



SOMAIYA

VIDYAVIHAR UNIVERSITY

Dr. Shantilal K. Somaiya School of Commerce and Business Studies

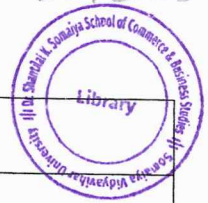
QUESTION PAPERS

BRANCH: Master of Commerce (Accounting & Finance)	SEM: IV
	APR-2026

Sr. No.	Subject	Available
1.	231P25C401 – Financial Reporting & Analysis	
2.	231P25C403 – International Finance	
3.	231P25C402 – Transfer Pricing	
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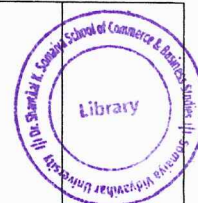
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March /April 2026		
Examination: End Semester Examination (PG Programmes)		
Programme code: 25	Class: SY	Semester: IV
Programme: Master of Commerce in Accounting and Finance		
Name of the Constituent College: Dr. Shantilal K. Somaiya School of Commerce and Business Studies		Name of the Department: Accounting and Finance
Course Code: 231P25C401	Name of the Course: Financial Reporting and Analysis	
Duration: 2 Hrs.	Maximum Marks: 60 marks	
Instructions:		
1) All questions are compulsory. 2) Use of a simple calculator is permitted. 3) Figures to the right indicate the marks assigned to the questions. 4) Working notes should form part of your answers.		

Q. No.		Max. Marks	CO
Q1	Answer the following questions: (5 marks each)		
	<p>A. Xylo Ltd. has a machine which got damaged due to fire as on 31st January, 2025. The carrying amount of machine was ₹1,00,000 on that date. Xylo Ltd. sold the damaged asset as scrap for ₹10,000. Xylo Ltd. has insured the same asset against damage. As on 31st March, 2026, the compensation proceedings were still in process but the insurance company has confirmed the claim. Compensation of ₹50,000 is receivable from the insurance company. Determine the accounting for the above transaction for Xylo Ltd.</p> <p>B. An entity has 100 employees, who are each entitled to ten working days of paid sick leave for each year. Unused sick leave may be carried forward for one financial year. Sick leave is taken first out of the current year's entitlement and then out of any balance brought forward from the previous year (a LIFO basis). At 31st March 2026, the average unused entitlement is two days per employee. Based on past experience, the management expects that only 20% of the employees will use 1 day from their carried forward leave. Salary per day is ₹2,500. Compute the expenses in respect of the short-term compensated absences, if they are assumed to be (a) vested short term compensated absences, and (b) non-vested short-term compensated absences.</p> <p>C. Avanti Ltd. buys goods from an overseas supplier. It has recently taken delivery of 1,000 units of component X. The quoted price of component X was ₹1,200 per unit but Avanti Ltd. has negotiated a trade discount of 5% due to the size of the order. The supplier offers an early settlement discount of 2% for payment within 30 days and Avanti Ltd. intends to achieve this. Import duties (basic custom duties) of ₹60 per unit must be paid before the goods are released through custom. Once the goods are released through customs, Avanti Ltd. must pay a delivery cost of ₹5,000 to have the components taken to its warehouse. Calculate the cost of inventory.</p>	15	CO 1 CO 2 CO 3
Q2	A. An entity acquired an asset 3 years ago at a cost of ₹5 million. The	15	CO 1

