

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

SEMESTER END EXAMINATION, JANUARY 2021

Semester: I OF. B.Com

Course name & Code: Principles and Practices of Accounting (GE1)

Total marks: 40 Date:08/01/2021 Duration: Two Hours Total No of pages: 3

Instructions: 1. Question 1 carries 10 marks. From Q1, attempt any 5 questions. Each question carries 2 marks.

2. Question 2 carries 30 marks. Attempt any 6 questions from Question No. 2. Each question carries 5 marks.

Q1. Answer any FIVE questions from Q1 a to Q1h. (2 x 5 =10) Marks

a. State any 4 points of difference between book-keeping and accounting. 2

b. Explain the entity concept and periodicity concept. 2

c. Explain any two methods of measuring the elements of financial statements. 2

d. What is the purpose of a financial reporting framework? (Any 4) 2

e. A oil refinery is obligated by law to overhaul its machinery every 5 years. 2
The company which operates the refinery does not make any provision as required by law. Discuss with reference to AS 29.

f. Mahindra and Mahindra has acquired a brand from an motor company 2
against consideration of Rs. 1,200 crores. The valuation of the brand was performed by an independent valuer who forecasted cashflows for the next 10 years to determine the value of the brand. The brand has been established in the marketplace for nearly 60 years.
As the brand is an acquired one, the same can be capitalized as an intangible asset in the books. Over what period should this intangible asset be amortized?

g. List any 4 permissible CSR Activities as per Schedule VII of the 2
Companies, Act 2013.

h. List any 4 Environmental Conservation Cost categories. 2

Q2. Answer any SIX questions from Q2 A to Q2 H (6 x 5 = 30)

A Describe any five users of financial statements. 5

B. Write a short note on the accounting code of ethics. **5**

C. How do you know if financial statements are reliable? **5**

D Describe the five elements of financial statements. **5**

E A company deals in three products Coca-Cola, Sprite and Tropicana which are neither similar nor interchangeable. At the time of closing its books of accounts for 2019-20, the Historical Cost and Net Realisable Value of the items of closing stock are determined as follows: What will be value of closing stock? **5**

Item	Historical Cost (₹ in lakhs)	Net Realisable Value (₹ in lakhs)
Coca-Cola	20	14
Sprite	16	16
Tropicana	8	12
Lays Chips	2	3
Teem Soda	4	3

F Explain adjusting event and non-adjusting event? A cyclone destroyed a major warehouse of FabIndia on 20th May 2020. The accounting year on the company ended on 31st March 2020. The accounts were approved on 30.06.2020. The loss from the cyclone is estimated at ₹ 80 lakhs. State with reasons, whether the loss due to the cyclone is an adjusting event or a non-adjusting event and how the fact of loss is to be disclosed by the company. **5**

G Applying the Lev and Schwartz Model compute the value of human resources in a corporate group of employees having an average age of 56 years. **5**

- The annual average earning of an employee till the age of retirement is ₹ 50,000.
- Age of retirement is 60 years.
- Discounting Rate is 10%.
- Number of employees in a group is 40.

H A company purchased shares in 1990 of Reliance Company worth ₹ 42,000 when the general price index was 105. At the end of 2010, the market price of the shares was ₹ 36,000 and the price index was 125. At the end of 2011, the market price of the shares was ₹ 40,000 and index 130.

You are required to calculate the CPP value of shares at the end of 2010 and 2011 respectively and the gain or loss in the value of shares
