounting.

Course Code: ACC 416

Lecturers: Mr J A Adejuwon & Mr Tunde Onamusi.

Section A

Introduction: International Accounting is a compulsory course for Accounting students, carrying 3 units. The course is taught by two lecturers for three hours a week during the semester.

- 1 **Course Description:** The course is a develop the students in the reality of the dynamic world particularly in the accounting profession. It introduces students to the Concept and scope of International Accounting within the multinationals, international accounting standards and financial statements.
- 2 **Course Objectives:** This course is to enable students recognize the to be familiar with the requirements of international standards in the preparation and presentation of financial statements, particularly when cross-border firms are involved. The course exposes students to the workings of foreign currencies and foreign operations. International Auditing and International Taxation, as well as International Transfer pricing are also treated.
- 3 **Course Requirement/Assessment:** The approach will be relying on assigned readings, normal class lectures, problem solving, and case analysis. The assessment shall be based on Continuous Assessments (40%) and semester examination (60%). The Continuous Assessment shall be made up of attendance, class work/participation and graded tests/assignments. In addition to the worked examples that would be treated in class, 12 additional tutorial questions, covering all the topics treated have been provided for students' practice.
- 4 **Reading List**
 - i. International Accounting by Prof Owojori
 - ii. Corporate Reporting Study text by Institute of Chartered Accountants of Nigeria (ICAN) and Emile Woolf International
 - iii. Institute of Chartered Accountants of Nigeria: Financial Reporting & Ethics Study Pack. VI Publishers
 - iv. International Federation of Accountants (IFAC): Code of Ethics for Professional Accountants. July 2009
 - v. International Accounting Standards Board (IASB): International Financial Reporting Standards (IFRS) 2001

- vi. Nigerian Accounting Standards Board: Statements of Accounting Standards
- vii. Professional Accountancy Journals.

Section B: Course Outline:

- 1 Concept and scope of International Accounting.
- 2 International Business & multinational corporations
- 3 Comparative financial accounting and reporting practices. Setting Accounting Standards in various countries.
- 4 Accounting Standards and Financial Statements. Development of International Accounting Standards.
- 5 Financial Statements: Users, objectives and disclosure patterns.
- 6 Internationalisation of Accounting Standards. Major International Accounting standards setters. The IASC and the International Federation of Accountants (IFAC)
- 7 The Accounts of foreign branches and subsidiaries. Translation and conversion of currencies. Conversions in situations of fluctuating currencies.
- 8 International Project Financing Institutions. Funds from foreign capital.
- 9 The foreign exchange and the problem of fluctuating exchange rates.
- 10 The foreign exchange market and foreign exchange management
- 11 International Taxation
- 12 International Taxation continued
- 13 International Auditing and Audit practice.
- 14 Revision
- 15 Examination

Tutorial Questions

- 1
 - (i) What are the elements of financial statements in accordance with IAS 1?
 - (ii) What are the objectives of financial statements?
 - (iii) State the qualitative characteristics of financial statements
 - (iv) How do you recognize the elements of financial statements?
- 2 Multinational transfer pricing evokes serious concern among corporate stakeholders. Discuss the nature of multinational transfer pricing and identify its potential concerns from the view point of:
 - (a) minority owners of foreign affiliates
 - (b) home country taxing authority
 - (c.) Foreign taxing authority
 - (d.)Headquarters managers

- 3
 - (a) Differentiate between the World Bank and the World Bank Group.
 - (b) What are the achievements and challenges of the World Bank?

- 4 Write brief notes on five of the following to bring out their relevance in the study of International Finance:
 - (a) Foreign Exchange
 - (b) Exchange Rates
 - © Fixed Exchange Rates
 - (d) Floating Exchange Rate
 - (e) Forward Rates
 - (f) What is exchange rate movement?
 - (g) Discuss the factors that influence exchange rate movement

- 5 IAS 16 covers all aspects of accounting for property, plant and equipment (PPE) including its measurement and qualification for recognition as an asset. The standard also describes the element of cost stating that some costs are direct attributable cost PPE while some other costs failed to qualify as cost of an item of PPE.

Required

 - (a) State the objectives of IAS 16 (PPE)
 - (b) In the context of IAS 16, identify the elements of cost of an item of property plant and equipment, giving SIX examples of directly attributable costs.
 - (c) Discuss the issues relating to the initial measurement, subsequent expenditure and initial recognition requirements of IAS 16.
 - (d) What are the disclosure requirements of IAS 16?

- 6
 - (a) How do you classify financial assets and (b) financial liabilities?
 - (c) Discuss the provisions of IAS 1 and IAS 32 as regards 'Offsetting'
 - (d) Explain IFRS 7 disclosures in respect of financial instruments

- 7 The Conceptual Framework for Financial Reporting identifies faithful representation as a fundamental qualitative characteristics of useful financial information.
 - (a) State the purpose of the IASB Conceptual Framework
 - (b) State the objective of, and the information provided by, the general purpose financial statements as stated in the IASB Conceptual Framework
 - (c) Distinguish between fundamental and enhancing qualitative characteristics and explain why faithful representation is important

- 8
 - (a) What are the essential characteristics of Multinational Corporations (MNCs)?
 - (b) Explain briefly the control problems of MNCs
 - (c) Why is capital budgeting for a foreign project more complex than traditional domestic investment?

