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Sl.No.

Total No. of Pages : 3

IV Semester M.Com. Examination, May/June - 2018
(Scheme : CBCS)
COMMERCE
Hard Core : International Accounting

Time : 3 Hours

Max. Marks : 70

PART - A

Answer any five questions. Each question carries five marks.

{5 × 5 = 25}

1. State aims and objectives of International Federation of Accountants.
2. Discuss the need for convergence of Indian accounting standard with IFRS.
3. Explain the concept of functional currency.
4. Describe different types of foreign exchange exposures.
5. What do you mean by advanced pricing agreements? Explain with suitable example.
6. What is profit split method? Explain with suitable example.
7. Examine tax minimizing objective of transfer pricing.
8. What do you understand by XBRL? State important features of XBRL.

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PART - B

Answer any three questions. Each question carries ten Marks. [3 × 10 = 30]

9. What is the IOSCO? Examine its relationship with the IASB and the IFAC. How its involvement assisted in acceleration of the harmonization process.
10. Discuss the recent developments in the process of IFRS convergence in India, and examine the challenges and hurdles experienced in this regard.
11. What do you mean by translation gain or loss? Discuss the impact of different approaches with regards to treatment of translation Gains or Losses on the reported profit.
12. "XBRL provides a wide range of features that enhance the quality and consistency of financial reporting, which in turn enhances the quality of decision making by different stake holders". Discuss.
13. An Indian manufacturer purchased goods from a US dealer on March 8, and the payment of Dollar 10,000 fell due on May 1, 2018. The India Company operates on a Financial year basis (i.e. 1st April to 31st March), there would be an interim reporting date on 31st March 2018. Assume that the following are the exchange rates prevailing on the different dates.

On initial transaction date, the rate was Dollar 1 = 61.00

On interim reporting date, the rate was Dollar 1 = 61.25

On settlement date, the rate was Dollar 1 = 61.50

Pass the necessary Journal entries to adjust exchange difference of foreign transaction by both single transaction approach and dual transaction approach.

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PART - C

14. Study the following case and answer the question which is compulsory :

[1 × 15 = 15]

Blue Jeans Hong Kong is a wholly owned manufacturing subsidiary of Global enterprises (USA). It Ships 500,000 pairs of designer blue jeans to related U.S sales affiliate , Blue Jeans - USA (a related sales affiliated in USA also wholly owned Global enterprises), for Dollar 6 per pair. They cost Blue Jeans Hong Kong @ Dollar 4.20 per pair to produce. The each garment whole sales for Dollar 12 per unit in the USA market. The operating expenses incurred by Hong Kong amount to Dollar 500,000 and Blue Jeans —USA amount to Dollar 15, 00,000. Assume the rate of income tax in USA is 35 % and 17% in Hong Kong.

Required

- a) What would be the tax liability of Global enterprises (USA)?
- b) What would be the net income and tax liability of Blue Jeans Hong Kong and Blue Jeans —USA, if relate sale price is Dollar 8.
- c) What will you do to minimize tax liability of Global enterprises (USA) by formulating appropriate transfer pricing strategy.

