

<b>ST. PHILOMENA'S COLLEGE (AUTONOMOUS), MYSORE</b>			
<b>PG DEPARTMENT OF COMMERCE</b>			
<b>QUESTION BANK (Revised Curriculum 2018-20)</b>			
<b>SECOND YEAR- FOURTH SEMESTER (2018-20 Batch)</b>			
<b>COURSE TITLE (PAPER TITLE): INTERNATIONAL ACCOUNTING QP Code: 53301</b>			
<b>UNIT</b>	<b>Sl. No.</b>	<b>QUESTIONS</b>	<b>MARKS</b>
1	1.	Explain the need for international Accounting.	5
1	2.	Explain the important provisions of IAS.	5
1	3.	Explain the concept of International accounting.	5
1	4.	Briefly explain the reasons for diversity in international accounting.	5
1	5.	Briefly explain the challenges faced by the countries that have moved in the direction of convergence of accounting practices.	5
1	6.	Define international accounting and examine the scope.	5
1	7.	Define International accounting and briefly explain its significance especially in the context of modern business.	5
1	8.	Explain the scope of International accounting.	5
1	9.	Explain the main reasons of diversity in International financial reporting.	5
1	10.	Explain the importance of in promoting good corporate governance in India.	5
1	11.	Write a brief note on IFRS and IASB.	5
1	12.	State the disinivites encountered in International Accounting Practice.	5
1	13.	Explain the role of IOSCO in implementation of IFRS.	5
1	14.	Explain the disclosure norms as prescribed of IAS.	5
1	15.	Briefly explain harmonization of accounting standards.	5
1	16.	Write a note on international accounting standards.	5
1	17.	Briefly explain the role of international accounting standard committee (IASC) in harmonization of accounting practices.	5
1	18.	Define foreign currency translation? What is its significance.	5
1	19.	Define foreign exchange market? Mention any three importance of foreign exchange rate risk.	5
1	20.	Explain the concept of foreign exchange market and its features.	5
2	21.	Mention hedging methods.	5
2	22.	Mention the causes of foreign exchange exposure.	5
2	23.	Define foreign exchange exposure? Mention its types.	5
2	24.	Define foreign exchange market. Mention any three importance of foreign exchange rate risk.	5
2	25.	Mention any one importance of foreign exchange rate risk.	5
2	26.	Briefly explain the major factors which influence the exchange rate of the country.	5
2	27.	Briefly discuss the core issues involved in foreign currency translation	5
2	28.	Explain factors influencing degree of comparability of transactions.	5
2	29.	Explain in brief the two approaches to account for foreign currency transactions.	5
2	30.	Define foreign currency translation and its significance.	5
2	31.	Write a note on transaction and translation method.	5
2	32.	Briefly explain the provisions of IAS 21 as regards to foreign currency translation.	5
2	33.	Explain the provision of IAS 27 in relation to consolidation.	5

2	34.	Mention the various factors that influence transfer pricing policies of firms.	5
2	35.	Explain the major objectives of transfer pricing.	5
2	36.	Briefly explain the different factors which influence exchange rates.	5
3	37.	Define forward exchange contracts. How will you record the losses or gains?	5
3	38.	Mention the needs of the foreign currency translation.	5
3	39.	Define international transaction and state how such transactions are recorded in the books of the buyer.	5
3	40.	Explain the various factors that influence transfer pricing policies of firms.	5
3	41.	Mention and Explain who uses IFRS taxonomy.	5
3	42.	Write a note on XBRL adoption in India.	5
3	43.	Define XBRL and explain its importance.	5
4	44.	Briefly explain the most important features of XBRL.	5
4	45.	Briefly explain why regulators use XBRL.	5
4	46.	Mention and explain who uses the XBRL.	5
1	47.	Write a detailed note on corporate social reporting. Why has corporate social reporting become so important in these days?	10
1	48.	Explain the major difficulties in adoption of IFRS in India.	10
1	49.	Briefly explain the importance of international accounting in recent years. Discuss the financial aspects of international accounting.	10
1	50.	Given the ongoing economic policy changes in India, which dimensions of the international Accounting, in your opinion, how it is going to be affected? Explain.	10
1	51.	Explain the specific provisions of IAS 1 as regards presentation of financial statements	10
1	52.	Explain the provisions of IAS2 and its equivalent India GAAP.	10
1	53.	Explain the process of inventory valuation as contained in AS 3.	10
1	54.	Explain the important provisions of IAS 7.	10
1	55.	Examine the different approaches to the definition of international accounting.	10
1	56.	Compare and Contrast between the salient features of IAS 7 and AS 3.	10
1	57.	Examine the different practices prevalent among MNC's to cater to the financial information needs of the foreign audiences of interest. Which approach would you consider the best and Why?	10
1	58.	“The basic cause of international differences in financial reporting practices is the different degree of interference by governments in accounting.” Discuss.	10
1	59.	Explain the main reasons of diversity in international accounting.	10
1	60.	Explain factors that cause the diversities in global accounting practices. Suggest the remedial measures for the same.	10
1	61.	‘Diversity in accounting principles and practices complicates the efforts of the analyzers to assess comparative investor potential in companies abroad. Comment.	10
1	62.	Mention the International dimensions of accounting? Discuss the impediments for internationalization of the accounting profession.	10
1	63.	Give an account of the nature and extent of convergence of Indian Accounting Standards with the International Accounting Standards.	10
1	64.	Explain the reasons as to why accounting practices differ among individual nations. Do you subscribe to the continuation of these differences? Justify your views.	10

