



PRESIDENCY UNIVERSITY
BENGALURU

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End - Term Examinations – December 2025

Date: 19 / 12/ 2025 **Time: 01:00pm – 04:00pm**

School: SOC / SOM (UG)	Program: BCOM	
Course Code: COM3060	Course Name: International Accounting	
Semester: V	Max Marks:100	Weightage:50%

CO - Levels	C01	C02	C03	C04	C05
Marks	20	20	20	20	20

Instructions:

(i) Read all questions carefully and answer accordingly.

(ii) Do not write anything on the question paper other than roll number.

Part A

Answer ALL the Questions. Each question carries 2marks. 10Q x 2M=20M

1.	List the challenges companies face in cross-border transactions and how international accounting addresses them.	2 Marks	L1	C01
2.	Explain the importance of international accounting in ensuring compliance with global regulatory standards.	2 Marks	L2	C01
3.	Why is it important for companies in the United Kingdom to comply with both local and international accounting standards?	2 Marks	L1	C02
4.	Explain the concept of Functional Currency in foreign currency translation.	2 Marks	L2	C02
5.	Show how intercompany transactions should be eliminated during the consolidation process.	2 Marks	L2	C03
6.	Translate the key differences between the Current Rate Method and Temporal Method for consolidating foreign financial statements.	2 Marks	L2	C03
7.	Classify the different methods used for determining transfer prices in multinational companies.	2 Marks	L2	C03
8.	Outline the key provisions of IFRS 17 regarding the recognition and measurement of insurance contracts.	2 Marks	L2	C04
9.	Summarize the key provisions of IFRS 1 for first-time adoption, including the requirements for the opening IFRS statement of financial position.	2 Marks	L2	C04
10.	Show how IFRS 3 treats the recognition and measurement of identifiable assets acquired in a business combination.	2 Marks	L2	C04

Part B

Answer ALL the Questions. Each question carries 7 marks.

5Q x 7M = 35M

11.	<p>Global Traders, a Canadian company, imports furniture from China worth CNY200,000 on 5 July 2025 when the exchange rate is ₹12 per CNY. The payment will be made on 30 September 2025. On that date, the exchange rate has changed to ₹13 per CNY.</p> <p>Required:</p> <p style="padding-left: 40px;">Identify the type of foreign exchange risk involved.</p> <p style="padding-left: 40px;">Show the accounting entries in the books of Global Traders.</p>	07 Marks	L3	CO3
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Or

12.	<p>Apply the key concepts of consolidation accounting, including the principles, processes, and the role of the parent and subsidiary companies. Discuss the methods used for preparing consolidated financial statements and the significance of eliminating intercompany transactions and balances.</p>	07 Marks	L3	CO3
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13.	<p>Mega Tech operates across three regions: Australia (AUD), South East Asia (SGD), and Latin America (MXN). The segment data for 2024 is as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Segment</th> <th style="text-align: left;">Revenue (Local Currency)</th> <th style="text-align: left;">Assets (Local Currency)</th> </tr> </thead> <tbody> <tr> <td>Australia</td> <td>AUD15,000,000</td> <td>AUD30,000,000</td> </tr> <tr> <td>Southeast Asia</td> <td>SGD25,000,000</td> <td>SGD50,000,000</td> </tr> <tr> <td>Latin America</td> <td>MXN100,000,000</td> <td>MXN250,000,000</td> </tr> </tbody> </table> <p>Year-end exchange rates to INR: 1 AUD = ₹55 1 SGD = ₹60 1 MXN = ₹4</p> <p>Required:</p> <p>Identify the reportable segments based on 10% thresholds for both revenue and assets.</p>	Segment	Revenue (Local Currency)	Assets (Local Currency)	Australia	AUD15,000,000	AUD30,000,000	Southeast Asia	SGD25,000,000	SGD50,000,000	Latin America	MXN100,000,000	MXN250,000,000	07 Marks	L3	CO3
Segment	Revenue (Local Currency)	Assets (Local Currency)														
Australia	AUD15,000,000	AUD30,000,000														
Southeast Asia	SGD25,000,000	SGD50,000,000														
Latin America	MXN100,000,000	MXN250,000,000														

Or

14.	<p>Identify the importance of segment disclosure in financial statements and how it aids investors and management in evaluating the profitability and risk of different business units.</p>	07 Marks	L3	CO3
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15.	<p>Analyze the role of the IASB and the IFRS Foundation in the development, governance, and global adoption of International Financial Reporting Standards (IFRS).</p>	07 Marks	L4	CO4
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Or

16.	<p>Analyze the key features of International Financial Reporting Standards (IFRS) and evaluate how these features provide benefits to</p>	07 Marks	L4	CO4
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	companies in terms of financial transparency, comparability, and global operations.			
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17.	In the context of a company operating in Australia, analyze the financial reporting environment, focusing on the regulatory framework, key standards, and the role of governing bodies in shaping financial reporting practices.	07 Marks	L4	CO2
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Or

18.	Consider a Dutch multinational preparing to adopt new financial reporting standards. Analyze the financial reporting environment in the Netherlands, focusing on the regulatory framework, key standards, and the role of governing bodies in shaping the company's financial reporting practices.	07 Marks	L4	CO2
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19.	Consider a scenario where a company is involved in international trade and is impacted by fluctuations in foreign exchange rates. Analyze how international accounting can help mitigate the risks associated with currency fluctuations.	07 Marks	L4	CO1
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Or

20.	The company operates in both Asia and Europe. Analyze how international accounting helps the company maintain consistent financial reporting across these regions, ensuring stakeholders can easily compare its financial performance despite different local accounting standards.	07 Marks	L4	CO1
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Part C

