

Vidya Vikas Mandal's  
Shree Damodar College of Commerce & Economics, Margao-Goa  
TY B.Com, Semester-V, Semester End Examination, November 2023  
Accounting-DSE-IV  
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. Sun Pharma Ltd holds 7000 equity shares of Rs 100 each in HDFC Bank. HDFC Bank declares 20% dividend for the year ended 31-03-2022 at its annual general meeting held on 30-6-2022. Sun Pharma finalised its accounts for the year ended 31-03-2022 on 30-8-2022 and it included the dividend received from HDFC Bank in its books. Is this treatment of dividend given by Sun Pharma correct? Support your answer with respect to conditions for revenue from dividend under AS-9

- B. Products worth Rs.10 lakhs are supplied to Adani Industries by Rajesh Ltd on 1<sup>st</sup> December 2022 on approval basis sale. The period of approval is 2 months. Adani Industries sent approval for 80% of the goods on 2<sup>nd</sup> January 2023. No intimation of approval/disapproval received from Adani Industries for the remaining goods. How much revenue will be recognised for the year ending 31<sup>st</sup> March 2023 by Rajesh Ltd and mention what AS-9 suggests in this regards.
- C. Hindalco Ltd has purchased goods worth Rs. 15 Crores. They have taken the title and accepted the billing from their supplier Suzlon Ltd. But goods are not delivered to Hindalco Ltd on their request. In such a case, Will the revenue be recognised by Suzlon Ltd.?
- D. Installation fees of Rs.5,00,000 are recognised as revenue by Dell Computers when the installation is completed at the buyer's place and goods are inspected and accepted by the buyer. Comment whether the treatment is correct as per AS-9

(10)

2. On 1<sup>st</sup> April 2022, DLF Ltd has obtained a loan from IDBI Bank for Rs. 70 Lakhs which was utilised by it for the following purpose:

Construction of a warehouse: 28 lakhs

Purchase of equipment: 21 lakhs

Purchase of raw material: 14 lakhs

Advance for purchase truck: 7 lakhs

In March 2023, Construction of shed was completed and machinery installed. Delivery of truck was not received. Total interest charged by the bank for the year ending 31<sup>st</sup> March 2023 was 12 lakhs. Show the treatment of interest under AS-16.

(6)

3. Net profit for 2021 : Rs. 36,00,000

Net Profit for 2022: Rs. 1,20,00,000

No of Equity shares outstanding on 1<sup>st</sup> Jan 2022: 40,00,000

Bonus Issue on 30<sup>th</sup> September 2022: 2 shares for every 1 share held.

You are required to calculate the Basic EPS for the year 2022 and the restated EPS for the year 2021.

(4)

Q2.1. ACC Cement Ltd furnished the following Profit and Loss Statement:

Profit and Loss A/C for the year ended 31<sup>st</sup> March 2023

Particulars	Amount Rs
<b>Income:</b>	38,19,865
Revenue from sale	
Miscellaneous income	1,510
<b>Total Income</b>	<b>38,21,375</b>
<b>Expenditure:</b>	
Cost of raw material consumed	19,17,187
Power and lighting	3,02,660
Excise duty	79,870
Fuel and oil	37,830
Depreciation	1,26,475
Employee benefit expense	9,58,800
Staff welfare expense	61,200
Interest on debentures	36,138
Interest on long term loans from financial institutions	25,000
Interest on bank overdraft	112
Director's remuneration	18,735

Other administrative expenses	79,868
<b>Total Expenditure</b>	<b>36,43,875</b>
<b>Profit Before Tax (38,21,375 – 36,43,875)</b>	<b>1,77,500</b>
Provision for taxation	60,332
<b>Profit after tax</b>	<b>1,17,168</b>
Balance of profit & loss account as per last balance sheet	750
<b>Net profit for the year</b>	<b>1,17,168</b>
<b>Appropriations</b>	
Transfer to general reserve	41,009
Proposed dividend	76,109
Retained Earnings	800
	<b>1,17,918</b>

You are required to prepare VAS Statement with Reconciliation of Total Value Added with the Profit Before Tax for the year ending 31<sup>st</sup> March 2023. (12)

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

Particulars	A	B	C	D	E	F	Total
Segment Assets	80	160	60	40	40	20	<b>400</b>
Segment Revenue							
External sales	60	30	25	65	30	00	<b>210</b>
Inter-segment sales	125	5	40	10	10	35	<b>225</b>
Total sales	185	35	65	75	40	35	<b>435</b>

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

Q3.1. In the books of ONGC Ltd, the value of Machinery stood at Rs.12,64,000 on 1-4-2022. The company acquired a new machine on 1-6-2022 worth Rs.2,40,000. On 30-6-2022 the company disposed an old machine having a book value of Rs.3,78,000 (as on 1-4-2022) for Rs.3,50,000. The company also acquired a new machine on the same day for Rs. 5,12,000. The Company charged depreciation @ 20% under WDV on plant and machinery. You are required to calculate:

1. Depreciation to be charged to Profit and Loss A/C for the year ending 31-3-2023. (10)
2. Book Value of Machinery as on 31-3-2023. (10)

2. Distinguish between Indian GAAP and US GAAP. (10)

Q4. 1. What do mean by IFRS? Describe the need for IFRS (10)

2. From the below given details, Calculate the Value of Human Resource in Bosch 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 in detail the various users of a financial report. (10)

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

1. AS- 1: Disclosure of accounting policies
2. Motives for disclosure
3. IFRS and IASB
4. Human resource accounting
5. Guidance Notes
6. Corporate social responsibility reporting