1	65.	Explain the factors that have contributed to the development of international accounting.	10
1	66.	Convergence with IFRS is a step forward to achieving international harmony in Financial reporting Comment.	10
1	67.	“Convergence of accounting standards is impossible and unnecessary.” Do you agree with this statement? Explain the response.	10
1	68.	Mention the harmonization of accounting practices? What are the need and impediments? Explain	10
1	69.	Distinguish between standardization and harmonization of accounting practices. Which of these will you prefer and why?	10
1	70.	Explain the concept and process of harmonization of accounting practices.	10
1	71.	Discuss the arguments for and against the process of international harmonization of accounting.	10
1	72.	Explain various accounting models as talked about in bringing global harmony in financial reporting. Which of these models will you prefer and why?	10
1	73.	Explain the institutional arrangements to establishing accounting harmony in a light of the efforts of international organizations.	10
1	74.	Which of the main models of international classification of accounting do you prefer? Explain your reasoning.	10
2	75.	Explain the specific provisions contained in the US GAAP for translation of foreign currencies.	10
2	76.	Mention the different techniques of recording foreign currency translation. Explain their features.	10
2	77.	On 1st February 2019, Shiva and Company, an Indian firm, purchased goods worth £5000 from M/s Straw and Straw of UK, on a 3-month term. Shiva and Co close its account on 31st March every year. If the exchange rate per 1£ on 1st February, 2019, on 31st March 2019 and on 1st May, 2019 remained at 80, 80.25 and 80.55 respectively. How will the transactions be recorded in the books of Shiva and Company under a.) The single transaction approaches b.) The dual transaction approaches	10
2	78.	KNS India Ltd agreed on 10th January, 2018 to purchase a certain plant from Crax Ltd of Italy at £80000 with the condition that 25% of the purchase consideration shall be paid instant and the balance on delivery on 10 <sup>th</sup> July, 2018. KNS India Ltd entered into forward contract on 10th January, 2018 to purchase Lira. On 10 <sup>th</sup> January, 2018 the forward rate prevalent was Rs14.50/£ and the spot rate was Rs 13.85/£. The exchange rates prevalent on 31 <sup>st</sup> March, 2018, and on 31 <sup>st</sup> March, 2018 were Rs 14.05 and Rs 14.35 respectively. On 10 <sup>th</sup> July, 2018 the rate is expected to be Rs 14.35/£. If KNS Ltd Happens to close its book of account on March end every year. How should the above transactions be recorded in the books of KNS Ltd under the deferral system?	10
2	79.	On 1 <sup>st</sup> February 2018, Universal Company, an Indian firm, purchased goods worth 5000 dollar from M/s Juliana of USA, on a 3-month term. Universal Company closes its account on 31 <sup>st</sup> March every year. If the exchange rate per 1 dollar on 1 <sup>st</sup> February, 2018, on 31 <sup>st</sup> March 2018 and on 1 <sup>st</sup> May, 2018 remained at Rs 80, Rs 80.25 and Rs 80.55 respectively. How will the transactions be recorded in the books of Universal Company Under? a.) Single transaction approaches b.) The dual transaction approaches?	10

