

**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 3rd 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 30th 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 31st 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 |
| TOTAL | 370 | 70 | 130 | 150 | 80 | 70 | 870 |

(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 30th September 2019- 5,00,000 shares
 Bonus Issue was made on 1st October 2019 was 2 equity shares for each equity share outstanding as on 30th 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.