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**T.Y.B.Com (Semester-V)**  
**EXAMINATION NOVEMBER 2022**  
**Accounting Major IV-Financial Reporting**

[Duration : 2 Hours]

[Total Marks : 80]

**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. Mention working note required wherever necessary.

- Q.1 a) Happy Ltd. provides the following information:  
Net profit for the year 2017: ₹ 1,08,00,000  
Net profit for the year 2018: ₹ 3,60,00,000

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| Date    | Particulars  |
|---------|--|
| 1-1-18  | No. of Equity shares outstanding at the beginning of the year-1,20,00,000 Shares |
| 1-10-18 | Bonus Issue of 5 equity shares for every 3 shares outstanding on 1-1-18          |

You are required to calculate the restated EPS for the year ended 31-12-2017 and the Basic EPS for the year ended 31-12-2018.

- b) The following transactions are available of Angry Ltd. for the year ended 31-3-2019:

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| Sr. No | Particulars   | Amount              |
|--------|---|---------------------|
| 1.     | The Company made cash sales and offered a trade discount of 5% on cash sales to its client  | Rs.15,60,000(Gross) |
| 2.     | On 1-11-19 Goods were sold on approval basis. The period of approval was 3 months after which they were considered sold. The buyer sent his approval for 50% of the goods on 15-1-2019. No approval or disapproval is received for the remaining 50% of the goods till 31-3-2019. | Rs.2,40,000         |
| 3.     | On 20-3-19 sold goods to client but at the request of the client they were delivered on 15-4-19   | Rs.1,20,000         |

You are required to advice the accountant of Angry Ltd with valid reasons on the amount to be recognised as revenue in the above cases as per the provisions of AS-9. "Revenue Recognition". Also determine the total revenue of Angry Ltd. at the end of 31-3-2019.

c) Sad Ltd. obtained a loan of ₹ 48,00,00,000 cr on 1-4-2018 from Punjab National Bank and utilised it as under: 5

| Sr. No. | Particulars                       | Amount (₹)   |
|---------|-----------------------------------|--------------|
| 1.      | Construction of inter-city bridge | 37,50,00,000 |
| 2.      | Purchase of machinery             | 4,50,00,000  |
| 3.      | Working capital                   | 3,00,00,000  |
| 4.      | Purchase of vehicles              | 75,00,000    |
| 5.      | Advance for tools / Crane etc     | 75,00,000    |
| 6.      | Purchase of technical know-how    | 1,50,00,000  |

Total interest charged by the bank was ₹ 1, 20, 00, 000 for the year ending 31-3-19. You are required to show the treatment of interest as per the provisions of AS-16 and also explain what is meant by qualifying assets.

d) Grumpy Ltd. has recognized ₹ 15, 00,000 on accrual basis income from dividend on shares invested in a company of face value of ₹ 75, 00, 000 held by it, as at the end of the financial year 31<sup>st</sup> March 2019. The dividend on shares were declared at the rate of 20% on 20-6-2019. The dividend was proposed on 10-4-2019, by the declaring company. Is the treatment of dividend income as per the provisions of AS-9? You are required to give your opinion and emphasis on the provisions of AS-9 "Revenue Recognition" 5

Q.2 a) Following is the profit and Loss account of Excited Ltd. for the year ending 31-3-2019: 10

| Particulars  | Amount (₹)in<br>(‘000) | Amount (₹)in<br>(‘000) |
|--|------------------------|------------------------|
| Income:  |                        |                        |
| Turnover   | 29,872                 |                        |
| Other Income   | 1,042                  | 30,914                 |
| Expenditure:   |                        |                        |
| Operating expenses                                   | 26,741                 |                        |
| Interest on 8% Debentures                            | 987                    |                        |
| Interest on cash credit                              | 151                    |                        |
| Excise duty  | 1,952                  | 29,831                 |
| Profit before depreciation                           |                        | 1,083                  |
| Less: Depreciation                                   |                        | 342                    |
| Profit before tax                                    |                        | 741                    |
| Provision for taxation                               |                        | 376                    |
| Profit after tax                                     |                        | 365                    |
| Less: Transferred to fixed asset replacement reserve |                        | 65                     |
|  |                        | 300                    |
| Less: Dividend paid                                  |                        | 125                    |
| Retained earning                                     |                        | 175                    |

Q.4 a) Discuss the provisions of AS-18 "Related party Disclosures"

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b) From the following details provided by Peaceful Industries, compute the total value of Human Resource of skilled and unskilled group of employees according to the Lev and Schwartz (1971) model:

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| Sr. No. | Particulars  | Skilled  | Unskilled |
|---------|--|----------|-----------|
| 1.      | Annual Average earnings of an employee till the retirement age | 50,000   | 30,000    |
| 2.      | Age of retirement  | 65 years | 62 years  |
| 3.      | Discount rate  | 15%      | 15%       |
| 4.      | No. of employees in the group                                  | 20       | 25        |
| 5.      | Average Age  | 62 years | 60 years  |

Q.5 a) Enumerate the various users of financial statements in India.

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b) Discuss the process of setting financial reporting standards in India.

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Q.6 Answer any four of the following in 350-400 words:

(5x4=20)

- Explain the motives for corporate financial disclosure.
- Discuss the Components of financial Reporting.
- What is the significance of Accounting Standards?(5 pts)
- Explain in brief the concept of Fair Value.
- Discuss any 5 points of difference between US GAAP and Ind GAAP.
- Write a short note on convergence of IFRS and Ind AS