Seat No.: ________ Enrolment No.___________

GUJARAT TECHNOLOGICAL UNIVERSITY

MBA(International Business) – SEMESTER – 1 EXAMINATION – WINTER – 2018

Subject Code: 1519301 **Date:24/12/2018**
Subject Name: International Accounting Practice
Time: 10:30 am to 1:30 pm **Total Marks: 70**

Instructions:

1. **Attempt all questions.**
2. **Make suitable assumptions wherever necessary.**
3. **Figures to the right indicate full marks.**

Q.1 Explain the following terms: **14**

(a) Cost Centre
(b) Cost Unit
(c) Trend Analysis
(d) Double Taxation
(e) International Finance
(f) Financial Reporting
(g) Flexible Budget

Q.2 **(a)** Define International Accounting. Discuss the factors that have contributed to the development of International Accounting. **07**

(b) State and Explain difficulties encountered in International Accounting Practices. Suggest measures to overcome these difficulties. **07**

OR

(b) Differentiate US GAAP & Indian GAAP. **07**

Q.3 **(a)** Discuss the scope of International Financial Management and list out the functions of International Finance Manager. **07**

(b) XYZ Ltd produced and sold 1,000 mobile during the year 2009. Selling Price per unit is Rs. 280. The particulars are as under: **07**

Particulars	Amount
Materials	1,20,000
Direct Wages	90,000
Direct Expenses	10,000
Factory Expenses (40% Variable)	15,000
Office Expenses (Fixed)	5,000
Selling Expenses (50% Variable)	10,000

During the year 2010, it was estimated that 1500 mobiles phones will be produced and sold. The additional information is as under:

1) Direct wages per unit will decrease by 20%.
2) Fixed Factory expenses will increase by Rs. 1500
3) Fixed office and fixed selling expenses will increase by 20%.
4) 25% of profit is estimated on cost.

Prepare: (i) Cost Sheet based on per unit cost and total cost for 2009.
(ii) Estimated Cost Statement (Tender Sheet) based on per unit cost and total cost for 2010.

OR

Q.3 **(a)** What is meant by International Tax Planning? Discuss the objectives of International Taxation and explain Tax Havens. **07**

(b) A product of company passes through process A, B and C. The wastage of process A & B is sold at Rs. 10 of 100 units. The wastage of process C is sold at Rs. 80 of 100 units. Following details are available: **07**

Particulars	Process A Rs.	Process B Rs.	Process C Rs.
Materials	12,000	8,000	4,000
Direct Wages	16,000	12,000	6,000
Direct Expenses	2,440	1,404	8,924
Other Factory Charges	3,500	3,800	4,200
Produced Units	19,500	18,800	16,000
Normal Wastage	2%	5%	10%

20,000 Units were entered in process A at Rs. 1 per unit. Prepare Process Accounts of all three processes and prepare abnormal loss a/c and abnormal gain a/c.

Q.4 (a) Discuss merits and demerits of Budgeting. **07**

(b) The following forecasts have been made for ABC Ltd for the period January to April 2010. **07**

	January	February	March	April
Sales	Rs. 75,000	Rs. 1,05,000	Rs. 1,80,000	Rs. 1,05,000
Raw Materials	70,000	1,00,000	80,000	85,000
Manufacturing Expenses	10,000	20,000	29,000	16,000
Loan Instalment	1,000	11,000	21,000	21,000

Additional Information:

1) All Sales are made on credit basis, 2/3 of debtors are collected in the same month and balance in the next month. There is no expected bad debt. The debtors on January 1, 2010 were Rs. 30,000.
2) The minimum cash balance, the firm must have is estimated to be Rs. 5,000, however, the cash balance on January 1, was Rs. 6,500.
3) Borrowing if any, can be made in multiple of Rs. 100 only.

Prepare cash budget for the period of 4 months (ignore interest on borrowing).

OR

Q.4 (a) Write a note on managerial uses of Marginal Costing. **07**

(b) From the following information calculate: **07**

1) P.V Ratio
2) Break Even Point in Rs.
3) Expected Profit when Sales is Rs. 15,00,000
4) Amount of Sale, when loss is Rs. 80,000
5) Margin of Safety for the year 2005-06.

Year	Cost (Rs.)	Profit or Loss (Rs.)
2004-05	8,20,000	– 20,000
2005-06	11,20,000	+ 80,000

Q.5 The Trail Balance of ABC Ltd as on 31-03-2013 is as under: **14**

Particulars	Amount	Particulars	Amount
Land & Building	8,00,000	Share Capital:	
Plant & Machinery	6,00,000	12% Preference Shares	3,00,000
Furniture	1,20,000	Equity Shares	12,00,000
Purchases	18,60,000	10% Debentures	3,00,000
Opening Stock	1,40,000	Sales	32,00,000

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Particulars	Amount	Particulars	Amount
Goods Returned	80,000	Goods Returned	60,000
Debtors	4,00,000	Creditors	2,00,000
Wages	6,80,000	Loan from directors	40,000
Octroi	1,80,000	Interest on Investments	16,000
Selling & Distribution Expenses	40,000	Staff Pension Fund	16,000
Carriage Outward	16,000	Bills Payables	20,000
Administrative Expenses	1,70,000	Fixed Deposits	48,000
Telephone Deposit	20,000	General Reserve	1,40,000
Directors fees	20,000	Share Forfeiture A/c	20,000
Interest on Debentures	12,000	Profit & Loss A/c	60,000
Bills Receivables	40,000		
Cash & Bank	50,000		
Discount on Debentures	80,000		
Investments	3,00,000		
Loose Tools	12,000		
	56,20,000		**56,20,000**

Additional Information:

1. Write off Rs. 10,000 of discount on debentures.
2. Closing stock is valued at Rs. 2,80,000
3. Depreciate Land & Building, Plant & Machinery and Furniture by 10%.
4. Transfer Rs. 40,000 to General Reserve

Prepare final accounts of the company as per the Companies Act.

OR

Q.5 (a) The following information is obtained from the books of Naman Ltd: **07**

Current Ratio	2.5
Liquid Ratio	1.5
Working Capital	Rs. 6,00,000
Stock Turnover Ratio (Cost of Sales/Closing Stock)	8
Gross Profit Ratio	20%
Debtors Ratio	2 Months
Fixed Assets/Shareholders Fund	0.80

Find out following information:

1. Current Assets 2. Current Liabilities 3. Cost of Sales 4. Gross Profit
5. Debtors 6. Fixed Assets 7. Shareholders' Fund

(b) The balance sheet of Vinit Ltd is given below. Analyze financial position of Vinit Ltd using technique of comparative financial statement (Balance Sheet): **07**

Liabilities	**31-03-2005 (Amount in Rs.)**	**31-03-2006 (Amount in Rs.)**
Preference Share Capital	1,00,000	2,00,000
Equity Share Capital	5,00,000	10,00,000
General Reserve	1,00,000	2,50,000
Accounts Payable	1,00,000	2,00,000
Outstanding Expenses	50,000	50,000
Profit & Loss Account	2,00,000	3,00,000
	10,50,000	**20,00,000**

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Assets	31-03-2005 (Amount in Rs.)	31-03-2006 (Amount in Rs.)
Fixed Assets	4,00,000	10,00,000
Investments	3,00,000	1,00,000
Receivables	2,00,000	4,00,000
Inventories	1,00,000	4,00,000
Cash at Bank	50,000	1,00,000
	10,50,000	**20,00,000**

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