

Vidya Vikas Mandal's
Shree Damodar College of Commerce & Economics, Margao-Goa
TY B.Com, Semester-V, Semester End Examination January 2021
Accounting – DSE 4
Financial Reporting (COD113)

Duration: 2 Hours

Total Marks: 80

Instructions: 1) Question No. 1 is compulsory.

2) Answer any 3 questions from Q. No. 2 to Q. No. 6.

3) Figures to the right indicate full marks.

4) Mention working note wherever necessary.

1. Attempt the following questions:

a) Jal Ltd. obtained a loan from a bank for Rs. 240 lakhs on 30th April 2019. It was utilized as follows:

Particulars	Amount(Rs. in lakhs)
Construction of a shed	100
Purchase of machinery	80
Working capital	40
Advance for purchase of truck	20

Construction of shed was completed in March 2020. The machinery was installed on the same date. Delivery truck was not received. Total interest charged by the bank for the year ending 31st March 2020 was Rs. 36 lakhs. Show the treatment of interest as per AS 16. **(5 marks)**

b) From the following information provided calculate the revenue recognized for the year ended 31st March 2020 in the books of HMT Ltd.:

i. On 27/02/2020, goods worth ₹ 3,20,000 were sent on consignment basis, of which 75% is sold and the remaining lying with the consignee upto 31/03/2020.

ii. Goods worth ₹ 5,50,000 sold on approval basis on 03/01/2020. Period of approval was 2 months. Buyer sent approval for 80% of the goods on 15/02/2020. No communication was received for remaining goods upto 31/03/2020.

iii. A trade discount of 6% on sale of goods worth ₹ 5,12,000 **(5 marks)**

c) Express how the revenue will be recognised in the books, given the following information:

i. On 20/03/2020, goods of ₹ 8,00,000 were sold, however, the delivery was made on 15th April 2020 at the request of the buyer.

ii. On 25/03/2020, goods of ₹ 95,000 were sold, however, the seller insisted on the delivery on 7th April 2020 as the same was not in stock. **(5 marks)**

d) HCL Ltd provides the following information:

Net profit for the year 2019: Rs. 2,80,000

Net profit for the year 2020: Rs. 3,20,000

On 1/1/2019- 8,100 shares outstanding at the beginning of the year

30/4/2019- 2,700 fresh shares issued for cash

1/11/2019- 1,350 shares bought back

31/12/2019- 9,450 shares at the end of the year

You are required to calculate the restated EPS for the year ended 31/12/2019 and the basic EPS for the year ended 31/12/2020. (5 marks)

2 a)The following is the profit and loss account of Sony Ltd. for the year ended 31/3/2020, from which you are to prepare a gross value added statement and reconcile the same with profit before taxation

	Rs. ('000)	Rs.('000)
Income:		
Sales Turnover	28,500	
Other income	750	29,250
Expenditure:		
Operating expenses	25,600	
Excise duty	1,700	
Interest on Bank overdraft	100	
Interest on 12% Debentures	1,150	28,550
Profit before depreciation		700
Depreciation		250
Profit before tax		450
Provision for tax		270
Profit after tax		180
Transfer to fixed assets replacement reserve	30	
Dividend paid	50	80
Retained profit		100

Notes:

- Sales are net sales after deducting discount, returns, and sales tax.
- Operating cost includes Rs. ('000) 10,200 as wages, salaries and other benefits to employees.
- Bank overdraft is a temporary source of finance.
- Provision for tax includes Rs. ('000) 70 for deferred tax .

(10 marks)

b)Harish Ltd. has identified 4 operating segments for which revenue data is given below:

	External Sale(Rs.)	Internal Sale(Rs.)	Total (Rs.)
Segment A	30,00,000	Nil	30,00,000
Segment B	6,50,000	Nil	6,50,000
Segment C	8,50,000	1,00,000	9,50,000
Segment D	5,00,000	49,00,000	54,00,000
Total Sales	50,00,000	50,00,000	1,00,00,000

Additional information:

Segment C is a new business unit and management expect this segment to make a significant contribution to external revenue in coming years.Which of the segments would be reportable under the criteria identified in Ind AS 108? (5 marks)

c)Write a short note on Human Resource accounting.

(5 marks)

3.a) A company acquired a machine on 1/04/2018 for Rs. 5,00,000. The company charged depreciation upto 2018-19 on straight line basis with estimated working life of 10 years and scrap value of Rs.50,000.

From 2019-2020, the company decided to change depreciation method at 20% on reducing balance method. Compute the amount of depreciation to be debited to Profit and Loss A/c for the year 2019-2020. **(10 marks)**

b) What is interim reporting? What are its objectives and advantages? **(10 marks)**

4. a) What do you understand by accounting concepts? Explain any four. **(10 marks)**

b) From the following details, compute according to Lev and Schwartz(1971) model the total value of human resources of the employee groups skilled and unskilled. **(10 marks)**

	Skilled	Unskilled
Annual average earning of an employee till the retirement age	Rs. 50,000	Rs. 30,000
Age of retirement	65 years	62 years
Discount rate	15%	15%
No. of employees in the group	30	40
Average age	62 years	60 years

5.a) What is financial reporting? Explain any four qualitative characteristics of financial reporting. **(10 marks)**

b) Discuss any five contents of an Annual Report of a Company. **(10 marks)**

6) Answer any four of the following in 350-400 words: **(20 marks)**

- Guidance notes
- Social Accounting
- Benefits of convergence of IFRS
- Indian Accounting Standards
- Components of Financial reporting
- Indian GAAP v/s US GAAP (5 points)