

GUJARAT TECHNOLOGICAL UNIVERSITY**MBA(IB) - SEMESTER- I EXAMINATION – WINTER 2019****Subject Code: 1519301****Date: 24-12-2019****Subject Name: International Accounting Practices****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. No.	Question	Marks
Q.1	Explain following terms. 1. Book keeping 2. Fictitious Assets 3. Drawing 4. Depreciation 5. Outstanding Expenses 6. Liabilities 7. Cost unit	14
Q.2	(a) Journalize following transactions for the month of March 2016 1. Started a business with cash Rs 30,000, furniture Rs 10,000, machineries Rs 50,000, Debtors Rs 40,000, creditors Rs 20,000 and 9% loan from ICICI bank Rs 2,00,000. 2. Paid for fire insurance premium Rs 5000 and life insurance premium Rs 4000. 3. Goods of Rs 10,000 were burnt by fire. The insurance company paid a claim for 50% amount. The damaged goods were sold for Rs 2000. 4. Purchased goods of Rs 5000 at a trade discount of 10 % and cash discount of 5% from ABC ltd. Half of the amount is paid in cash. 5. Purchased a machine for Rs 50,000 and paid installation charges Rs 2000 for the same. 6. Rs 10,000 were due from Richa but only 70% can be recovered from her as she is declared insolvent. The remaining amount is written off. 7. Received a sales tax refund Rs 5000 and income tax refund Rs 4000 by cheque.	07
	(b) Explain Objectives of International Taxation and state in brief International Taxation Policy,	07
	OR	
	(b) Explain Role of International Finance Manager	07
Q.3	(a) What do you mean by budgetary control? Explain various types of Budget?	07

- (b) Explain the difference between accounting concepts and conventions. Also explain any two concepts and convention in detail. **07**

OR

- Q.3** (a) Explain Normal Loss, Abnormal Loss and Abnormal Gain with an example under process costing. **07**

- (b) “Marginal costing is a valuable technique to the management”. Critically evaluate. Also discuss in detail limitations of Marginal Costing. **07**

- Q.4** (a) What is IFRS? State the advantages of IFRS. Also explain any four point of difference between IFRS, Indian GAAP and US GAAP. **07**

- (b) Explain Importance and Difficulties of International Accounting. **07**

OR

- Q.4** (a) “Financial Statements are the most important part of financial reporting” Discuss the above statement giving the objectives of financial statement and the contents of the various components of the financial statements. **07**

- (b) Following are the Balance Sheets of XYZ Ltd. for the year ended December 2006 and 2007. Prepare a common-size balance sheet and interpret the same: **07**

Assets	2006	2007
Fixed Assets (Net)	120000	175000
Stock	20000	25000
Debtors	50000	62500
Bills receivable	10000	30000
Prepaid expense	5000	6000
Cash at bank	20000	26500
Cash in hand	5000	15000
	230000	340000
Liabilities	2006	2007
Equity capital	100000	165000
Preference share capital	50000	75000
Reserves	10000	15000
P&L account	7500	10000
Bank overdraft	25000	25000
Creditors	20000	25000
Provision for tax	10000	12500
Proposed dividend	7500	12500
	230000	340000

Q.5

The following balances are taken from the books of Ajay Ltd as on 31-3-2004. Prepare final accounts from the following information.

Trial balance of Ajay Ltd

Name of account	Debit	credit
Stock(1-4-2003)	45,000	
Salary (upto 28-2-2004)	14,300	
Capital and drawings	10,000	1,00,000
Debtor and creditor	70,000	40,000
Lease hold Premises (1-10-2003 for 5 years)	40,000	
Carriage inward	500	
Carriage outward	1200	
Trade expenses	800	
Discount	1700	1900
Bad debt and bad debt reserve	1400	2900
Cash and bank	2500	3000
Wages	15,000	
Purchases and sales	1,00,000	2,50,000
Sales return and purchase return	9000	10,000
Commission		700
Machineries	25,000	
10% investments(30-9-2003)	70,000	
Interest received on investments		1500
Insurance premium (upto 1-7-2004)	3600	
	4,10,000	4,10,000

Additional information:

1. Cost price of closing stock is Rs 20,000 and its market value is 18,200.
2. Depreciate machinery at 10%.
3. Interest on capital and drawing 10%
4. Goods burnt by fire Rs 5000 and Insurance company accepted claim of Rs 4000.
5. Bad debt of Rs 2000 and Bad debt reserve of 5 % is requires to be provided on debtors.
6. Commission of Rs 1300 is due but not received. And outstanding trade expenses are Rs 200.
7. During the year goods worth Rs 2000 were distributed as free samples.

OR

Q.5

The balance sheet on 31-3-2004 of Dev Ltd is as follows. You are required to calculate (1) Return on capital employed (2) Stock turnover ratio (3) Proprietary ratio (4)

(14)

Current ratio (5) Net profit ratio (6) Operating ratio (7)
Return on equity share capital

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Equity share capital	2000000	Fix assets	1520000
Reserves & Surpluses	1080000	Investment	1000000
10% debentures	1000000	Stock	750000
Creditors	450000	Debtors	825000
Bills payable	150000	Pre-paid expense	100000
Outstanding expenses	100000	Pre-paid income tax	10000
Provident fund	180000	Bills receivable	375000
Provision for tax	40000	Bank balance	400000
		Underwriting commission	20000
	5000000		5000000

Additional information:

Gross profit is 40% of the sales. Net profit is Rs 10, 00,000 (EBIT) Taxation rate is 50%. Cash sales are 25% of the credit sales. On 1-4-2003, the stock was worth Rs 450000. The collections are received in 108 days from the debtors (360 days of the year are to be considered)