2	80.	Systems India Ltd procured goods worth 20000 ¥ from Informatics Ltd of Japan on 25.01.2019 on a two-month term. On 30.01.2019, systems India Ltd purchased goods worth 15000USD on a 3 months term from Robinson Ltd of the USA. The exchange rates of 1 ¥ and 1 \$ were as follows; <ul style="list-style-type: none"> <li>• 25.01.2019 1 ¥= Rs 18.00 1 \$= Rs 44.50</li> <li>• 30.01.2019 1 ¥= Rs 18.20 1 \$= Rs 44.60</li> <li>• 25.03.2019 1 ¥= Rs 18.35 1 \$= Rs 44.75</li> <li>• 31.03.2019 1 ¥= Rs 18.50 1 \$= Rs 44.85</li> <li>• 30.04.2019 1 ¥= Rs 18.60 1 \$= Rs 44.95</li> </ul> You are required to record the above transactions in the books of Systems India Ltd under a) Single transaction approach and b) dual transaction approach	10
2	81.	An Indian firm ABC purchased goods on 10th January 2019 worth euro 3000 from M/s XYZ from UK on a 3-month term. ABC closes its account on 31st March every year. If the exchange rate per 1 euro on 10th January 2019 on 31 March 2019 and 10th April 2019 remained Rs 70, Rs 71 and Rs 72 respectively. How will the transaction be recorded in the books of ABC company under? a) Single transaction approach b) Dual transaction approach?	10
2	82.	An Indian firm Richard and Sons purchased goods on 5th February 2019 worth dollars 2000 from M/s Loyola from USA on a 3-month term. Richard and Sons closes its account on 31st March every year. If the exchange rate per 1 dollar on 5th February 2019 on 31st March 2019 and 5th April 2019 remained Rs 60, Rs 61 and Rs 62 respectively. How will the transaction be recorded in the books of Richard and Sons under: a) single transaction approach b) dual transaction approach?	10
2	83.	On 1st April, 2019, Victor India Ltd agreed to buy a machine costing US dollar 1,000 from Mellon & Co of USA. The Machine was agreed to be delivered on 21 <sup>st</sup> April, 2019 and the payment to be made on delivery. Victor India Ltd entered into a forward contract on 01.04.2019 to purchase US \$. The forward rate prevalent on 01.04.2019 per \$ was Rs 49 and the spot rate per \$ was Rs 48.50. Victor India Ltd closes its books on 31 <sup>st</sup> March 2019 was Rs 48.80 per \$ and the same rate is expected to prevail on 21.04.2019. Show how these transactions will be recorded in the books of Victor India Ltd under deferral system?	10
2	84.	Shiva Enterprise of India agreed on 10th January, 2019 to purchase an equipment costing USD 35000 from Whitnor Inc. of USA. The machine was agreed to be delivered on 10.08.2019 and the payment as to be made on delivery. Shiva enterprise entered into forward contract on 10.03.2019 to purchase USD. The forward rate prevalent on 10.03.2019 per USD was Rs 43.80 and the spot rate per USD was Rs 43.43. The exchange rate prevailing on 31.03.2019 and 10.08.2019 was Rs 43.53 and 43.63 per USD respectively. Show how the above transactions will be journalized in the books of Shiva enterprise under deferral system?	10
2	85.	Ramchandra and Sons, an Indian firm purchased goods on 1st January 2019 worth pounds 2500 from M/s Stella from UK on a 3-month term. Ramchandra and Sons closes its account on 31st March every year. If the exchange rate per 1 pound on 1 January 2019 on 31 March 2019 and 1 April 2019 remained Rs 85, Rs 90 and Rs 95 respectively. How will the transaction be recorded in the books of Ramchandra and Sons under: a) Single transaction approach b) Dual transaction approach?	10

