

(4)

the obstacles and institutional efforts in harmonization of global financial reporting. 10

7. M/S Avon, manufacturer of standard audio-visual products, has two divisions- $S_1$  and  $S_2$ . Output of  $S_1$  passes through  $S_2$  for completion. During a certain period the firm has manufactured 2500 units of the product which are sold at ₹ 1050 per unit. The variable cost per unit for  $S_1$  and  $S_2$  are ₹ 280 and ₹ 200 respectively. The fixed costs of  $S_1$  are ₹ 1,05,000 and of  $S_2$  are ₹ 1,35,000. The two divisions bargained to fix ₹ 745 per unit at which  $S_1$  will price its transfers to  $S_2$ . If the product variable cost per unit for  $S_1$  are ₹ 320, what are the firm's profit and the profits of its two divisions  $S_1$  and  $S_2$ ? 10

Unit-IV

8. Explain the term "Tax Haven". Discuss the benefits and harmful effects of tax havens in International Taxation. 10
9. What do you understand by international tax planning? Discuss its objectives and significance? 10

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Roll No. \_\_\_\_\_

**MS-3200**

B.B.A. (I.B.) (Semester-VI)

Examination, 2015

INTERNATIONAL ACCOUNTING

***Time Allowed : Three Hours ] [ Maximum Marks : 70***

Note : Question No.1 is compulsory. Attempt four other questions, selecting one question from each Unit.

1. Write short notes on the following-

10×3=30

- (a) Technique of foreign exchange Risk Management
- (b) Types of price level changes
- (c) Benefits of Harmonization of accounting practice
- (d) Market based transfer price
- (e) Minority Interest in consolidated financial statement
- (f) Translation Exposure

(2)

- (g) None-Monetary assets and liability in Cpp technique
- (h) Need for Relief against double taxation
- (i) Status of International Accounting in India.
- (j) Need for Accounting standards.

Unit-I

- 2. Explain the meaning of international accounting. Also list out it's advantages and disadvantages. 10
- 3. Discuss the nature, scope and need of international accounting. 10

Unit-II

- 4. The income statement of RS Ltd for the year ended 31.3.2014 was as follows: 10
- |                    |                        |
|--------------------|------------------------|
| Sales              | 15,50,000              |
| Less:              |                        |
| Cost of goods sold | 8,10,000               |
| Operating Profit   | <u>7,40,000</u>        |
| Less-Expenses      | 2,10,000               |
| Depreciation       | 80,000                 |
| Net Income         | <u><u>4,50,000</u></u> |

(3)

Verification of the company's record reveals that:

- (a) Goods were purchased in four separate lots ` 90,000, ` 2,50,000 ` 3,50,000 and ` 1,50,000 with a corresponding price index of 120, 125, 135 and 150
  - (b) There were opening and closing stocks amounting to ` 60,000 and ` 90,000 respectively
  - (c) Stocks were priced under FIFO method
  - (d) Sales and expenses were booked at the price index of 145
  - (e) Price Index prvalent on 31.3.14 was 150 and on 31.3.13 was 125
  - (f) Fixed Assets were acquired on 31.3.2013 Prepare a price level adjusted income statement for RS Ltd.
- 5. Explain the meaning and significance of consolidation of financial statements. Also list out the steps involved in line by line consolidation technique. 10

Unit-III

- 6. Explain the meaning and need of harmonization of accounting practices. Also elaborate on