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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: 5
Net profit for the year 2017: ₹ 1,08,00,000
Net profit for the year 2018: ₹ 3,60,00,000

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: 5

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.

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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 31st 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 ('000)	Amount (₹)in ('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

Notes:

i. Salaries, wages and other employee benefits amounting to ₹ 14,761('000) are included in operating expense.

ii. Cash credit is a temporary source of finance. It is not been considered as part of capital.

iii. Amount of ₹ 54 ('000) relating to deferred tax is included in provision for taxation.

Prepare the Value Added Statement of Excited Ltd. for the year ended 31-3-2019 and reconcile the Total Value Added with the Profit before Tax.

b) i. Joyful Ltd. discloses the following information for the year ending 31-3-2019: **5**

Segment	Pharma	FMCG	Ayurveda	Others	Total
External Sales (₹)	97,00,000	NIL	3,00,000	8,00,000	1,08,00,000
Inter-segment sales (₹)	NIL	4,00,000	NIL	41, 00,000	45,00,000
Profits (₹)	20,00,000	2,50,000	2,00,000	5,50,000	30, 00,000
Assets (₹)	55,00,000	25,00,000	4,00,000	6,00,000	90, 00,000

You are required to determine the reportable segment for Joyful Ltd. for the year ending 31-3-2019.

ii. Discuss the need for Human Resource Accounting. **5**

Q.3 a) What is meant by International Financial Reporting Standards (IFRS)? Enumerate need for Adoption of IFRS. **10**

b) In the books of Silly Ltd., 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 1-6-18. On 30-6-18 the company disposed a machine having book value of ₹ 3,78,000 on 1-4-2018 at ₹ 3,50,000 in exchange for a new machinery costing ₹ 5,12,000. The company charges depreciation @ 20% on WDV method. **10**

You are required to calculate

- Depreciation to be charged to profit & loss a/c
- Book Value of plant and machinery a/c as on 31-3-2019
- Loss on exchange of machinery,

Q.4 a) Discuss the provisions of AS-18 "Related party Disclosures" **10**

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: **10**

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. **10**

b) Discuss the process of setting financial reporting standards in India. **10**

Q.6 Answer any four of the following in 350-400 words: **(5x4=20)**

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