

Building at cost	9,00,000	
Accumulated depreciation on Building, 1 st April, 2015		1,35,000
Plant at cost	10,20,000	
Accumulated depreciation on Plant, 1 st April, 2015		3,70,000
Trade Payables		9,00,000
Trade Receivables	6,00,000	
Allowance for doubtful debts, 1 st April,2015		25,000
Purchases	21,40,000	
Administrative expenses	2,05,000	
Revenue		31,10,000
Distribution costs	2,40,000	
Other expenses	50,000	
Ordinary dividend paid	25,000	
Bank balance	1,10,000	
10% loan notes		5,00,000
Total	60,40,000	60,40,000

You are provided with the following information:

- (i) Distribution costs outstanding amounted to Rs. 30,000.
- (ii) The allowance for doubtful debts is to be maintained at 5% of trade accounts receivable.
- (iii) Closing inventory is valued at Rs. 5, 00,000.
- (iv) Depreciation on buildings is to be provided at 5 % per year on cost and allocated to administrative expenses.
- (v) Plant is to be depreciated at 20% per year on diminishing balance method and to be included in distribution costs.
- (vi) Interest on the loan notes has not been paid during the year.
- (vii) During June, a bonus issue of two for five was made to ordinary shareholders. This has not been entered in the books. The bonus shares do not rank for dividend for the current financial year.
- (viii) Provisions are to be made for the following:
 - a. Preference dividend for the year.
 - b. An income tax charge of Rs. 55,000 for the year.

You are required to prepare for Jupiter Ltd. for the year ended 31st March, 2016, in Accordance with IAS 1 the following:

- a. A statement of Comprehensive income.
- b. A statement of Changes in Equity and
- c. A statement of Financial Position.

(2x15=30 marks)

15U575

(Pages:4)

Name:

Reg. No.....

FIFTH SEMESTER B.Com. DEGREE EXAMINATION, OCTOBER 2017

(CUCBCSS-UG)

CC15U BC5 B10- FINANCIAL REPORTING

(Core Course)

(2015 Admission Regular)

Time: Three Hours

Maximum: 80 Marks

Part A

Answer **all** the questions. Each question carries 1 mark.

1. Which one of the following gives the best description of the objectives of financial statements as set out by the IASB's *The Conceptual Framework for Financial Reporting*?
 - (a) To fairly present the financial position and performance of an enterprise.
 - (b) To fairly present the financial position, performance and changes in financial position of an enterprise.
 - (c) To provide information about the financial position and performance of an enterprise that is useful to a wide range of users in making economic decisions.
 - (d) To provide information about the financial position, performance and changes in financial position of an enterprise that is useful to a wide range of users in making economic decisions.
2. GAAP stands for:
 - (a) Generally allowable accounting principles.
 - (b) Generally allowable accounting practice.
 - (c) Generally acceptable accounting principles.
 - (d) Globally accepted accounting practice.
3. An entity can start to capitalize borrowing cost when:
 - (a) Expenditure of the asset is being incurred.
 - (b) Borrowing costs are being incurred.
 - (c) Activities are undertaken that are necessary to prepare the asset for its intended use or sale.
 - (d) All of the above.
4. The price at which a good or service would be sold separately to a customer is:
 - (a) Variable price
 - (b) Stand alone price
 - (c) Specific price
 - (d) Separate price
5. Capzcon Ltd. purchased a machine for Rs.30, 000 on 1st January 2015 and estimated its useful life as 12 years. On 31st December 2017, it was revalued to Rs. 32,000 with no change in its useful life. What will be the depreciation charge in relation to the machine in the financial statements for the year ending 2017?
 - (a) Rs.3087
 - (b) Rs. 2462
 - (c) Rs.2500
 - (d) Rs.3200
6. _____ is the residual interest in the assets of the entity after deducting all liabilities.
7. Inventories should be measured at cost or NRV whichever is _____
8. Offsetting is permitted when _____
9. _____ is a financial reporting period shorter than a full year.