2	86.	ROSE India Ltd agreed on 10th January, 2019 to purchase a certain plant from Crax Ltd of Italy at £80000 with the condition that 25% of the purchase consideration shall be paid instant and the balance on delivery on 10 <sup>th</sup> July, 2019. ROSE India Ltd entered into forward contract on 10th January, 2019 to purchase Lira. On 10 <sup>th</sup> January, 2019 the forward rate prevalent was Rs14.50/£ and the spot rate was Rs 13.85/£. The exchange rates prevalent on 31 <sup>st</sup> March, 2019, and on 31 <sup>st</sup> March, 2019 were Rs 14.05 and Rs 14.35 respectively. On 10 <sup>th</sup> July, 2019 the rate is expected to be Rs 14.35/£. If ROSE India Ltd happens to close its book of account on March end every year, how should the above transactions be recorded in the books of ROSE India Ltd under the deferral system?	10
2	87.	Sigmand and Sons an Indian Firm purchased goods on 2nd January 2019 worth euro 1500 from M/s Roma from Germany on a 3-month term. ABC closes its account on 31st March every year. If the exchange rate per 1 euro on 1 January 2019 on 31 March 2019 and 1 April 2019 remained Rs 85, Rs 90 and Rs 95 respectively. How will the transaction be recorded in the books of Sigmand and Sons under: a) Single transaction approach b) Dual transaction approach?	10
2	88.	Explain the provisions as contained in the Indian GAAP as regards treatment of foreign currency translation.	10
2	89.	Explain the different types of foreign currency translation methods.	10
2	90.	Explain accounting for spot and foreign currency translation.	10
2	91.	Explain the provisions of IAS 21 as regards to foreign currency translation.	10
2	92.	Explain the different techniques of recording foreign currency translation. Explain their features.	10
2	93.	Explain the process of foreign currency translation.	10
2	94.	Explain the provisions as contained in the Indian GAAP as regards treatment of foreign currency translation.	10
2	95.	Explain the needs of the foreign currency translation? State the accounting issues involved in this? Discuss the single transaction approach with an example.	10
2	96.	Give a comparative picture of the International, Indian and US GAAP on foreign currency translation.	10
2	97.	Explain the provisions as contained in the Indian GAAP as regards treatment of foreign currency translation.	10
2	98.	Explain the foreign currency translation and its significance.	10
2	99.	Briefly discuss the core issues involved in foreign currency translation with an example.	10
3	100.	Explain the different stakeholders affected by transfer pricing policy.	10
3	101.	Explain the major stakeholders affected by transfer pricing policies.	10
3	102.	Explain with examples, the various approaches to transfer pricing.	10
3	103.	How is the negotiated transfer pricing different from market-based transfer pricing? Explain with suitable example.	10
3	104.	How is the cost-based transfer pricing different from market-based transfer pricing? Explain with suitable example.	10
3	105.	Explain the three types of exposure namely accounting exposure, transaction exposure and operating exposure with example.	10
3	106.	ABC Co Ltd. is a leading manufacturer of a certain consumer durable product. The company has two divisions engineering and assembly. The output of the engineering division is transferred to the assembly division for further processing and an assembling before they are sold to the customer has complete	10