	<p>depreciation method adopted for the asset was 10 percent reducing balance method.</p> <p>At the end of Year 3, the entity estimates that the remaining useful life of the asset is 8 years and determines to adopt straight –line method from that date so as to reflect the revised estimated pattern of recovery of economic benefits. Calculate the depreciation charge for respective years in accordance with Ind AS 16. (8 marks)</p> <p>B. Marathon Ltd. has 350 employees (same as a year ago). The average staff attrition rate as observed during past 10 years represents 6% per annum. Marathon provides the following benefits to all its employees: Annual bonus - during past 10 years. Marathon paid bonus to all employees who were in service during the entire financial year. Bonus was paid in June following the financial year-end. Amount of bonus for 2024-2025 paid in June 2025 represented ₹1,25,000 per employee. Marathon Ltd. used to increase amount of bonus based on official inflation rate which is 8.5% for 2025-2026, although there was no legal obligation to increase the bonus by such inflation rate. Determine how Marathon Ltd. would recognize liabilities and expenses for these employee benefits as on 31st March, 2026. Pass the journal entry to show the accounting treatment. (7 marks)</p>		
	OR		
	<p>C. Saturn Ltd. has an identifiable asset with a carrying amount of ₹1,000. Its recoverable amount is ₹650. The tax rate is 30% and the tax base of the asset is ₹800. Impairment losses are not deductible for tax purposes. Identify the impact of impairment loss on related deferred tax asset/liability against the revised carrying amount of asset. (7 marks)</p> <p>D. Meena Telecom Ltd. has income tax litigation pending before appellate authorities. Legal advisor’s opinion is that Meena Telecom Ltd. will lose the case and estimated that liability of ₹1,00,00,000 may arise in two years. The liability is recognised on discounted basis. The discount rate at which the liability has been discounted is 10% and it is assumed that discount rate does not change over the period of 2 years. How should Meena Telecom Ltd. calculate the amount of finance cost? (8 marks)</p>	15	CO 2
Q3	<p>A. Interpret the below instances in the context of IND AS AS-115 ‘Revenue from Contracts with Customers’- (8 marks)</p> <p>a) A gymnasium enters into a contract with a new member to provide access to its gym for a 12-month period at ₹4,500 per month. The member can cancel his or her membership without penalty after three months. Specify the contract term.</p> <p>b) Manufacturer SONATA enters into a contract to manufacture and sell a cyber-security system to Government-related Entity P. One week later, in a separate contract, SONATA enters into a contract to sell the same system to Government-related Entity Q. Both entities are controlled by the same government. During the negotiations, SONATA agrees to sell the systems at a deep discount if both P and Q purchase the security system. Should these contracts be combined or separately accounted?</p> <p>c) Contractor SUN enters into a manufacturing contract to produce 100 specialised CCTV cameras for Customer Q for a fixed price of ₹1,000 per sensor. Customer Q can cancel the contract without a penalty after receiving 10 CCTV cameras. Specify the contract units</p> <p>B. MAX Ltd. manufactures control units for air conditioning systems. Each control unit requires the following:</p>	15	CO 3



	<p>1 component X at a cost of ₹1,205 each 1 component Y at a cost of ₹800 each Sundry raw materials at a cost of ₹150 each The company faces the following monthly expenses: Factory rent ₹16,500 Energy costs ₹7,500 Selling and administrative costs ₹10,000 Each unit takes two hours to assemble. Production workers are paid ₹300 per hour. Production overheads are absorbed into units of production using an hourly rate. The normal level of production per month is 1,000 hours. Calculate the cost of inventory. (7 marks)</p>		
OR			
	<p>C. MAHI Ltd. acquired a software from Earth Ltd. in exchange for a telecommunication license. The telecommunication license is carried at ₹5,00,000 in the books of MAHI Ltd. The Software is carried at ₹10,000 in the books of the Earth Ltd. which is not the fair value. Pass journal entries in the following situations in the books of MAHI Ltd. and Earth Ltd.:</p> <p>(1) Fair value of software is ₹5,20,000 and fair value of telecommunication license is ₹5,00,000. (2) Fair value of software is not measurable. However, similar telecommunication license is transacted by another company at ₹4,90,000. (3) Neither fair value of software nor telecommunication license could be reliably measured. (7 marks)</p> <p>D. MENSA Ltd. has no foreign currency cash flow for the year 2024. It holds some deposit in a bank in the USA. The balances as on 31.12.2024 and 31.12.2025 were US\$ 100,000 and US\$ 102,000 respectively. The exchange rate on December 31, 2024 was US\$1 = ₹45. The same on 31.12.2025 was US\$1 = ₹50. The increase in the balance was on account of interest credited on 31.12.2025. Thus, the deposit was reported at ₹45,00,000 in the balance sheet as on December 31, 2024. It was reported at ₹51,00,000 in the balance sheet as on 31.12.2025. How these transactions should be presented in cash flow for the year ended 31.12.2025 as per Ind AS 7? (8 marks)</p>	15	CO 3
Q4	<p>A. BANI Ltd. (the 'Company') makes a borrowing for INR 10 lacs from RBC Bank, with bullet repayment of INR 10 lacs and an annual interest rate of 12% per annum. Now, Company defaults at the end of 5th year and consequently, a rescheduling of the payment schedule is made beginning 6th year onwards. The Company is required to pay INR 1,300,000 at the end of 6th year for one time settlement, in lieu of defaults in payments made earlier. (a) Does the above instrument meet definition of financial liability? Please explain. (b) Analyse the differential amount to be exchanged for one-time settlement. (7 marks)</p> <p>B. Evaluate the below transactions in context of definition of financial instrument as per IND AS 109 - a) MOBI Ltd. invests in compulsorily convertible preference shares (CCPS) issued by its subsidiary – BOBI Ltd. at ₹1,000 each (₹10 face value + ₹990 premium). Under the terms of the instrument, each CCPS is compulsorily convertible into one equity share of BOBI Ltd at the end of 5 years. Such CCPS carry dividend @ 12% per annum, payable only when declared at the discretion of BOBI Ltd. b) ANESH Ltd. took a borrowing from Z Ltd. for ₹10,00,000. Z Ltd. enters</p>	15	CO 4