Turn Over

10. Events that arise after the financial statements are published are called _____

(10x1=10 marks)

Part B

Answer any *eight* questions. Each question carries 2 marks.

11. What is Financial Reporting?
12. What is impairment of an asset?
13. What are Qualifying assets?
14. What is Temporary Difference?
15. What is a Defined Contribution Plan?
16. Explain the term Provision.
17. What is Basic Earnings per share?
18. What is meant by notes to financial statements?
19. Explain with example the meaning of related party.
20. What is an Operating segment?

(8x2=16 marks)

Part C

Answer any *six* questions. Each question carries 4 marks.

21. Explain the need for IFRS Convergence.
22. Sooraj Ltd. has an item of land carried in its books at Rs. 15, 00,000. Two years ago a Surge in land values assisted the company to increase the carrying value from Rs. 9, 00,000. There has been a slump in land prices in the current year and the land is now worth Rs. 6, 00,000. Explain how revaluation shall be accounted for?
23. Explain the five step model as stated in IFRS 15(Ind As 115).
24. An entity's PPE's carrying value is Rs.12, 00,000. It is revalued at Rs. 16, 00,000. The rate of tax is 20%. What should be the deferred tax asset/liability to be recognized in the statement of financial position?
25. Explain the different types of employee benefits as mentioned in IAS 19.
26. Distinguish between Financial and Operating leases in terms of their accounting treatment laid down as per IAS 17.
27. Seamount Ltd reported net earnings is Rs. 2, 50,000 for the year ending 2015. The company had 1, 25,000 shares of Re.1 par value common stock and 30,000 shares of Rs. 40 par value convertible preference shares outstanding during the year. The dividend rate on the preference shares was Rs. 2 per share. Each share of the convertible preference shares can be converted into two shares of Seamount Ltd.'s 'class A' common shares. During the year the convertible preference shares were converted. What would be the Diluted earnings per share?
28. Briefly explain the accounting treatment for agriculture as per IAS-41.

(6x4=24 marks)

Part D

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Answer any *two* questions. Each question carries 15 marks.

29. Define Accounting Standards. Explain the advantages and disadvantages of Accounting standards and the objectives of IASB.
30. Alpha Ltd. Is constructing a warehouse that will take about 18 months to complete. It began construction on 1st April 2015. The following payments were made during the financial year 2015-16

Date	Amt(Rs)
April 30, 2015	2,00,000
June 30, 2015	4,50,000
September 30, 2015	1,00,000
January 31, 2016	2,00,000
February 29, 2016	2,50,000

The first payment on 30th April, 2015 was funded from the entity's pool of debt. However, the entity succeeded raising a medium - term loan for an amount of Rs. 8, 00,000 on 30th June, 2015, with simple interest of 9% per year, calculated and payable monthly in arrears. These funds were specifically used for this construction. Excess funds were temporarily invested at 6 % per year monthly in arrears payable in cash. The pool of debt was again used for a Rs. 2, 00,000 payment on 29th February, 2016, which could not be funded from the medium term loan. The construction project was temporarily halted for three weeks in August 2015, when substantial technical and administrative work was carried out. The following amounts of debt was outstanding in the statement of financial position date, 31st March, 2016.

Particulars	Amount(Rs)
Medium-term loan	8,00,000
10% 7 year note dated 1 st January, 2011 with simple interest payable annually	90,00,000
Bank Overdraft for which total interest charged by the bank amounted to Rs 33800 for the year	7,50,000

What are the borrowing costs to be capitalized for the warehouse?

31. The trial balance of Jupiter Ltd. As on 31st March, 2016 is as follows:

Particulars	Dr	Cr
7% Preference shares of Re 1 each		5,00,000
Ordinary shares of Re 1 each		2,50,000
Share Premium account		1,80,000
Retained earnings on 1 st April, 2015		70,000
Inventory on 1 st April, 2015	4,50,000	
Land at cost	3,00,000	

Turn Over