		product. Verification of the company's records that the variable cost per unit of the product for engineering and assembly are Rs 250 and Rs 300 respectively. the fixed cost of engineering division is Rs 15,000 and that of the assembly division is Rs 10000 .The product variable cost per unit of engineering division is Rs 400, and the total output is 100 units which are sold to customers on completion at Rs2000 per unit .If the engineering division decides to change its transfers to assembly division at cost plus 150%, what will ABC s overall profit and the profit of its two divisions?																													
4	107.	How does XBRL help in internal reporting of financial institutions?	10																												
4	108.	Explain the process of XBRL.	10																												
4	109.	How does XBRL help in credit risk management?	10																												
4	110.	How does XBRL help in external reporting of financial institutions?	10																												
4	111.	Explain the costs and benefits of XBRL for the economy.	10																												
4	112.	Explain Standard business reporting and its relationship with XBRL.	10																												
4	113.	Explain the IFRS Taxonomy.	10																												
4	114.	Explain the content of IFRS taxonomy.	10																												
4	115.	Explain the content mark-up for IFRS financial reporting disclosures.	10																												
4	116.	Explain the documentation and references for the IFRS financial reporting terms	10																												
4	117.	Explain the IFRS Taxonomy organisations of the IFRS financial reporting terms.	10																												
4	118.	Explain the mathematical relationships that may exist between IFRS financial reporting terms.	10																												
4	119.	Mention and explain the implementation of XBRL through BOLT Approach	10																												
4	120.	Explain Hierarchical Modeling	10																												
4	121.	Explain Axis Modeling	10																												
4	122.	Explain the preferred label roles in presentation of link base.	10																												
4	123.	Explain the structure of the IFRS Taxonomy	10																												
4	124.	Explain the Link base modularization	10																												
4	125.	Explain the additional XBRL technologies	10																												
2	126.	<p>The balance sheet of Simon and Co of Canada, an Indian subsidiary, as on 31.03.2019 is as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Liabilities</th> <th style="width: 15%;">Canada (C\$)</th> <th style="width: 30%;">Assets</th> <th style="width: 25%;">Canada (C\$)</th> </tr> </thead> <tbody> <tr> <td>Equity &amp; Reserves</td> <td>10000</td> <td>Land and Building</td> <td>10000</td> </tr> <tr> <td>Bonds and debentures</td> <td>12000</td> <td>Plant and equipment</td> <td>6000</td> </tr> <tr> <td>Accounts Payable</td> <td>8000</td> <td>Inventories (at Market Value)</td> <td>8000</td> </tr> <tr> <td></td> <td></td> <td>Accounts Receivable</td> <td>4000</td> </tr> <tr> <td></td> <td></td> <td>Cash</td> <td>2000</td> </tr> <tr> <td><b>Total</b></td> <td><b>30000</b></td> <td><b>Total</b></td> <td><b>30000</b></td> </tr> </tbody> </table> <p>You are required to translate the above balance sheet into Indian Rupees as it would appear under single rate and multiple rate methods assuming the historical rate and current rate of 1 C\$ is equal to Rs19.50 and Rs 20.00 respectively.</p>	Liabilities	Canada (C\$)	Assets	Canada (C\$)	Equity & Reserves	10000	Land and Building	10000	Bonds and debentures	12000	Plant and equipment	6000	Accounts Payable	8000	Inventories (at Market Value)	8000			Accounts Receivable	4000			Cash	2000	<b>Total</b>	<b>30000</b>	<b>Total</b>	<b>30000</b>	15
Liabilities	Canada (C\$)	Assets	Canada (C\$)																												
Equity & Reserves	10000	Land and Building	10000																												
Bonds and debentures	12000	Plant and equipment	6000																												
Accounts Payable	8000	Inventories (at Market Value)	8000																												
		Accounts Receivable	4000																												
		Cash	2000																												
<b>Total</b>	<b>30000</b>	<b>Total</b>	<b>30000</b>																												

