

B.V. Patel Institute of Business Management, Computer & Information Technology
UkaTarsadia University
1st Internal Exam

040170302- International Accounting and Financial Management

Class: M.COM (III)

Marks: 50

Date: 30th Aug, 2017

Time: 9:30-11:30

Q.1 Answer the following. (Any Five)

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1. Define Equity oriented market.
2. Prepare the classification chart of financial measurement practice in micro based class.
3. Define goodwill.
4. Define price level changes and state its types.
5. What is meant by Currency option?
6. Define Foreign Exchange.

Q2. Answer the following. (Any Two)

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1. The following is the balance sheet of ABC Ltd. of UK, an Indian subsidiary as on 31st March, 15

Liabilities	£	Assets	£
Equity	28,000	Land & Building	26,000
Reserves	12,000	Plant & Equipment	14,000
Bonds and Debenture	20,000	Long term investment	8,000
Term loan	14,000	Inventories (M.V.)	15,000
Payables	16,000	Receivables	22,000
		Cash	5,000
	90,000		90,000

Translate the above balance sheet under Single rate and Multi rate method. Historical rate of 1 £ as Rs.69.55 and the current rate as Rs. 72.90.

2. Black & Ball Ltd. furnishes the following Balance sheet, Income Statement and additional information and request you to prepare an income statement and balance sheet as would appear under the CCA method of price level adjustment:

Balance Sheets

Liabilities	31-3-2010	31-3-2011	Assets	31-3-2010	31-3-2011
Equity share capital	2,00,000	2,00,000	Fixed Assets(net)	2,70,000	2,40,000
Preference share capital	1,00,000	1,50,000	Stock	80,000	1,20,000
Profits	-----	70,000	Debtors	60,000	1,80,000
Bonds	1,50,000	1,50,000	Cash at bank	50,000	90,000
Long term loans	-----	80,000	Cash in hand	30,000	70,000
Creditors	40,000	50,000			
	4,90,000	7,00,000		4,90,000	7,00,000

Income Statement (31-3-2011)

Debit	Amt.	Credit	Amt.
To opening stock	80,000	By sales	7,00,000
To purchases	4,00,000	By closing stock	1,20,000
To operating expenses	2,40,000		
To depreciation	30,000		
To net profit	70,000		
	8,20,000		8,20,000

Additional Info:

1. Closing stock includes 6000 units purchased at Rs. 20 per unit. These stocks can be replaced at Rs. 25 per unit on 31-3-2011.
2. The replacement cost of goods sold as on the date of sale was Rs.4, 20,000.
3. The replacement cost of fixed assets as on 31-3-2011 has gone up by Rs. 70,000.

3. The Balance sheet of XYZ & Co.ltd as on 31st March, 2011

Liabilities	Rs.	Assets	Rs.
Equity capital	10,00,000	Land & building (net of Depreciation)	10,00,000
Long term loan	10,00,000	Plant & Machinery(net of Depreciation)	4,00,000
Creditors	4,00,000	Bills receivables	8,00,000
Bills payable	2,00,000	Cash	4,00,000
	<u>26,00,000</u>		<u>26,00,000</u>

The general price index as on 31st March, 2011 is 225 which was 150 corresponding to the dates on which the fixed assets and long term loan were acquired. What are the purchasing power gains or losses on monetary items and prepare price level adjusted balance sheet.

Q3. Answer the following. (Any Two)

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1. Write a detailed note on corporate social reporting. Why has corporate social reporting become so important these days?
2. Explain the different foreign currency translation methods. What are the pros and cons of each of the translation methods?
3. Explain International Accounting and discuss different factors affecting accounting & its environment.