

Vidya Vikas Mandal's
Shree Damodar College of Commerce & Economics, Margao-Goa
TY B.Com, Semester-V, Semester End Examination, January 2022
Accounting DSE-4
Financial Reporting COD-113

Duration: 2hrs

Max Marks:80

Instructions:

1. **Q1. Compulsory**
2. **From Q2. To Q6. Answer any 3.**
3. **Start each question on fresh page.**
4. **Figures to the right indicate maximum marks.**

Q1. 1. A. The Indian Oil Corporation Ltd has purchased goods worth Rs. 7 Crores. They have taken the title and accepted the billing from Maruti Suzuki India Ltd. But goods are not delivered to Indian Oil Corporation Ltd on their request. In such a case, Will the revenue be recognised by MarutiSuzuki India Ltd.?

B. Cipla Ltd. has recognised Rs.12 lakhs dividend received on mutual funds on accrual basis for the year ending 31st March 2020. The dividend was proposed on 10th April 2020 but declared at the rate of 20% on 1st September 2020. Comment on the treatment of dividend income by Cipla Ltd with reference to As-9.

C. Computers worth Rs.5 lakhs are supplied to ICICI Bank Ltd by Dell Computers on 1st December 2020 on approval basis sale. The period of approval is 2 months. ICICI Bank sent approval for 50% of the goods on 2nd January 2021. No intimation of approval/disapproval received from ICICI bank for the remaining goods. How much revenue will be recognised for the year ending 31st March 2021 by Dell Computers and mention what AS-9 suggests in this regards.

D. Rajesh exports Ltd have received an order for Rs 1 crore worth of goods from Eimco Ltd. Rajesh Exports is yet to execute the order. Will this be recognised as revenue by Rajesh exports? What does AS-9 suggest in this regards. **(8)**

2. Tata Motors Ltd has obtained a loan from IDBI Bank for 250 Lakhs for expansion of its manufacturing facility. The construction of new factory premise amounted to Rs 160 lakhs and took 1.5 years for its final completion. Rs. 25 lakhs was spent on purchasing additional assets and Rs. 65 lakhs was utilised to meet the working capital requirements of the company. The total interest paid by the company on the above loan amounted to Rs. 33 lakhs during the year 2020-21. You are required to show the treatment of interest on loan as AS-16. **(6)**

3. Net profit for 2020 : Rs. 18,00,000

Net Profit for 2021: Rs. 60, 00,000

No of Equity shares outstanding on 1st Jan 2021: 20, 00,000

Bonus Issue on 1st October 2021: 2 shares for every 1 share held.

You are required to calculate the Basic EPS for the year 2021 and the restated EPS for the year 2020. (4)

Q2.1. TCS LTD. furnished the following Profit and Loss Statement:

Profit and Loss A/C for the year ended 31st March 2021

Particulars	Amount Rs (‘000)
Income:	
Turnover	74,680
Interest Received	2,605
	77,285
Expenditure:	
Operating Expenses	66,853
Interest on 8% Debentures	2,468
Interest on cash credit facility	378
Excise Duty paid	4,880
	74,579
Profit Before Depreciation	2,706
Less: Depreciation	855
Profit Before Tax	1,851
Less: Provision for Tax	940
Less: Transfer to Fixed Asset Replacement reserve	163
	784
Less: Dividend Paid	313
Retained Profits	435

Additional Information:

- Salaries paid to employees amounting to Rs. 36,903(‘000) are included in operating expenses.
- Cash Credit is a temporary arrangement and is not to be considered as a part of capital.
- Transfer of Rs 135 (‘000) of the differed tax is included in provision for taxation.

You are required to prepare VAS statement with reconciliation of Total Value Added with the Profit Before Tax for the year ending 31st March 2021. (12)

2. Hindustan Corporation gives us the following data regarding their six segments:

Particulars	A	B	C	D	E	F	Total
Segment Assets	40	80	30	20	20	10	200
Segment Results	50	-190	10	10	-10	30	-100

You are required to identify the reportable segments of the company as per Profitability and Asset Test. (8)

Q3.1. ONGC Ltd acquired a machine on 1-4-2017 for Rs.7,50,000. The company charged depreciation up to 2019-20 on SLM method of depreciation. They estimated the working life of the machinery to be 10 years and the scrap value of Rs. 75,000. From 1st April 2020, The Company decided to change the method of depreciation at 15% on WDV method. Compute the amount of depreciation to be debited to Profit and Loss A/c for the year 2020-21. (10)

2. Describe the various Accounting Concepts applicable in India according to Indian GAAP. (10)

Q4. 1. What do mean by IFRS? Highlight the advantages IFRS Convergence would offer to Indian Corporate Reporting Environment. (10)

2. From the below given details, Calculate the Value of Human Resource in IFB Company using the Lev and Schwartz Model:

Particulars	Skilled	Unskilled
Annual average earnings of an employee till the date of retirement	45,000	30,000
Average Retirement Age	61 years	60 years
Discount Rate	10%	10%
No. of Employees in the Group	20	25
Average age of employees	58 years	57 years

(10)

Q5.1. Describe in detail the process involved in setting Accounting Standards in India. (10)

2. Discuss the qualities essential for a financial Report. (10)

Q6. Write Short Notes on: (Any 4) (20)

1. US GAAP v/s Indian GAAP
2. Users of Financial Statements
3. IFRS and IASB
4. Interim Reporting
5. Guidance Notes
6. Motives for Financial Disclosure