2	127.	<p>The balance sheet of Maximin Ltd of France, an Indian subsidiary, as on 31.03.2019 is as follows:</p> <table border="1" data-bbox="357 152 1171 640"> <thead> <tr> <th>Liabilities</th> <th>€</th> <th>Assets</th> <th>€</th> </tr> </thead> <tbody> <tr> <td>Accounts payable</td> <td>38,000</td> <td>Cash</td> <td>14,000</td> </tr> <tr> <td>Short term loans</td> <td>70,000</td> <td>Receivables</td> <td>28,000</td> </tr> <tr> <td>Fixed Deposits</td> <td>40,000</td> <td>Inventories (at Market Value)</td> <td>1,10,000</td> </tr> <tr> <td>Bonds</td> <td>1,12,000</td> <td>Land and Building</td> <td>1,20,000</td> </tr> <tr> <td>Reserves</td> <td>40,000</td> <td>Plant and Machinery</td> <td>1,28,000</td> </tr> <tr> <td>Equity Capital</td> <td>1,00,000</td> <td></td> <td></td> </tr> <tr> <td><b>Total</b></td> <td><b>4,00,000</b></td> <td><b>Total</b></td> <td><b>4,00,000</b></td> </tr> </tbody> </table> <p>You are required to translate the above balance sheet into Indian Rupees as it would appear under single rate and multiple rate methods, if the historical rate and current rate of 1€ is equal to Rs 9.50 and Rs 10.00 respectively.</p>	Liabilities	€	Assets	€	Accounts payable	38,000	Cash	14,000	Short term loans	70,000	Receivables	28,000	Fixed Deposits	40,000	Inventories (at Market Value)	1,10,000	Bonds	1,12,000	Land and Building	1,20,000	Reserves	40,000	Plant and Machinery	1,28,000	Equity Capital	1,00,000			<b>Total</b>	<b>4,00,000</b>	<b>Total</b>	<b>4,00,000</b>	15
Liabilities	€	Assets	€																																
Accounts payable	38,000	Cash	14,000																																
Short term loans	70,000	Receivables	28,000																																
Fixed Deposits	40,000	Inventories (at Market Value)	1,10,000																																
Bonds	1,12,000	Land and Building	1,20,000																																
Reserves	40,000	Plant and Machinery	1,28,000																																
Equity Capital	1,00,000																																		
<b>Total</b>	<b>4,00,000</b>	<b>Total</b>	<b>4,00,000</b>																																
3	128.	<p>ABC Co Ltd. is a leading manufacturer of a certain consumer durable product. The company has two divisions engineering and assembly. The output of the engineering division is transferred to the assembly division for further processing and an assembling before they are sold to the customer has complete product. Verification of the company's records that the variable cost per unit of the product for engineering and assembly are Rs 250 and Rs 300 respectively. the fixed cost of engineering division is Rs 15,000 and that of the assembly division is Rs 10000 .The product variable cost per unit of engineering division is Rs 400, and the total output is 100 units which are sold to customers on completion at Rs.2000 per unit .If the engineering division decides to change its transfers to assembly division at cost plus 150% ,what will ABC s overall profit and the profit of its two divisions?</p>	15																																
3	129.	<p>XYZ Ltd. is a leading manufacturer of a certain consumer durable product. the company has three divisions- D1, D2 and D3. Output of D1 is transferred to D2 and that of D2 to D3 for further processing and assembling before they are passed on to the hands of the customer as final product. The company reports that variable costs per unit of the product for D1, D2 and D3 are Rs 300, Rs 200 and Rs 100 respectively. The fixed costs for the three divisions are Rs 20000, Rs 15000, and Rs 10000 respectively. The product variable cost per unit is Rs 400 for division D1. If the total output of the company for a certain period is 1000 units which are sold to the customer at Rs 1400 per unit and if the division D1 decides to charge its transfers to D2 at cost plus 120% and D2 to D3 at 110%, What are the company's total profit and the profits of its divisions?</p>	15																																
3	130.	<p>ABC Co Ltd. is a leading manufacturer of a certain consumer durable product. the company has two divisions engineering and assembly. the output of the engineering division is transferred to the assembly division for further processing and an assembling before they are sold to the customer has complete product. Verification of the company's records that the variable cost per unit of the product for engineering and assembly are Rs 250 and Rs 300 respectively. the fixed cost of engineering division is Rs 15,000 and that of the assembly division is Rs 10000 .The product variable cost per unit of engineering division is Rs 400, and the total output is 100 units which are sold to customers on</p>	15																																

		completion at rs2000 per unit .If the engineering division decides to change its transfers to assembly division at cost plus 150%. What will be the ABC s overall profit and the profit of its two divisions?	
3	131.	XYZ Ltd. is a leading manufacturer of a certain consumer durable product. the company has three divisions- D1, D2 and D3. Output of D1 is transferred to D2 and that of D2 to D3 for further processing and assembling before they are passed on to the hands of the customer as final product. The company reports that variable costs per unit of the product for D1, D2 and D3 are Rs 300, Rs 200 and Rs 100 respectively. The fixed costs for the three divisions are Rs 20000, Rs 15000, Rs 10000 respectively. The product variable cost per unit is Rs 400 for division D1. If the total output of the company for a certain period is 1000 units which are sold to the customer at Rs 1400 per unit and if the division D1 decides to charge its transfers to D2 at cost plus 120% and D2 to D3 at 110%. What will be the company's total profit and the profits of its divisions?	15
3	132.	PQR Co Ltd. is a leading manufacturer of a certain consumer durable product. the company has two divisions engineering and assembly. the output of the engineering division is transferred to the assembly division for further processing and an assembling before they are sold to the customer has complete product. Verification of the company's records that the variable cost per unit of the product for engineering and assembly are Rs 350 and Rs 400 respectively. the fixed cost of engineering division is Rs 20,000 and that of the assembly division is Rs 15000 .The product variable cost per unit of engineering division is Rs 500, and the total output is 200 units which are sold to customers on completion at Rs 3000 per unit .If the two divisions bargain to fix Rs 1150 per unit at which engineering division should price its transfers to assembly divisions. What will be the profits of the two divisions vis-a-vis that of the company?	15
3	133.	PQR Co Ltd. is a leading manufacturer of a certain consumer durable product. the company has two divisions engineering and assembly. the output of the engineering division is transferred to the assembly division for further processing and an assembling before they are sold to the customer has complete product. Verification of the company's records that the variable cost per unit of the product for engineering and assembly are Rs 300 and Rs 350 respectively. the fixed cost of engineering division is Rs 18,000 and that of the assembly division is Rs 12000 .The product variable cost per unit of engineering division is Rs 600, and the total output is 200 units which are sold to customers on completion at Rs 2000 per unit .If the engineering division decides to price its transfers to assembly division at the prevailing market rate of Rs1000 per unit for similar products. What will be the Company's overall profit and the profit of its two divisions?	15