Finance Managers of Multinational Firms manage foreign exchange risks. In the light of the above statement, you are required to:

 - (d) Explain what is meant by hedging,

- (e) Identify and explain **Three** internal hedging techniques and **Two** international financing hedges
- 9 (a) With respect to IAS 12 (International Taxation):
- i. Define taxable profit
 - ii. Differentiate between current and deferred tax liabilities
 - iii. Highlight the disclosure requirements of IAS 12
- (b) Write brief educative notes on the following:
- i. Foreign tax credit
 - ii. Foreign tax incentives
 - iii. Tax treaties
- 10 (a) Define Transfer Pricing and briefly state why transfer pricing decisions are more problematic between the affiliates of MNEs
- (b) What are the objectives and benefits of transfer pricing in international Operations?
- (c) Discuss the factors that affect transfer pricing policies of multinationals
- 11 (a) Discuss the scope of International Standards on Auditing (IAS)
- (b) State the role of IFAC (International Federation of Accountants) and (IAASB) International Auditing and Assurance Standards in the process of setting IAS .
- (c) Enumerate the specific benefits expected from the establishment and enforcement of International Auditing Standards.
- 12, With respect to International Taxation:
- (a) What are ‘Tax Havens’?
- (b) Identify the characteristics of tax havens
- (c) Are tax havens good or bad?
- (d) Differentiate Tax Haven from Tax Sparing.
- (e) What is Fiscal Residence?

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2017/2018 Session, 2nd Semester

Marking Guide

Q 1	(i) The elements of financial statements in accordance with IAS 1	4 marks
	(ii)The objectives of financial statements	4 marks
	(iii)The qualitative characteristics of financial statements	4 marks
	(iv.) Recognising the elements of financial statements	3 marks
	Total	15 marks
2	Transfer pricing and:	
	(a) minority owners of foreign affiliates	4 marks
	(b) home country taxing authority	4 marks
	(c.) Foreign taxing authority	4 marks
	(d.)Headquarters managers	3 marks
	Total	15 marks
3	(a) Differences between World Bank and the World Bank Group.	5 marks
	(b) Achievements and of the World Bank	5 marks
	Challenges of the World Bank	5 marks
	Total	15 marks
4	(a)Foreign Exchange	3 marks
	(b) Exchange Rates	3 marks
	© Fixed Exchange Rates	3 marks
	(d) Floating Exchange Rate	3 marks
	(e)Forward Rates	3 marks
	(f) Meaning of exchange rate movement	3 marks
	(g) Factors that influence exchange rate movement	3 marks
	Total (Any 5 @ 3 marks each)	15 marks
5	(a)The objectives of IAS 16 (PPE)	3 marks
	(b) In the context of IAS 16, the elements of cost of an item of property plant and equipment meaning SIX examples of directly attributable costs.	3 marks
	(c) Discuss the issues relating to the initial measurement, subsequent expenditure and initial recognition requirements of IAS 16	3 marks.

(d) The disclosure requirements of IAS 16	3 marks
Total	15 marks

5.	(a) classification of financial assets	4 marks
	(b) classification of financial liabilities	4 marks
	(c) Provisions of IAS 1 and IAS 32 as regards 'Offsetting'	4 marks
	(d) IFRS 7 disclosures in respect of financial instruments	3 marks
7	(a) Purpose of the IASB Conceptual Framework	4 marks
	(b) Objective of, and the information provided by, the general purpose financial statements as stated in the IASB Conceptual Framework	4 marks
	(c) Differences between fundamental and enhancing qualitative characteristics	4 marks
	Why faithful representation is important	3 marks
	Total	15 marks
8	(a) Three essential characteristics of Multinational Corporations (MNCs)?	3 marks
	(b) Three control problems of MNCs	3 marks
	(c) Why capital budgeting for a foreign project is more complex than traditional domestic investment (3)	3 marks
	(d) Meaning of hedging,	3 marks
	(e) Three internal hedging techniques	
	Three international financing hedges	3 marks
	Total	15 marks
9	(a) With respect to IAS 12 (International Taxation):	
	i. Define taxable profit	2 marks
	ii. Differentiate between current and deferred tax liabilities	2 marks
	iii. Highlight the disclosure requirements of IAS 12	2 marks
	(b) Write brief educative notes on the following:	
	iv. Foreign tax credit	3 marks
	v. Foreign tax incentives	3 marks
	vi. Tax treaties	3 marks
	Total	15marks
10	(a) Definition of Transfer Pricing	
	Why transfer pricing decisions are more problematic between the affiliates of MNEs	5 marks
	(b) The objectives and benefits of transfer pricing in international Operations?	5 marks
	(c) Factors that affect transfer pricing policies of multinationals	5 marks
	Total	15 marks

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| 11 | (a) The Scope of International Standards on Auditing (IAS) | 5 marks |
| | (b) The role of IFAC (International Federation of Accountants) and (IAASB) International Auditing and Assurance Standards in the process of setting IAS . | 5 marks |
| | (c) The specific benefits expected from the establishment and enforcement of International Auditing Standards. | 5 marks |
| | Total | 15 marks |
| | | |
| 12, | With respect to International Taxation: | |
| | (a) Meaning of ‘Tax Havens’ | 4 marks |
| | (b) The characteristics of tax havens | 4 marks |
| | (c) Are tax havens good or bad? | 3 marks |
| | (d) Difference between Tax Haven and Tax Sparing. | 4 marks |
| | Total | 15 marks |