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Reg. No. | | | | | | | | |

IV Semester M.Com. Degree Examination, September/October - 2024

COMMERCE

International Accounting

(CBCS Scheme)

Paper : 4.3

Time : 3 Hours

Maximum Marks : 70

SECTION - A

Answer any Seven questions out of Ten. Each question carries 2 marks. (7×2=14)

1. a) Define International Accounting.

   b) Distinguish between IFRS and GAAP.

   c) Write the meaning of barrier.

   d) Give the meaning of Prospective analysis.

   e) Mention the key stages of evolution MNCs.

   f) What is Arm's Length Principle?

   g) State any Four countries following IFRS.

   h) What are the difficulties in analysing foreign financial statements?

   i) Mention any two key components that must be included in segmental reporting according to IFRS 8.

   j) Expand IFRSIC and IASB.

SECTION - B

Answer any Four questions out of Six. Each question carries 5 marks. (4×5=20)

2. Explain three primary users of International Accounting information and their specific needs.

3. Discuss major benefits associated with the adoption of International Financial Reporting Standards (IFRS).

4. Explain the remedies to address the challenges encountered in the analysis of foreign financial statements?

5. Highlight key characteristics of financial reporting practices in Japan.

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6. Find out the translation loss/gain using Current and non-current method and using temporal method on the basis of the following data supplied by the Indian subsidiary to its parent unit in the USA:

Liabilities	Amount(Rs.)	Assets	Amount (Rs.)
Current Liabilities	800	Cash	200
Share Capital	2000	Marketable Securities	200
Bonds	1200	Debtors	400
Retained Earnings	800	Inventory	600
		Land and Buildings	1200
		Plant and Machinery	1600
		Furniture	600

Historical rate Rs. 80 / US $ and Current Rate Rs. 86/US$.

7. What is Transfer Pricing? Explain methods of calculating International transfer pricing.

SECTION - C

Answer any Two questions out of Four. Each question carries 12 marks. (2×12=24)

8. Explain IFRS standard setting process.

9. Explain the key challenges faced when analyzing foreign financial statements and discuss how these challenges can be mitigated. Provide examples to illustrate your answer.

10. Mr. Right has an investment property that is measured in fair value. The directors wish to measure the fair value of the property by estimating the present value of the net cash flows that the property will generate for Mr. Right. They argue that this reflects the best way in which the building will generate economic benefits for Mr. Right.

The building is unique, although there have been many sales of similar buildings in the local area.

Discuss whether the valuation techniques suggested by the director complies with international Financial Reporting Standards.

An asset is sold in two different active markets at different prices. An entity enters into transactions in both markets and can access the price in those markets for the asset at the measurement date as follows:

	Market 1 (in $)	Market 2 (in $)
Price	40	45
Transaction Costs	6	-
Transportation Cost	4	4

What is the fair value of the asset if:

a) Market 1 is the principal

b) Market for the asset.

c) No principal market can be determined.

11. Briefly explain the accounting practices followed in the United Kingdom, highlighting the main standards and regulatory bodies involved.

SECTION - D

Answer the following question. **(1×12=12)**

12. XYZ Corporation, a US-based manufacturing company, has decided to expand its operations into the European Market. The company has set up a subsidiary in Germany and plans to adopt international Financial Reporting Standards (IFRS) for its international operations. As part of the expansion, XYZ Corporation must address various accounting issues related to currency translation, consolidation of financial statements, and compliance with IFRS.

    a) Explain how XYZ Corporation should consolidate the financial statements of its German subsidiary with its US operations. What are the main steps involved, and how should intercompany transactions be treated?

    b) Describe the process XYZ Corporation should follow to translate the financial statements of its German subsidiary into US dollars. What are the key factors and exchange rates involved in this process?