\*\*\*\*\*

**Note: The attached question paper is to be taken as a model question paper and all the M. Com IV semester Question papers will have the similar pattern.**



**St. Philomena's College (Autonomous) Mysore**  
**IV Semester M.Com Final Examination : May - 2019**

**Subject: COMMERCE**

**Title: INTERNATIONAL ACCOUNTING (HC)**

**Max Marks: 70**

1x15

Time: 3 Hours

**PART - A**

Answer any FIVE questions: Each sub-Question carries 5 marks.

1. Define XBRL and explain its importance.
2. Explain the scope of International Accounting.
3. Discuss the provisions of IAS 27 in relation to consolidation.
4. What are the factors that influence transfer pricing of firms?
5. Write a brief note on IFRS and IASB.
6. Write an explanatory notes on:
  - i) Treatment of translation gain / loss
  - ii) Forward exchange contracts.
7. Write a note on International Accounting Standards.
8. The following balance sheet of XYZ Ltd., of UK an Indian subsidiary as on 31<sup>st</sup> March, 2019:

Liabilities	£	Assets	£
Equity	30,000	Land and Building	25,000
Reserves	15,000	Plant	20,000
Bonds and Dentures	20,000	Long term investments	15,000
Term loans	20,000	Inventories at market price	10,000
Payables	15,000	Receivables	25,000
		Cash	5,000
	<b>1,00,000</b>		<b>1,00,000</b>

Translate the above balance sheet under the monetary and non-monetary method taking the historical rate 1£ at ₹ 72.5 and current rate as ₹ 82.3.

Answer any THREE questions. Each-Question carries 10 marks.

3x10=30

9. Explain different types of transfer pricing.
10. Explain the foreign currency translation methods.

PTO



11. Explain the reasons for diversity in International Accounting.
12. The following balance sheet relates to XYZ Company Ltd., Europe, an Indian subsidiary as on March, 2019:

Liabilities	€	Assets	€
Accounts payable	10,000	Cash	10,000
Short term loans	5,000	Receivables	10,000
Fixed deposits	20,000	Inventories (at market value)	20,000
Bonds	10,000	Land and Building	60,000
Reserves	25,000	Furniture	28,000
Capital	80,000	Machinery	22,000
	<b>1,50,000</b>		<b>1,50,000</b>

If the historical rate and current rate of 1 € is ₹ 13 and ₹ 15 respectively, translate the above balance sheet in India rupees using single rate methods and current and non-current methods and temporal method.

13. ABC Company Ltd., is a leading manufacturer of a certain consumer durable product. The company has two divisions – Engineering and Assembly. The output of the engineering division are transferred to the assembly division for further processing and assembling before they are sold to the customer as complete product.

Verification of the company's records that the variable cost per unit of the product for engineering and assembly are ₹ 250 and ₹ 300, respectively. The fixed cost of engineering division is ₹ 15,000 and that of the assembly division is ₹ 10,000. The product variable cost per unit of engineering division is ₹ 400, and the total output is 100 units which are sold to customer on completion at ₹ 2,000 per unit.

If the engineering division decides to change its transfers to assembly division at cost plus 150%, what will ABC's overall profit and the profits of its two divisions?

#### PART – C

#### CASE STUDY (COMPULSORY)

14. Read the following Case and answer the questions given at the end:

1x15=15

On 1<sup>st</sup> February, 2019 XYZ Co. an Indian Firm purchased goods worth € 12,000 from ABC Ltd., of France, on a 3 month term. XYZ Company closes its books of accounts on 31<sup>st</sup> March every year.

If the exchange rate per 1 € on 1<sup>st</sup> February, 2019 on 31<sup>st</sup> March 2019 and 1<sup>st</sup> May, 2019 remained at ₹ 80, ₹ 80.50 and ₹ 86 respectively, how will the transactions be recorded in the XYZ Co. under single transaction approach and dual transaction approach.

\*\*\*\*\*