

M.Com. HPP (AAA) Semester-4 Examination

CC-20

International Accounting-II

April-2023

Time : 2-30 Hours]

[Max. Marks : 70

Q.1. What is International Accounting? Explain its characteristics. (14 Marks)

OR

Q.1. What is IFRS? Explain the need for International Financial Reporting Standards. (14 Marks)

Q.2. Discuss Need of foreign currency translation. (14 Marks)

OR

Q.2. one business unit has head office at Rajkot and its branch is situated at Sydney. Trial Balance of head office and branch are as follows. From this prepare Consolidated Trial Balance of Head office.

(14 Marks)

Debit Balance	HO(Rs.)	Branch (AUS \$)	Credit Balance	HO(Rs.)	Branch (AUS \$)
Fixed Assets	800000	-	Goods sent to branch	318000	-
Debtors	70000	1600	Cash received from branch	159000	-
Opening stock	30000	3000	Sales	1128000	12000
Goods received from H.O.	-	6000	Share capital	400000	-
Purchase	500000	4000	H.O. A/c	-	10000
Wages	100000	2000	Creditors	60000	1000
Salary	25000	2400			
Cash	20000	1000			
Cash sent to Head Office	-	3000			
Branch account	520000	-			
	2065000	23000		2065000	23000

Additional Information:

- Closing Stock : H.O. : Rs.80000, Branch : AUS \$ 1200
- Exchange rates are as follows :
 Opening 1 AUS \$ = 54.00 Rs.
 Closing 1 AUS \$ = 55.00 Rs.
 Average 1 AUS \$ = 54.50 Rs.

Q.3. Following are the Balance Sheets of H Ltd and S Ltd as on 31/3/2017

(14 Marks)

Particulars	H Ltd (Rs.)	S Ltd (\$)
I. Equity and Liabilities :		
(1) Shareholders' Funds		
Share Capital (Each share of Rs.10 each and \$10 each)	2000000	7500
General Reserve	400000	2500
Capital Reserve	80000	-

Profit and loss Account	240000	5000
(2) Non- Current Liabilities		
Long term borrowing	400000	10000
(3) Current Liabilities		
Creditors	240000	2500
Outstanding Expenses	160000	2500
Total	3520000	30000
II. Assets :		
(1) Non-Current Assets:		
Investment in S Ltd (600 shares)	500000	-
Fixed Assets	1600000	15000
Other Investments	780000	7500
(2) Current Assets:		
Stock	160000	4000
Debtors	300000	1000
Bank	180000	2500
Total	3520000	30000

Additional Information :

- H Ltd purchased shares of S Ltd. on 1/10/2016. Balance of General Reserve and Profit and Loss Account in the books of S Ltd on 1/10/2016 were \$ 1000 and \$ 2000 respectively.
- Exchange rates are as under :
 - On 1/4/2016 \$1= Rs62
 - On 1/10/2016 \$1=Rs.63
 - On 31/3/2017 \$1=Rs.66
 - Average \$1=Rs.64

Prepare consolidated Balance sheet of H Ltd as on 31/3/2017.

OR

Q.3. following are the balance sheets of Hans Ltd. and Sushma Ltd. as on 31/3/2013.

(14 Marks)

Particulars	Hansa Ltd. (in Rs.)	Sushma Ltd. (in \$)
Equity and Liabilities		
Equity share capital (each of Rs 100 and \$ 100)	5000000	50000
General Reserve	1000000	10000
Capital Reserve	200000	-
Profit & Loss A/c	600000	20000
Long Term Liabilities	1000000	20000
Creditors	600000	10000
Bank Overdraft	400000	10000
Total	8800000	120000
Assets:		
Fixed Assets	4000000	60000
Investment in Sushma Ltd.(400 Shares)	2600000	-
Other investment	1200000	30000
Stock	400000	10000
Debtors	300000	10000
Cash/ Bank Balance	300000	10000
Total	8800000	120000

Additional information:

1. On 1/7/2016 hansa Ltd. had required shares of Sushma Ltd. On that date sushma Ltd. had General Reserve and credit balance of P&L a/c of \$ 4000 and \$ 12000 respectively.
2. Sushma Ltd. paid dividend @ 10% for the year 2011-12, which was credited by hansa Ltd. in its P&L a/c. On this date exchange rate was \$ 1 = 61Rs.
3. Other exchange rates:
 On 1/4/2012 \$1= Rs.60
 On 1/7/2012 \$1= RS.61
 On 31/3/2013 \$1=Rs.63
 Average \$1=Rs.62
 Prepare consolidated Balance sheet of Hansa Ltd.

Q.4. Explain the principle of Arm's length in detail. (14 Marks)

OR

Q.4. Discuss diversity of international tax systems. (14 Marks)

Q.5. MCQ (Any Seven) (14 Marks)

1. Need of international accounting arise due to _____.
 a. European Union
 b. Multinational Corporation
 c. Global Capital Market
 d. All of these
2. _____ is international financial instrument.
 a. Equity shares
 b. Preference shares
 c. Bonds
 d. Depository receipts
3. International accounting includes _____.
 a. Transfer Price
 b. Consolidated Accounts
 c. Exchange Rate Difference
 d. All of these
4. IFRS are issued by _____.
 a. IASB
 b. IASC
 c. AICPA
 d. ICAI
5. _____ is engaged in identification, discussion and resolution of financial reporting issues within the framework of IFRS.
 a. IFRIC
 b. IASB
 c. IASC
 d. ICAI

6. Ratio of exchange of currencies of two different countries is called as _____.
 - a. Forward Contracts
 - b. Import Transaction
 - c. Export Transaction
 - d. All of these
7. Under _____ approach, the change in exchange rate is recorded as a separate transaction.
 - a. Double transaction
 - b. Single transaction
 - c. Deferral
 - d. All of these
8. Origin of translation problem is _____.
 - a. Bimetallism
 - b. Gold Standard
 - c. Bretton wood system
 - d. Flexible exchange rate
9. Under _____, goodwill or capital reserve is recorded by purchasing company.
 - a. Amalgamation in nature of merger
 - b. Amalgamation in nature of purchase
 - c. Pro-rate consolidation
 - d. Line by line consolidation
10. When present monetary value of assets is less than future monetary value due to inflation, the difference is recorded as _____.
 - a. Holding gain
 - b. Holding loss
 - c. Future gain
 - d. Future loss
11. Under _____ method financial assets and financial liabilities are classified into non-monetary items and monetary.
 - a. Current purchasing power
 - b. Current cost accountancy
 - c. Replacement cost accountancy
 - d. Book Value
12. IFRS-1 is related to _____.
 - a. First time adoption of IFRS
 - b. Share based payments
 - c. Operating Segments
 - d. Business Combinations

XXXXXXXXXXXXXXXXXX