	<p>into an arrangement with Target Ltd. for settlement of the loan against issue of a certain number of equity shares of ANESH Ltd. whose value equals ₹10,00,000. For this purpose, fair value per share (to determine total number of equity shares to be issued) shall be determined based on the market price of the shares of ANESH Ltd. at a future date, upon settlement of the contract. (8 marks)</p>		
	<p>OR</p>		
	<p>C. Analyse the nature of cash flows for below cases in the IND AS 109 Financial Instruments –</p> <p>a) Instrument F is a bond that is convertible into a fixed number of equity instruments of the issuer.</p> <p>b) Instrument H is a perpetual instrument but the issuer may call the instrument at any point and pay the holder the par amount plus accrued interest due. Instrument H pays a market interest rate but payment of interest cannot be made unless the issuer is able to remain solvent immediately afterwards. Deferred interest does not accrue additional interest.</p> <p>c) Instrument D is loan with recourse and is secured by collateral. Does the collateral affect the nature of contractual cash flows? (8 marks)</p> <p>D. A financial institution holds financial assets to meet liquidity needs in a 'stress case' scenario (eg, a run on the bank's deposits). The entity does not anticipate selling these assets except in such scenarios. The entity monitors the credit quality of the financial assets and its objective in managing the financial assets is to collect the contractual cash flows. The entity evaluates the performance of the assets on the basis of interest revenue earned and credit losses realised. However, the entity also monitors the fair value of the financial assets from a liquidity perspective to ensure that the cash amount that would be realised if the entity needed to sell the assets in a stress case scenario would be sufficient to meet the entity's liquidity needs. Periodically, the entity makes sales that are insignificant in value to demonstrate liquidity. Evaluate the business model. (7 marks)</p>	<p>15</p>	<p>CO 4</p>

30/3/26
MAF
Sem-IV



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March 2026		
Examination: End Semester Examination (UG/PG Programmes)		
Programme code: 25	Class: SY	Semester: IV
Programme: M.Com (Accounting & Finance)		
Name of the Constituent College: Dr. Shantilal K. Somaiya School of Commerce and Business Studies		Name of the Department: Accounting & Finance
Course Code: 231P25C403	Name of the Course: International Finance	
Duration : 2 Hr.	Maximum Marks : 60	
Instructions: 1) Draw neat diagrams 2) Assume suitable data if necessary		


Question No.		Max. Marks	CO												
Q1.	Answer the Following:		CO1,2,3												
a)	A government wants to record and analyze all international transactions of its country with the rest of the world to understand its financial position. In this regard, discuss the concept of balance of payments in brief.	05													
b)	Calculate AFM from the following Spot rate = USD/INR = 91.3012 3 month forward quote = 92.1234 rate of interest in USD = 2%p.a rate of interest in INR = 6% p.a	05													
c)	Discuss the aspects and avenues of international portfolio investment	05													
Q2.			CO1												
a)	Illustrate the theory of comparative advantage using an example in detail	15													
OR															
b)	In the context of international finance, describe the evolution of the Gold Standard System and its role in international trade and payments.	15													
Q3.			CO2, 3												
a)	Mr. Rohan is looking at USD/AUD 8.4545/90 and AUD/CAD 6.5555/80. From the information calculate forward rate using swap points for CAD/USD for all the periods	15													
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">Period</th> <th style="width: 25%;">USD/AUD</th> <th style="width: 25%;">AUD/CAD</th> </tr> </thead> <tbody> <tr> <td>1 month</td> <td>10/12</td> <td>20/18</td> </tr> <tr> <td>2 months</td> <td>24/32</td> <td>35/30</td> </tr> <tr> <td>3 months</td> <td>68/75</td> <td>70/65</td> </tr> </tbody> </table>				Period	USD/AUD	AUD/CAD	1 month	10/12	20/18	2 months	24/32	35/30	3 months	68/75	70/65
Period	USD/AUD	AUD/CAD													
1 month	10/12	20/18													
2 months	24/32	35/30													
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<p>b)</p>	<p style="text-align: center;">OR</p> <p>From the following calculate all possible 3 currency arbitrage possibilities</p> <p>USD/GBP 1.0045/85 EUR/GBP 0.4595/15</p> <p>USD/EUR 2.508</p> <p>5/00 .</p>	<p>15</p>	
<p>Q4.</p> <p>a)</p> <p>b)</p> <p>c)</p> <p>d)</p>	<p>Critically evaluate the various risks to consider for foreign investment analysis.</p> <p>Using examples, describe the various strategies that can be used for international direct investments.</p> <p style="text-align: center;">OR</p> <p>Examine the aspects and working of a futures contract as a mechanism to hedge risk</p> <p>Summarize the concept of carry cost and convergence in pricing future contracts.</p>	<p>08</p> <p>07</p> <p>08</p> <p>07</p>	<p>CO4, CO5</p>

