

**Vidya Vikas Mandal's**  
**Shree Damodar College of Commerce & Economics, Margao-Goa**  
**Post-Graduate Department of Commerce (M. Com)**  
**M.Com Part-II, Semester-III, Semester End Examination, November 2022**  
**Accounting and Finance**  
**COO337 Accounting Standards and Financial Reporting (OA - 18A)**

**Duration: 3 Hours**

**Max Marks: 60**

**Instructions:**

1. *This paper consists of NINE questions carrying Equal marks.*
2. *Question No.1 consists of 5 Compulsory questions of 2 marks each.*
3. *Answer any FIVE questions from question 2,3,4,5,6,7,8 and 9.*
4. *Each question carries 10 marks. Figures to the right indicate marks.*

Q.1. Answer the following

(5x2=10)

- a) Enumerate any four main items of revenue on which AS-9 does not apply?
- b) Write a short note on accounting standards.
- c) Explain the benefits emerging from triple bottom line reporting.
- d) Explain the functions of Accounting Standard Board.
- e) Explain the benefits of sustainability reporting.

Q.2. A. Explain the fundamental accounting assumptions while preparing the financial statements.

5 marks

B. Explain the purpose of framework for the preparation and presentation of financial statements.

5 marks

Q.3. A. Explain International financial reporting standards as global standards

5 marks

B. Explain the benefits of convergence with IFRSS

5 marks

Q.4. A. K Limited has recognized Rs. 10 lakhs on accrual basis income from dividend on units of mutual funds of the face value of Rs. 50 lakhs held by it as at the end of the financial year 31st March, 2003. The dividends on mutual funds were declared at the rate of 20% on 15th

June, 2003. The dividend was proposed on 10th April, 2003 by the declaring company.

Whether the treatment is as per the relevant Accounting Standard?

You are asked to answer with reference to provisions of Accounting Standard **5 marks**

B. You are required to value the inventory per kg of finished goods consisting of:

**5 marks**

	per kg.
Material cost	200
Direct labour	40
Direct variable overhead	20

Fixed production charges for the year on normal working capacity of 2 lakh kgs is 20 lakhs. 4,000 kgs of finished goods are in stock at the year end.

Q.5. A. High Seasons Ltd., a listed enterprise is in seasonal business, where profits are earned for first three months and incurs losses for the rest of nine months. For the 1st quarter ending June 30, 2004, High Seasons Ltd., made a profit of Rs.200 lakhs, whereas for the next three quarters it expects to incur losses of Rs.40 lakhs in each quarter. High Seasons in its quarter 1 results, ending 30-06-04, mentioned, tax provision will be made at year end as the company is in Seasonal business. Annual effective tax rate is 35%. Is the contention of High Seasons Ltd. correct?

**5 marks**

B. M/S ABC Ltd. Has three segments namely A, B, C. The total assets of the company are 10.00 crs. Segment A has 2.00 crs. Segment B has 3.00 crs and Segment C has 5.00 crs. Deferred tax assets included in the assets of each segments are A – 0.50 crs. B- 0.40 crs. C- 0.30 crs. The accountant contends that all the three segments are reportable segments.

Comment. **5 marks**

Q.6. A. Explain the Objective and Scope of AS-2 (Valuation of Inventories). **5 marks**

B. Explain the Qualitative characteristics of financial statements. **5 marks**

Q.7.A. From the following details of A Ltd. for the year ended 31 -03-2014, calculate the deferred tax asset/ liability as per AS 22 and amount of tax to be debited to the Profit and



Loss Account for the year.

5 marks

Particulars	Rs.
Accounting Profit	6,00,000
Book Profit as per MAT	3,50,000
Profit as per Income Tax Act	60,000
Tax rate	20%
MAT rate	7.50%

B. Entity A has an existing freehold factory property, which it intends to knock down and redevelop. During the redevelopment period the company will move its production facilities to another (temporary) site. The following incremental costs will be incurred:

1. Setup costs of 5,00,000 to install machinery in the new location.
2. Rent of 15,00,000
3. Removal costs of 3,00,000 to transport the machinery from the old location to the temporary location. Can these costs be capitalised into the cost of the new building?

5 marks

Q.8. A. Explain in detail business responsibility reporting and format for business responsibility report

10 marks

Q.9. A. Explain the Process of formulation of accounting standards in India.

10 marks

\*\*\*\*\*Best Wishes\*\*\*\*\*