

Seat No.: _____

Enrolment No. _____

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA – SEMESTER – I - EXAMINATION – SUMMER 2022

Subject Code: 1519301

Date: 28/07/2022

Subject Name: International Accounting Practices

Time: 02:30 PM TO 05:30 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:

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1. Debtors v/s Creditors
2. Tax Haven
3. Trade Discount v/s Cash Discount
4. Contingent Liability
5. IFRS
6. Sunk Cost
7. Home Country v/s Host Country

Q.2 (a) “Analysis of Financial Statement is very crucial task for Business Manager” – Do you agree with the statement? State various methods of Financial Statement Analysis and briefly explain any one method with hypothetical figures with proper interpretation of the results. **07**

Q.2 (b) ‘International Accounting would involve accounting for international transactions of a Multinational Corporation’ – Discuss the scope of International Accounting in the light of given statement. **07**

OR

Q.2 (b) Briefly explain the scope of International Financial Management **07**

Q.3 (a) Compare and Contrast in detail the accounting conventions of Conservatism and Full Disclosure **07**

Q.3 (b) The following figures are available for the records of Venus enterprises as at 31st March. **07**

| | Year-2018 | Year-2019 |
|-----------------------|------------------|------------------|
| Sales (Rs. In Lakhs) | 150 | 200 |
| Profit (Rs. In Lakhs) | 30 | 50 |

Calculate:

1. The P/V Ratio and the Break-even level of Sales.
2. Sales required to earn a profit of Rs. 90 Lakhs.

OR

Q.3 (a) The following data relating to a factory for the May 2020 are available: **07**

| | |
|-------------------------|------------|
| Material Consumed | ₹ 2,00,000 |
| Direct wages | ₹ 1,50,000 |
| Factory expenses | ₹ 90,000 |
| Administrative expenses | ₹ 80,000 |

Based on the above data, find out the cost of a job to be done in June 2020

| | |
|--------------------|----------|
| Materials required | ₹ 20,000 |
| Wages | ₹ 15,000 |

As per the normal practice in the organization, the works overheads are based on Direct Wages and Administration overheads are based on works cost. It is estimated that the factory overheads will increase by 10% and Administrative overheads will raise by 20% from previous time.

Q.3 (b) XBRL is the advanced technique to record the financial data of multinational corporation. Discuss concept and benefits of XBRL reporting. **07**

Q.4 (a) Prepare a Cash Budget for three month ending 30-6-2019 from the following information. **07**
Cash Balance as on 1-4-2019 Rs. 90,000

| Month | Total Sales Rs. | Credit Sales Return Rs. | Total Purchases Rs. |
|-------|-----------------|-------------------------|---------------------|
| Feb. | 1,40,000 | 2,000 | 1,32,500 |
| March | 1,60,000 | 3,000 | 1,20,000 |
| April | 2,00,000 | 5,000 | 1,40,000 |
| May | 1,80,000 | 4,000 | 1,50,000 |
| June | 1,70,000 | 6,000 | 1,60,000 |

1. Assume the proportion of credit and cash sales as 4:1.
2. Assume 20% of total purchase to be cash purchases.
3. 50% of net credit sales are realized in the month following the sales and remaining 50% in the second month.

Q.4 (b) “Accounting is based on certain Assumption” - Do you agree with the statement? Support your answer with proper explanation. **07**

OR

Q.4 (a) Journalize the following transaction in the book of M/s Indian Stores for the month of January 2020 **07**

1 Commenced business with ₹ 50,000

3 Paid Freight ₹ 2,000

7 Goods Sold to Rajani Kant on credit ₹ 13,000

9 Paid for Rent ₹ 5,000

10 Cash received from Mohan Das ₹ 15,400 as full and final settlement against ₹ 16,000

17 Paid Life Insurance Premium ₹ 4,000

20 Rakesh was declared Insolvent, 50 paise in the rupee was received from his estate, total debt being ` 10,000

Q.4 (b) Prepare all the schedules of corporate balance sheet with hypothetical figures. **07**

Q.5 The Summarized Balance sheets of Nestle and ITC for the year ending 31-3-2019 is given below.

| Liability | Nestle | ITC | Assets | Nestle | ITC |
|-------------------------|-----------------|-----------------|------------------|-----------------|-----------------|
| Equity Capital | 3,00,000 | 2,50,000 | Fixed Assets | 5,50,000 | 5,30,000 |
| 10% Pref. Capital | 1,00,000 | 1,00,000 | Stock | 60,000 | 80,000 |
| Reserves | 1,20,000 | 1,60,000 | Debtors | 70,000 | 65,000 |
| 10% Debentures | 1,00,000 | 1,00,000 | Cash Balance | 20,000 | 20,000 |
| Bank O. D. | 40,000 | 45,000 | Preliminary Exp. | 20,000 | 10,000 |
| Other Current Liability | 60,000 | 50,000 | | | |
| Total | 7,20,000 | 7,05,000 | Total | 7,20,000 | 7,05,000 |

Additional Information:

| Particular | Nestle | ITC |
|---|-----------------|-----------------|
| Total Sales (Cash sales 40% of Total sales) | 8,00,000 | 12,00,000 |
| Cost of goods sold | <u>6,00,000</u> | <u>8,40,000</u> |
| Gross Profit | 2,00,000 | 3,60,000 |
| Admin., Selling and Distribution Exp. | <u>80,000</u> | <u>1,20,000</u> |
| Net Profit before interest and tax | 1,20,000 | 2,40,000 |

Rate of Tax is 50%

Considering yourself as the Financial Analyst of the reputed rating agency, compare the profitability and solvency of above companies based on the ratios mentioned above and give your comments.

Q.5 (a) Calculate following ratios & Analyze the performance of Nestle and ITC **07**

1. Net Profit Ratio
2. Operating Ratio

(b) Calculate following ratios & Analyze the performance of Nestle and ITC **07**

1. Return on Capital Employed
2. Gross Profit Ratio

OR

(a) Calculate following ratios & Analyze the performance of Nestle and ITC **07**

1. Capital Gearing Ratio
2. Debtors Ratio (taking 300 days)

(b) Calculate following ratios & Analyze the performance of Nestle and ITC **07**

1. Liquid Ratio
2. Current Ratio