March /April 2026			
Examination: End Semester Examination (PG Programmes)			
Programme code: 25		Class: SY	Semester: IV
Programme: Master of Commerce in Accounting and Finance			
Name of the Constituent College: Dr. Shantilal K. Somaiya School of Commerce and Business Studies		Name of the Department: Accounting and Finance	
Course Code: 231P25C402		Name of the Course: Transfer Pricing	
Duration: 2 Hrs.		Maximum Marks: 60 marks	
Instructions:			
1) All questions are compulsory. 2) Use of a simple calculator is permitted. 3) Figures to the right indicate the marks assigned to the questions. 4) Working notes should form part of your answers.			

Q. No.		Max. Marks	CO
Q1	Answer the following questions: (5 marks each)		
	<p>A. Lotus Ltd., an Indian company, has two units in India, a manufacturing unit in Hyderabad and a trading unit in Surat. Lotus Ltd. has entered into various international transactions with its associate enterprises from both the units. The assessment of Lotus Ltd., an Indian company, for AY 2025-26 is pending before the Assessing Officer who referred the matter to Transfer Pricing Officer (TPO) for determination of arm's length price (ALP) in respect of its manufacturing unit at Hyderabad. The TPO, however, expanded the scope of his work by calling for details in respect of the trading unit of Lotus Ltd. located at Surat.</p> <p>Examine the procedure to be followed by the Assessing Officer before making reference to TPO.</p> <p>Can the TPO enlarge his scope of work by calling for details of trading activity at Surat, when the Assessing Officer has made reference only in respect of the manufacturing unit at Hyderabad? Examine. (5 marks)</p> <p>B. Gemini Ltd., a Japanese company has a subsidiary, Manas Ltd. in India. Gemini Ltd. sells Laptops Screens to Manas Ltd. for resale in India. Gemini Ltd. also sells Laptops Screens to Cemi Ltd., another Laptop reseller. It sells 1,00,000 Laptops Screens to Manas Ltd. at ₹ 22,000 per unit. The price fixed for Cemi Ltd. is ₹ 20,000 per unit. The warranty in case of sale of Laptops Screens by Manas Ltd. is handled by Manas Ltd. However, for sale of Laptops Screens by Cemi Ltd., US Ltd. is responsible for the warranty for 4 months. Both Gemini Ltd. and Manas Ltd. offer extended warranty at a standard rate of ₹ 2000 per annum. On these facts, how is the assessment of Manas Ltd. going to be affected? (5 marks)</p> <p>C. Explain with reasoning that the following statements are correct or not. Your answer should be based on the provisions of the Income-tax Act, 1961. (i) Whether Assessing Officer (AO) can complete the assessment of income from international transaction in disregard of the order passed by the Transfer</p>	15	CO 1 CO 2 CO 3

