

**CARMEL COLLEGE OF ARTS, SCIENCE & COMMERCE FOR WOMEN,  
NUVEM-GOA**

**SEMESTER END EXAMINATION, JANUARY 2021**

**Semester: V of T.Y.B. Com**

**Course name & Code: UCOD113- Accounting Major 4: Financial Reporting**

**Total marks: 80    Date:                      Duration: Two Hours    Total No of pages: 04**

**Instructions:** 1. Question No. 1 is compulsory.

2. Attempt any 3 questions from Question No. 2 to Question No. 6.

3. Each question carries 20 marks.

4. Prepare working notes wherever necessary.

5. Figures to the right indicate marks.

**Q.1**    a.    X Ltd. Provides the following information:

Date	Particulars	No. of Shares	Face Value	Paid Up Value
1.4.2018	Balance at the beginning	5,400	₹ 100	₹ 100
31.01.19	Issue of Shares	1,800	₹ 100	₹ 50.

Calculate weighted number of shares.

**(5)**

b.    Nandini Milk Distributors entered a contract with Amul India Ltd. **(5)**

to dispatch goods worth ₹ 75,000 every month for 4 months upon receipt of the entire payment. Amul India Ltd. accordingly made payments of ₹ 3,00,000 to Nandini and Nandini Milk Distributors began dispatching the goods. In the 3<sup>rd</sup> month Amul India requested the Nandini Milk distributor to stop dispatching the goods until further notice. ₹ 1,50,000 worth of goods are held by Nandini ready to be distributed. Nandini Milk Distributors accounted ₹ 1,50,000 as sales and transferred the remaining balance to advance received against sales. Is this treatment correct as per AS9?

c.    Cadbury Ltd. obtained a loan for ₹ 24 lakhs on 30<sup>th</sup> April 2019 from Axis Bank Ltd. to be utilized as under:

Construction of Factory	₹ 10 lakhs
Purchase of Machinery	₹ 8 lakhs
Working Capital	₹ 4 lakhs
Advance for Purchase of Crane	₹ 2 lakhs

In March 2020, construction of the factory was completed and machinery which was ready for its intended use, was installed.

Delivery of crane was not yet received. Total Interest of ₹ 3.6 lakhs

**(5)**

was charged by the bank for the financial year ending 31<sup>st</sup> March 2020. Show the treatment of interest under AS 16 and explain the nature of the assets.

- d. Sun Ltd. incurs the following costs in relation to the construction of a new building and the introduction of its products into the market

Particulars	Amount (₹)
Site Preparation Costs	75,000
Direct Material	10,00,000
Direct Labour Cost (including ₹ 5,000 incurred during strike)	5,80,000
Testing of Various factory process	1,00,000
Consultancy Fees for installation of equipment	1,50,000
Relocation of staff to new factory	2,25,000
General Overheads	2,75,000
Estimated costs to dismantle (at present value)	1,00,000

(5)

What is the total cost to be capitalized as per AS 10 from the information given above?

- Q2. a. The following are the balances of Marico Ltd. for the year 2018 (10)

Particulars	₹ (in lakhs)
Turnover	2,300
Loss on Sale of Machine	75
Depreciation on Plant and Machinery	200
Dividends to Ordinary Shareholders	146
Production and Operational Expenses	585
Printing and Stationery	22
Auditors Fees	28
Rent, Rates and Taxes	165
Other Expenses	85
Retained Profits	288
Interest on Long Term Loan	40
Income Tax Paid for the year	276
Wages and Salaries	327
Employee State Insurance	35
P.F. Contribution	28

Prepare Value Added Statement showing the value added and value applied.

- b. The following is the information extracted from the books of J Ltd.

Segment	A	B	C	D	E	F	Total
A. External Sales	120	60	50	130	60	0	420
B. Inter-Segment Sales	250	10	80	20	20	70	450
<b>TOTAL</b>	<b>370</b>	<b>70</b>	<b>130</b>	<b>150</b>	<b>80</b>	<b>70</b>	<b>870</b>

(10)

Determine reportable segments from the above information based on the threshold criteria.

- Q3.** a. Compute the total value of Skilled and Semi-Skilled group of employees according to the **Lev and Schwartz (1971) model**.

Particulars	Skilled	Semi-Skilled
Annual Earning of employee till date of retirement	₹ 1,80,000	₹ 1,20,000
Age of retirement	60 years	58 years
Discount rate	15%	15%
No. of employees in group	70	70
Average Age	57 years	56 years

(10)

- b. Net Profit for the year 2018- ₹ 4,50,000  
 Net Profit for the year 2019- ₹ 15,00,000  
 No. of Equity Shares outstanding until 30<sup>th</sup> September 2019- 5,00,000 shares  
 Bonus Issue was made on 1<sup>st</sup> October 2019 was 2 equity shares for each equity share outstanding as on 30<sup>th</sup> September 2019. (10)  
 Calculate Basic Earnings per Share prior to Bonus Issue, Number of Bonus Shares Issued and Adjusted Basic Earnings Per Share for 2018 and Basic Earnings Per Share for 2019.

- Q4.** a. What is the IFRS Foundation? Why is there a need for International Financial Reporting Standards? (10)  
 b. Is there a difference between Indian GAAP and US GAAP? (10)

- Q5.** a. Describe any five components of annual financial reports. **(10)**  
b. Describe the essential qualitative characteristics of a financial report. **(10)**

**Q6.** Answer **any four** of the following:

- a. Write a short note on Interim Financial Reporting.  
b. How do you deal with a change in accounting policies as per AS1?  
c. Describe any two methods of measurement of elements of financial statements. **(5 x 4)**  
d. Why is a company motivated to disclose information in the financial statements? **=20)**  
e. State any 5 benefits of adopting/converging with IFRS.  
f. State any five types of related party relationships.