

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

Subject Code: 1519301**Date: 21/02/2023****Subject Name: International Accounting Practices****Time:10:30 AM TO 01:30 PM****Total Marks: 70****Instructions:**

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.
4. Use of simple calculators and non-programmable scientific calculators are permitted.

- Q.1** Explain the following terms **14**
- a) International accounting.
 - b) Ratio Analysis.
 - c) Tax heaven.
 - d) By product.
 - e) Cost drivers.
 - f) Accounting standards
 - g) Variable cost.

- Q.2** (a) Explain the scope of International accounting. **07**
 (b) Explain the concept of XBRL reporting for global financial reporting. **07**

OR

- (b) Explain the role of FASB (Financial Accounting Standard Board) **07**

- Q.3** (a) Explain in detail the International tax planning. **07**
 (b) In respect of a factory the following figures have been obtained for the year 2016 **07**

Cost of materials Rs 600,000
 Factory overheads Rs 300,000
 Administrative overheads Rs 336,000
 Selling overheads Rs 224,000
 Distribution overheads Rs 140,000 and profit Rs 420,000

A work order has been executed in 2017 and the following expenses have been incurred:

Materials Rs 8,000 and wages Rs 5,000

Assuming that in 2017 the rate of factory overheads has increased by 20 %, distribution overheads have gone down by 10 % and the selling and administration overheads have gone up by 12.5 %, at what price should the product be sold so as to earn the same rate of profit on the selling price as in 2016.

Factory over head is based on direct wages while all other overheads are based on factory cost.

OR

- Q.3** (a) Define International Financial Management and explain the functions of International Financial management. **07**

- (b) Neo Pharma processes a product through three distinct stages of one process being passed on to the next process and so on to the finished product intact. Details of the cost incurred in each process are given below. 07

Particulars	Process A (Rs)	Process B (Rs)	Process C (Rs)
Raw materials	1,150	1,050	700
Direct wages	500	600	700

The overhead expenses for the period amounted to Rs 3,600 and is to be distributed to the processes on the basis of direct wages.

There were no stocks in any of the processes either at the beginning or at the close of the period.

Assuming the output was 1,000 kilos show the process cost of A,B and C indicating also the cost per kilo of each element of cost and the output in each process.

- Q.4** (a) Differentiate between cash and flexible budget. 07
 (b) The expenses budgeted for production of 10,000 units in a factory are furnished below. 07

Particulars	Per unit (Rs.)
Materials	70
Labour	25
Variable factory overheads	20
Fixed factory over heads(Rs. 100,000)	10
Variable expenses (Direct)	5
Selling Expenses (10 % Fixed)	13
Distribution Expenses (20 % fixed)	7
Administrative Expenses (Fixed -Rs 50,000)	5
Total cost of sales per unit	<u>155</u>

You are required to prepare a budget for the production of 6000 units and 8000 units.

OR

- Q.4** (a) Short note on CVP Analysis 07
 (b) From the following particulars calculate i) Contribution. ii) P/V Ratio (iii) Break even Point in units and Rupees (iv) what will be the selling price per unit if the break even point is brought down to 25,000 units. 07

Particulars	Rs.
Fixed expenses	150,000
Variable cost per unit	10
Selling price per unit	15

- Q.5** (a) Sherry engineering ltd have authorized share capital of Rs 50 Lakh divided into 500,000 equity shares of Rs 10 each. Their books show the following balances as on 31-12-2017 14

Particulars	Amount	Particulars	Amount
Stock 1012017	6,65,000	Equity share capital (2,00,000 shares of Rs 10 each)	20,00,000
Discount and rebates	30,000	4 % Debentures payable after 10 years	5,00,000
Carriage inwards	57,500	Bank overdraft	7,57,000
Patterns	3,75,000	Sundry creditors (goods)	2,40,500

Rates, rent and taxes	55,000	Sales	36,17,000
Furniture and Fixture	1,50,000	Rent (Credit)	30,000
Materials purchased	12,32,500	Transfer fees	6,500
Wages	13,05,000	Profit and loss a/c (credit)	67,000
Coal and coke	63,000		
Freehold land	12,50,000		
Plant and Machinery	7,50,000		
Engineering tools	1,50,000		
Goodwill	3,75,000		
Sundry debtors	2,66,000		
Bills receivables	1,34,500		
Advertisements	15,000		
Commission & Brokerage	67,500		
Business expense	56,000		
Bank current a/c	20,000		
Cash in hand	8,000		
Debenture Interest (for half year 31.6.2017)	10,000		
Interest paid (Bank)	91,000		
Preliminary expenses	10,000		
Calls in arrears	10,000		
Bad debts	25,500		
Repairs	46,500		

The stock (valued at cost or market value whichever is lower) as on 31-12-2017 was Rs 7,08,000. Outstanding liabilities for wages Rs 25,000 and business expenses Rs 25,000. Dividend declared @ 10 % on paid up capital.

Charge depreciation: Plant and Machinery @ 5 %, Engineering tools @ 20 %, Patterns @ 10% and furniture and fixtures @ 10 %. Provide 2 % on debtors as doubtful debts after writing off Rs 21,500 as bad debts. Write off preliminary expenses Rs 5,000 and create debenture redemption reserve Rs 50,000. Provide 2,40,000 for income tax.

You are required to prepare: Profit and loss statement for the year ending 31.12.2017 and Balance Sheet as on that date in vertical format.

OR

- Q.5 (a)** From the following information, interpret the results of operations of manufacturing concern using trend ratios: **07**

(amount in '000 Rupees)
For the year ended 31st March

Particulars	2006	2005	2004	2003
Sales(NET)	13,000	12,000	9,500	10,000
Less COGS	7,280	6,960	5,890	6,000
Gross Profit	<u>5,720</u>	<u>5,040</u>	<u>3,610</u>	<u>4,000</u>
Selling expenses	1,200	1,100	970	1,000
Net operating profit	<u>4,520</u>	<u>3,940</u>	<u>2,640</u>	<u>1,000</u>

- (b)** Explain in detail the different types of costs.

07
