

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

**B.Com. CBCS Semester V (Regular) Examination
January 2022**

Course Code: UCOD113

Course Name: Accounting Major 4:

Financial Reporting (DSE4)

Total marks: 80 marks

Duration: Two Hours

Total No of pages: 05

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. A machine costing ₹ 1,00,000 is depreciated on a Straight-Line Basis, assuming a 10-year useful life and a residual value of ₹ 10,000. At the end of 8 years, the directors reviewed the estimated life, and it was estimated that the asset can be used for a further period of 4 years. Calculate the depreciation on the asset. **(5)**

b. Women's Era publishes a monthly magazine on the 15th of every month. It sells advertising space in the magazine to advertising agencies. 80% of the sales value is received in advance and the balance within 30 days from the release of the publication. The sale of space for the March 2021 issue was made in February 2021. The magazine was published on the 15th of March 2021. The company received ₹ 1,20,000 on the 10th of March 2021 and ₹ 30,000 on the 10th of April 2021. What amount of revenue is to be recognized by Women's Era as per AS 9 for the year ending 31st March 2021? What happens if the publication is delayed, and the magazine is published on 2nd April 2021? **(5)**

c. HUL Ltd. obtained a loan for ₹ 12 crores on 30th April 2019 from Canara Bank Ltd. to be utilized as under:

Construction of Factory	₹ 6 crores
Purchase of Machinery	₹ 3 crores
Working Capital	₹ 2 crores
Advance for Purchase of Crane	₹ 1 crores

In March 2021, construction of the factory was completed and

(5)

2021. Show the treatment of interest under AS 16 and explain the nature of the assets.

d. X Ltd. Provides the following information:

Date	Particulars	No. of Shares	Face Value	Paid Up Value
1.4.2020	Balance at the beginning	1,800	₹ 100	₹ 100
31.01.21	Issue of Shares	600	₹ 100	₹ 50.

(5)

Calculate weighted number of shares.

Q2. a. The following are the balances of Marico Ltd. for the year 2020-21

Particulars	₹ (in '000)
Income:	
Sales	28,500
Other Income	750
TOTAL	29,250
Expenses:	
Operating Expenses	25,650
Interest on 10% Debentures	1,150
Telephone, Stationery and Legal Charges	900
Interest on Bank Overdraft	900
TOTAL	28,600
Profit Before Depreciation	650
Less: Depreciation	250
Profit Before Taxation	400
Provision for Taxation	270
Profit After Taxation	130
Less: Transfer to General Reserve	30
Less: Dividend Paid and Payable	30
Retained Earnings	70

(10)

Additional Information:

Prepare Value Added Statement and reconcile the Total Value Added with the Profit Before Tax for the year ending 31st March 2021.

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

Segment	A	B	C	D	E	F	Total (₹ in crores)
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
C. Assets	420	260	80	80	140	20	1000

(10)

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

- Q3. a. The balance of Machinery appearing in the books of Tata Steels Ltd. was ₹ 2,80,000 on 1.4.2020. The company charges depreciation at a rate of 10% p.a. on Written Down Value basis. During the year it was discovered that a machine costing ₹ 80,000 on 1.4.2020 was disposed off on the 30th of September 2020 for ₹ 67,500 in exchange for new machinery costing ₹ 75,000. Calculate:

(10)

- Depreciation to be charged to the P & L A/c as on 31.3.2021
- Profit or Loss in exchange of machinery.
- Book Value of Machinery in Balance Sheet as on 31.3.2021.

- b. Net Profit for the year 2020- ₹ 9,00,000

Net Profit for the year 2021- ₹ 30,00,000

No. of Equity Shares outstanding until 30th September 2020-

10 00 000 shares

(10)

Calculate Basic Earnings per Share prior to Bonus Issue, Number of Bonus Shares Issued and Adjusted Basic Earnings Per Share for 2020 and Basic Earnings Per Share for 2021.

- Q4.** 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	₹ 3,60,000	₹ 2,40,000
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. 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:

- Need for convergence to the IFRS (5 points)
- Benefits of convergence to the IFRS (5 points) (5 x
- Indian Accounting Standards (IndAS) 4
- Difference between IFRS and IndAS (5 points) =20)
- Users of Financial Statements
- Importance of Financial Reporting.