	Pricing Officer (TPO) by accepting the contention of assessee. (ii) An advance pricing agreement once entered by the tax payer with the Income Tax authorities cannot be modified or revised. (5 marks)										
Q2	<p>Delta Ltd. having its business in USA has advanced a loan of USD 3,20,000 to Delta Ltd, India. Book value of total assets of Delta Ltd was ₹250 lakhs. Delta Ltd provides software backup support to Andes Inc. Delta Ltd has spent 1,00,000 -man hours during the financial year 2024-25 for the services rendered to Delta Inc. The cost for Delta Ltd is USD 150/manhour. Delta Ltd has billed Delta Inc. at USD 181.50/manhour.</p> <p>Bossini Ltd. in India which has a similar business model, provides software backup support to Soma Inc. in Florida, USA.</p> <p>Bossini Ltd.'s costs and operating profits are as hereunder:</p> <table border="1" data-bbox="220 593 646 750"> <thead> <tr> <th>PARTICULARS</th> <th>₹ in lakhs</th> </tr> </thead> <tbody> <tr> <td>Direct costs</td> <td>1200</td> </tr> <tr> <td>Indirect costs</td> <td>400</td> </tr> <tr> <td>Operating profits</td> <td>400</td> </tr> </tbody> </table> <p>(1) Calculate Arm's Length Price for the transaction between Delta Ltd. and Delta Inc. based on the above data of Bossini Ltd. using the Transactional Net Margin Method. Assume 1 USD = ₹90.</p> <p>(2) Explain, if there is any adjustment to be made to the total income of Delta Ltd. Note: USD = US Dollars. (15 marks)</p>	PARTICULARS	₹ in lakhs	Direct costs	1200	Indirect costs	400	Operating profits	400	15	CO 1
PARTICULARS	₹ in lakhs										
Direct costs	1200										
Indirect costs	400										
Operating profits	400										
	OR										
	B. Enumerate the prescribed 'Advance pricing agreement' scheme for the purpose of section 92CC (Rule 10F to 10T). (15 marks)	15	CO 3								
Q3	<p>A. MNO Ltd., having its registered office in Mumbai, is engaged in multiple businesses. It has borrowed ₹ 200 crores from State Bank of India (SBI) for which 100% guarantee was given by the parent company, ABC Inc. of Country A. The total borrowings of MNO Ltd. is ₹1,000 crores.</p> <p>MNO Ltd. buys mobile phones from ABC Inc. The mobile phones are branded for which royalty at ₹ 100 per mobile phone sold is paid to ABC Inc. Similar mobile phones are also sold to other customers in India by ABC Inc. but no royalty is charged from them. The credit period offered to MNO Ltd. is 2 months, whereas for other customers, the credit period is 1 month.</p> <p>During the year, 10 lakh mobile phones were bought for an aggregate sum of ₹2,600 crores from ABC Inc. The purchase could be assumed as uniform throughout the financial year 2024-25. The cost of capital may be adopted as 10% per annum. ABC Inc. would have billed ₹ 2,400 crores (excluding interest component for the delay beyond 1 month) for supply of identical quantity of similar mobile phones to other customers. It may be assumed that the entire purchase has been sold out by 31st March, 2025.</p> <p>Determine the arm's length price (ALP) of the transaction of purchase of mobile phones by MNO Ltd. from ABC Inc., Country A and its impact on the assessable income, if any, for AY 2025-26. (15 marks)</p>	15	CO 1								
	OR										
	B. Elaborate on the process for identification and selection of external comparable. (15 marks)	15	CO 4								
Q4	<p>A. Allepey Ltd. is an Indian Company in which Andes Inc., a Country Z company holds 38% shareholding and voting power. During the PY 2022-23, the Indian company supplied computers to the Country Z based company @CZD 1100 per piece. The price of computer supplied to other unrelated parties in Country Z is @CZD 1400 per piece.</p> <p>During the course of assessment proceedings relating to AY 2023-24, the</p>	15	CO 2								

	<p>Assessing Officer carried out primary adjustments and added a sum of ₹ 168 lakhs, being the difference between actual price of computer and arm's length price for 700 pieces and it was duly accepted by the assessee. The Assessing Officer passed the order, in which the primary adjustments were made, on 1.6.2024. On account of this adjustment, the excess money of ₹ 168 lakhs is available with Andes Inc, Country Z.</p> <p>In this context, Allepey Ltd. wants to know the effect of this transaction for the AY 2025-26 on the basis that it declared an income of ₹ 300 lakhs and the excess money is still lying with Andes Inc.</p> <p>till today. Assume the rate of exchange as 1 CZD = ₹ 80. [CZD stands for Country Z Dollars, which is the currency of Country Z]; six-month LIBOR as on 30.9.2024 is 9.50%. (15 marks)</p>		
	OR		
	<p>B. What is the legislative objective of bringing into existence the provisions relating to transfer pricing in relation to international transactions? Examine. (15 marks)</p>	15	CO 4