Answer any three Questions. Each question carries 15marks

3Q x 15M=45M

21.	<p>XYZ Ltd. (a U.S. parent company) owns a subsidiary in Brazil whose functional currency is BRL. The following trial balance is given in Brazilian Real (BRL):</p> <table border="1" style="width: 100%;"> <thead> <tr> <th>Particulars</th> <th>Amount (BRL)</th> </tr> </thead> <tbody> <tr> <td>Cash</td> <td>BRL 1,200,000</td> </tr> <tr> <td>Accounts Receivable</td> <td>BRL 800,000</td> </tr> <tr> <td>Inventory</td> <td>BRL 1,500,000</td> </tr> <tr> <td>Fixed Assets</td> <td>BRL 2,500,000</td> </tr> <tr> <td>Accounts Payable</td> <td>BRL 500,000</td> </tr> <tr> <td>Long-term Debt</td> <td>BRL 1,200,000</td> </tr> <tr> <td>Share Capital</td> <td>BRL 1,000,000</td> </tr> <tr> <td>Retained Earnings</td> <td>BRL 800,000</td> </tr> <tr> <td>Sales</td> <td>BRL 3,000,000</td> </tr> <tr> <td>Cost of Goods Sold</td> <td>BRL 1,800,000</td> </tr> </tbody> </table> <p>Exchange rates:</p> <table border="1" style="width: 100%;"> <thead> <tr> <th>Exchange Rate</th> <th>Rate (USD)</th> </tr> </thead> <tbody> <tr> <td>Beginning of the year</td> <td>BRL 1 = \$0.18</td> </tr> <tr> <td>Average for the year</td> <td>BRL 1 = \$0.19</td> </tr> <tr> <td>End of the year</td> <td>BRL 1 = \$0.20</td> </tr> </tbody> </table>	Particulars	Amount (BRL)	Cash	BRL 1,200,000	Accounts Receivable	BRL 800,000	Inventory	BRL 1,500,000	Fixed Assets	BRL 2,500,000	Accounts Payable	BRL 500,000	Long-term Debt	BRL 1,200,000	Share Capital	BRL 1,000,000	Retained Earnings	BRL 800,000	Sales	BRL 3,000,000	Cost of Goods Sold	BRL 1,800,000	Exchange Rate	Rate (USD)	Beginning of the year	BRL 1 = \$0.18	Average for the year	BRL 1 = \$0.19	End of the year	BRL 1 = \$0.20	15 Marks	L4	CO3
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<p>a) Translate the balance sheet into USD using the Current and Temporal (Historical) Method.</p> <p>b) Translate the income statement into USD using the Temporal (Historical) Method.</p> <p>c) Explain how the translation gains or losses would be recorded in the financial statements?</p>			
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<p>22.</p>	<p>On 1 January 2024, India Parent Ltd acquired 50% of the equity shares of Canada Subsidiary Ltd for ₹20,000,000. At acquisition, Canada Subsidiary's equity comprised share capital CAD 200,000 and retained earnings CAD 100,000. The exchange rate at acquisition was ₹55/CAD. By 31 December 2024, Canada Subsidiary's retained earnings increased to CAD 120,000. The fair value of non-controlling interest (NCI) at acquisition was ₹10,000,000. The year-end exchange rate is ₹58/CAD.</p> <p>Calculate:</p> <ol style="list-style-type: none"> 1. Goodwill on consolidation (₹). 2. Non-controlling interest on 31 December 2024 (₹). 3. Briefly explain the method used for translating the subsidiary's financials. 	<p>15 Marks</p>	<p>L4</p>	<p>C03</p>
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<p>23.</p>	<p>StarTech Solutions, a cloud computing company based in Germany, has entered a contract with Digital Innovators, a client in Brazil, for providing cloud infrastructure services. The contract value is BRL 1,000,000, and the payment terms are as follows:</p> <p>Phase 1: 50% of the total contract value (BRL 500,000) is billed immediately. Payment for Phase 1 is due within 30 days of invoicing.</p> <p>Phase 2: The remaining 50% (BRL 500,000) will be invoiced upon completion of the project, which is expected to take six months. Payment for Phase 2 is due 30 days after invoicing.</p> <p>Exchange rates at different stages are:</p> <p>At the time of contract signing (1 EUR = 5.50 BRL)</p> <p>At the time of invoicing for Phase 1 (30 days later, 1 EUR = 5.45 BRL)</p> <p>At the time of payment for Phase 1 (60 days from contract signing, 1 EUR = 5.40 BRL)</p> <p>At the time of invoicing for Phase 2 (6 months from contract signing, 1 EUR = 5.60 BRL)</p> <p>At the time of payment for Phase 2 (30 days after invoicing for Phase 2, 1 EUR = 5.55 BRL)</p> <p>You are required to Explain the process and prepare the journal entries for the following events, considering the fluctuations in exchange rates:</p> <ol style="list-style-type: none"> 1. At the time of contract signing, 2. At the time of invoicing for Phase 1, 	<p>15 Marks</p>	<p>L4</p>	<p>C01</p>
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	3. At the time of payment for Phase 1, 4. At the time of invoicing for Phase 2, 5. At the time of payment for Phase 2.			
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24.	Illustrate some of the major international differences in financial reporting, and how do they impact the comparability and transparency of financial statements across countries?	15 Marks	L2	CO2
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25.	Explain how IFRS 13 and IFRS 16 contribute to financial reporting, specifically in the context of fair value measurement and lease accounting? Explain the objective and scope of IFRS 13, its fair value hierarchy, and valuation techniques, as well as the key changes IFRS 16 introduces to lease accounting and its disclosure requirements.	15 Marks	L2	CO4
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