

Total No. of Printed Pages:05

**T.Y.B.Com Semester V (CBCS) Ordinance  
EXAMINATION MAY-2023  
Accounting Major IV : Financial Reporting**

[Time: 2 Hours]

[Max. Marks:80]

**Instructions:**

- i. Question No. 1 is compulsory.
- ii. Attempt any three questions from question No. 2 to question No. 6.
- iii. Each questions carries 20 marks.
- iv. Mention working note required wherever necessary.

**Q.1 a.** In the books of Gammon India Ltd., the plant and machinery stood at ₹12,64,000 on 1.4.2018. However, on scrutiny it was found that machinery worth ₹2,40,000 was included in the purchases on 01.06.2018. On 30.06.2018 the company disposed a machine having book value of ₹3,78,000 on 01.04.2018 at ₹3,50,000 in part exchange a new machine costing ₹5,12,000 was purchased on the same date. The company charges depreciation @ 20% WDV on plant and machinery.

You are required to calculate:

- i. Depreciation to be charged to Profit and Loss.
- ii. Book value of plant and machinery as on 31.03.2019
- iii. Profit or loss on exchange of machinery

**b.** SCOPUS publication publishes a monthly Journals on the 15<sup>th</sup> of every month. It sells advertising space in the Journal to advertise on the terms of 60% sale value payable in advance and the balance within 30 days of the release of the publication. The sale of the space for the March 2018 issue was made in February 2018. The magazine was published on its scheduled date. It received ₹3,60,000 on 10.03.2018 and ₹90,000 on 10.04.2018 for the March 2018 issue.

Discuss in the context of AS 9 the amount of revenue to be recognised and the treatment of the amount received from advertisers for the year ending 31.3.2018. What will be the treatment if the publication is delayed till 02.04.2018.

**c.** HCL Ltd. gave 40,000 equity shares of ₹10 each (fully paid up) in consideration for supply of certain machinery by Ultra-Tech Ltd. the shares quoted on National Stock Exchange (NSE) at ₹12 per share, at the time of transaction. In the absence of fair market value of machinery acquired, how the value of machinery would be recorded in the books of the company as per AS-10.



**Q.2 a.** On the basis of the following income statements pertaining to Kineco Pvt. Ltd., you are **15** required to prepare,

(1) Gross Value Added Statements, and

(2) Statements showing reconciliation of Gross Value Added with profit before Taxation.

Particulars		Note No.	Amount for the year ended 31st March 2017
I	Revenue from operation	1	19,09,933
	Other Income	2	755
	Total Income		<u>19,10,688</u>
	Expenses		
II	Cost of Raw Materials consumed		9,26,026
	Excess of stock over closing stock of inventories		32,568
	Employee benefits expenses	3	5,10,000
	Finance cost	4	30,625
III	Depreciation and amortization expense	5	63,238
	Other expenses	6	2,59,481
IV	Total expenses		<u>18,21,938</u>
V	Profit before taxation (I-II)		88,750
	Provision for income tax @ 33.99%		30,166
	Profit after taxation (III-IV)		58,584
	Balance of Profit and Loss Account as per last Balance Sheet		375
	Net Profit for the year		<u>58,584</u>
			58,959
	Appropriations		
	Transfer to general reserve, 35% of 58584		20,505
	Proposed dividend @ 26%		32,874



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Dividend distribution tax@16.995		5,180
Balance carried to balance sheet		400
		<u>58,959</u>

## Notes

1. Revenue from Operating		
Sales of Good in Trade		19,09,933
2. Other Income		
Dividend and Interest		151
Miscellaneous Income		604
		755
3. Employee Benefits Expense		
Wages Salaries and Bonus		4,79,400
Staff Welfare Expenses		30,600
		5,10,00
4. Finance Cost		
Interest on:		
9% Mortgage Debentures		18,069
Long-term Loan from Financial Institution		12,500
Bank Overdraft		56
		30,625
5. Depreciation and Amortization Expense		63,238
Depreciation on Tangible Assets		
6. Other Expenses		
Manufacturing Express		
Power and Lighting	1,51,330	
Excise Duty	39,935	
Other Manufacturing Expenses	18,914	2,10,179
Administrative Expenses		
Director Remuneration	9,368	



Other Administrative Expenses	39,934	49,302
		2,59,481

b. ABC Ltd. has three divisions Alpha, Bravo and Charlie. Details of their turnover, results and net assets are given below: 05

Division Alpha ('000)	
Sales to Bravo	45,750
Other Sales (Home)	900
Export Sales	<u>61,350</u>
	<u>1,08,000</u>
Division Bravo	
Sales to Charlie	450
Exports Sales to Sri Lanka	<u>3000</u>
	<u>3450</u>
Division Charlie	
Export Sales to United States	2700

	Head Office ('000)	Alpha ('000)	Bravo ('000)	Charlie ('000)
Operating Profit or Loss before tax		2400	300	-120
Re-allocated cost from Head Office		720	360	360
Interest cost		60	75	15
Fixed assets	750	3000	600	1800
Net current assets	720	1800	600	1350
Long-term liabilities	570	300	150	1800

Prepare a Segmental Report for publication in ABC Ltd. Group.

- Q.3 a. Briefly explain the concept and need for IFRS. 10  
b. Enumerate and explain the points on difference between IFRS and IND-AS. 10



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- Q.4** a. From the following details of Monginis India compute the total value of human resource of skilled and unskilled labour group of employees according to Lev and Schwartz model. **10**

Particulars	Skilled	Unskilled
Average Annual Earning of an Employee till the date of retirement	90,000	60,000
Age of Retirement	65	60
Discount Rate	12%	12%
No. Of Employees in Group	35	45
Average Age	62	58

- b. Explain in detail accounting concepts as per accounting principles. **10**

- Q.5** a. Enumerate and explain the different users of financial reports. **10**

- b. Explain in detail the motives and problems behind Disclosure. **10**

- Q.6** Answer **any four** the following questions in **350 -400** words. **20**

- Write a brief note on Corporate Reporting Practices in Indian Companies.
- Explain any five qualitative characteristics of financial report.
- Elaborately explain Corporate social responsibility reporting.
- Briefly explain the advantages of Interim Financial Reporting.
- Enumerate the significance of Guidance Notes.
- Write a brief note on IFRS adoption and convergence.