

SARASWAT VIDYALAYA'S  
SRIDORA CACULO COLLEGE OF COMMERCE & MANAGEMENT STUDIES  
KHORLIM, MAPUSA-GOA  
T.Y.B.COM FIFTH SEMESTER END EXAMINATION JANUARY 2022  
W.E.F 2019-20 CBCS

**Accounting Major 4 : Financial Reporting**

[ Duration :Two Hours]

[Total Marks : 80 ]

Instructions:

- 1) Question No.1 is compulsory.
- 2) Attempt any 3 questions from Questions no 2 to Questions No 6
- 3) Each question carries 20 marks
- 4) Mention working note required wherever necessary.

- Q1 a) HUL Ltd obtained a loan for Rs 70 lakhs on 15<sup>th</sup> April 2017 from Axis Bank Ltd to be utilised as under: 5 marks

Construction of factory shed	25,00,000
Purchase of Machinery	20,00,000
Working Capital	15,00,000
Advance for Purchase of Truck	10,00,000

In March 2018, construction of factory shed was completed and machinery , which was ready for its intended use, was installed. Delivery of Truck was received in the next financial year. Total interest of Rs 9,10,000 was charged by the bank for the financial year ending 31.3.2018 . Show the treatment of interest under AS-16 and also explain the nature of assets.

- b) Calculate weighted average number of shares 5 marks  
(Accounting Year 1-1-2018 to 31-12-2018)

Dates	No. of shares issued		No. of shares bought back	No. of shares outstanding
1 <sup>st</sup> January 2018	Balance beginning of year	5400		5400
31 <sup>st</sup> May 2018	Issue of shares for cash	1800		7200
1 <sup>st</sup> Nov 2018	Buy Back of shares		900	6300
31 <sup>st</sup> Dec 2018	Balance at the end of the year	7200	900	6300

- c) The Super Lux Ltd have purchased the goods worth Rs 10 lakhs. The ownership of goods is being transferred to the buyer ; they have taken the titled and accepted the billing from M & M ltd. But the goods are not delivered to super Lux Ltd. at their request. In such a case, will the revenue be recognised? Comment with reference to AS-9.

5 marks

- d) DSB Ltd constructed a fixed asset and incurred the following expenses on its construction :

5 marks

Particulars	Rs
Materials	Rs 10 Lakhs
Direct expenses	Rs 4 lakhs
Direct labour (1/3 <sup>rd</sup> of the labour was attributable to the construction)	Rs 6 lakhs
Office and administration expenses (5% is chargeable to construction)	Rs 8 lakhs
Depreciation on assets used for the construction of this asset	Rs 45,000

Calculate the cost of fixed asset.

- Q2 a) Following is the profit and Loss account of Bharti Airtel ltd for the year ending 31-3-2019.

10 marks

Particulars	Notes	Amount(Rs in '000)
<b>Income:</b>		
Sales	1	28,525
Other Income		756
<b>Total</b>		29,281
<b>Expenditure:</b>		
Operating Cost	2	25,658
Excise duty		1,718
Interest on Bank overdraft	3	93
Interest on 10% Debentures		1,157
<b>Total</b>		28,626
Profit before Depreciation		655

<b>Less: Depreciation</b>		(255)
<b>Profit before Tax</b>		<u>400</u>
<b>Less: Provision for tax</b>	<b>4</b>	(275)
<b>Profit after tax</b>		<u>125</u>
<b>Less: Transfer to Fixed Asset Replacement Reserve</b>		(25)
		<u>100</u>
<b>Less: Dividend paid and payable</b>		(45)
<b>Retained Profit</b>		<u>55</u>

Notes:

1. This represents the invoice value of goods supplied after deducting discounts , returns and sales tax.
2. Operating cost includes (Rs 000) 10,247 as wages , salaries and other benefits to employees.
3. The bank overdraft is treated as a temporary source of finance.
4. The charge for taxation includes a transfer of (Rs 000) 45 to the credit of deferred tax account. You are required to :
  - a) Prepare a value added statement for the year ended 31<sup>st</sup> March , 2019.
  - b) Reconcile total value added with profit before taxation

- b). i) Hindustan Unilever Ltd, Verna-Goa , has three divisions , Soap ,Toothpaste and Chemicals . 5 marks  
Turnover of the company are given below :

Soap Division		Toothpaste Division		Chemicals Division	
Segment	Rs	Segment	Rs	Segment	Rs
1. Sales to toothpaste	76,25,000	1. Sales to Chemical Division	75,000	1. Export to Russia	4,50,000
2. Domestic Sales	1,50,000	2. Export to Germany	5,00,000		
3. Export Sales	1,02,25,000				
<b>Total</b>	<b>1,80,00,000</b>	<b>Total</b>	<b>5,75,000</b>	<b>Total</b>	<b>4,50,000</b>

Financial Results and Net Assets are:

Particulars	Head Office	Divisions		
		Soaps	Toothpaste	Chemicals
Financial Expenses		10,000	12,500	2,500
General Expenses allocated to Division (H.O)		1,20,000	60,000	60,000
Operating Profit/Loss before tax		4,00,000	50,000	(20,000)
Non-current Liabilities	95,000	50,000	25,000	3,00,000
Fixed Assets	1,25,000	5,00,000	1,00,000	3,00,000
Non Current Assets	1,20,000	3,00,000	1,00,000	2,25,000

Prepare a segment report of Hindustan Unilever Ltd for the year ending 31-3-2019.

ii) Discuss any 5 advantages of interim reporting

5 marks

Q3) a) Distinguish between IFRS and Ind-AS.

10 marks

b) A company acquired a machine on 1.4.2006 for Rs 5,00,000. The company charged depreciation upto 2008-09 on straight line basis with estimated working life of 10 years and scrap value of Rs 50,000. From 2009-10, the company decided to change depreciation method at 20% on reducing balance method. Compute the amount of depreciation to be debited to Profits and Loss A/c for the year 2009-10.

10 marks

Q4. a) Explain AS-18 Related party Disclosure .

10 marks

- b) From the following details provided by Bajaj Industries, compute total value of human resource 10 marks  
of skilled and unskilled group of employees according to the Lev and Schwartz model.

Sr.No	Particulars	Skilled	Unskilled
1	Annual average earning of an employee till the retirement age	1,50,000	1,00,000
2	Age of retirement	68 years	65 years
3	Discount rate	15%	15%
4	No of employees in the group	40	40
5	Average age	65 years	63 years

- Q.5 a) Describe the essential qualitative characteristics of a financial report . 10 marks  
b) Discuss the mechanism of setting financial reporting standards in India . 10 marks

Q6) Answer **any four** of the following : (4 x5 =20)

- Describe the users of financial statement.
- What is meant by corporate social responsibility reporting ?
- Briefly explain the significance of accounting standards.
- Why are IFRS needed? ( 5 points)
- What do you mean by Guidance Notes?
- Discuss the various benefits of IFRS Convergence ( 5 points)

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