

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

SEMESTER END EXAMINATION, AUGUST 2021-REPEAT

Semester: V of T.Y.B. Com

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

Total marks: 30 Date: 04/08/2021 Duration: 2 Hours Total No of pages: 02

Instructions:

1. Attempt any 3 questions from Question No. 1 to Question No. 5.
- 2 Each question carries 10 marks.
3. Prepare working notes wherever necessary.
4. Figures to the right indicate marks.

- Q1** A. Gems Ltd. obtained a loan for ₹ 40 lakhs on 30th April 2019 from Axis Bank Ltd. to be utilized as under:

Construction of Factory	₹ 20 lakhs
Purchase of Machinery	₹ 10 lakhs
Working Capital	₹ 5 lakhs
Advance for Purchase of Crane	₹ 5 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 ₹ 10 lakhs 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. (5)

- B. Moon 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	37,500
Direct Material	5,00,000
Direct Labour Cost (including ₹ 2,500 incurred during strike)	2,90,000
Testing of Various factory process	50,000
Consultancy Fees for installation of equipment	75,000
Relocation of staff to new factory	1,12,500
General Overheads	1,37,500
Estimated costs to dismantle (at present value)	50,000

(5)

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

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

Particulars	₹ (in lakhs)
Sales	800
Other Income	50
Consumption of Raw Materials and Stores	320
Other Manufacturing Expenses	200
Audit Fees	6
Provision for Doubtful Debts	6
Other Expenses	10
Interest on Working Capital Loans	10
Salaries Wages and Bonus	60
Cess and Local Taxes	20
Salaries and Commission to Directors	8
Interest on Fixed Loans from SBI Bank	15
Interest on Debentures	5
Depreciation	20
Provision for Tax	30
Transfer to General Reserve	80
Proposed Dividend	20
Retained Earnings	40

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

Q3. Describe the qualitative characteristics of financial statements. **(10)**

Q4. 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	₹ 90,000	₹ 60,000
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)

Q5. Differentiate between Indian GAAP and US GAAP. **(10)**