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Name: .....

Reg. No.....

**FIFTH SEMESTER B.Com. DEGREE EXAMINATION, NOVEMBER 2019**

(Supplementary/Improvement)

(CUCBCSS-UG)

**CC15U BC5 B10/CC16U BC5 B10 - FINANCIAL REPORTING**

(Core Course)

(2015 & 2016 Admissions)

Time: Three Hours

Maximum: 80 Marks

**PART A**

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

I. Choose the correct answer:

1. The estimated fair value of an asset at the end of the lease term is called -----  
(a) Residual value (b) Guaranteed value (c) Fair value (d) Economic value
2. An item of property, plant and equipment that qualifies for recognition as an asset shall be measured at -----  
(a) Cost (b) Market price  
(c) Replacement value (d) Opportunity cost
3. The time gap between the acquisition of an asset for processing and realisation of cash is called -----  
(a) Operating cycle (b) Retained earnings  
(c) Financing activity (d) None of these
4. A formal record of the financial activities and position of a business entity is called a -----  
(a) Financial statement (b) Balance sheet  
(c) Statement of profit or loss (d) Cash flow statement
5. ----- is known the process of decreasing the value of an asset other than depreciation.  
(a) Amortization (b) Depletion (c) Impairment (d) None of these

II. Fill in the blanks:

6. Cash proceeds from issue of shares are a ----- activity.
7. Revenue from contracts with customers is dealt in -----
8. ----- is the communication of financial information of an enterprise to the external world.
9. IAS ----- prescribes the accounting treatment for provisions, contingent liabilities and contingent asset.
10. Land related to agricultural activities coming under the scope of Ind AS -----

(10 x 1 = 10 Marks)

- 5) Office and selling expenses paid during the year ` 75,000
- 6) Dividend paid during the year ` 30,000 (including dividend distribution tax)
- 7) Bank loan repaid during the year ` 2,15,000 (included interest ` 15,000)
- 8) Trade payables on 31st March, 2017 exceeded the balance on 31<sup>st</sup> March,2018 by ` 25,000
- 9) Amount paid to trade payables during the year ` 4,60,000
- 10) Tax paid during the year amounts to ` 65,000 (provision for taxation as on 31/03/2018 ` 45,000)
- 11) Investment of ` 7,00,000 sold during the year at a profit of ` 20,000
- 12) Depreciation on fixed assets amounts to ` 85,000
- 13) Plant& Machinery purchased on 15/11/2017 for ` 2,50,000
- 14) Cash &cash equivalents on 31/03/2017 ` 2,00,000
- 15) Cash &cash equivalents on 31/03/2018 ` 6,07,500

31. Following is the trial balance of Info Solutions Ltd.

Particulars	Dr	Cr
Income from consultancy		13,00,000
Income from projects		2,60,000
Income from programming		3,70,000
Equity share capital		30,00,000
General reserve		2,00,000
Loans from bank		4,27,000
Salary	1,80,000	
Administrative exp	3,90,000	
Repairs	1,60,000	
General exp	67,000	
Computers	30,50,000	
Accessories	3,80,000	
Land & building	8,60,000	
Cash at bank	3,70,000	
Cash in hand	1,00,000	
<b>Total</b>	<b>55,57,000</b>	<b>55,57,000</b>

1. Outstanding administrative expenses ` 10,000
2. Proposed dividend @ 8%
3. Provision for taxation @ 30%
4. Depreciation on computer @ 10% and on land & buildings @ 5%
5. Ignore corporate dividend tax

Prepare statement of profit and loss and a balance sheet.

(2 x 15 = 30 Marks)

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**PART B**

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

11. What is IFRS?
12. What is sale and lease back transactions?
13. What is meant by interim financial reporting?
14. What is onerous contract?
15. What is deferred tax asset?
16. What is meant by borrowing cost?
17. Define accounting standards.
18. What is a non-cash transaction? Give examples.
19. What do you meant by share based payments?
20. Define related party.

(8 x 2 = 16 Marks)

**PART C**

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

21. Explain the objectives of financial statements.
22. State the principles of valuation of inventory.
23. Define employee benefits. What are the different types of employee benefits?
24. Analyze the following cases and state whether they are recognized as an intangible asset. Why?
  - a. License to operate a bus route
  - b. Free software possible to edit
  - c. Research cost related with the discovery of a new technology
  - d. Development cost related with new technology
25. A Company has a machine that originally cost ` 350,000 with accumulated depreciation of ` 50,000. The market value of the machine is ` 300,000, the cost of dismantling it is ` 10,000 and the direct selling costs are ` 20,000. The costs of restructuring the company if the machine is sold are ` 100,000. The value in use as determined by management is ` 275,000. The remaining estimated life of the machine is 5 years and estimated residual value at the end of this life is ` 25,000. Account the loss on impairment. Also calculate the depreciation charge on the machine after the impairment loss has been recognized.
26. From the following information calculate the total amount of borrowing cost and borrowing cost to be capitalized.  
ABC Ltd has an asset under construction that is being financed with ` 80,00,000. ` 60,00,000 of which is a construction loan directly on the building. The rest is financed out of the general debt of the company. The company will use the building when it is completed. The debt structure of the firm is as follows:

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Construction loan@ 11% - 60,00,000, long term debentures@9% - 90,00,000, long term subordinated debentures@10% - 3,00,00,000. The debentures and subordinated debentures were issued at the same time.

27. From the following figures, calculate the cost of the plant taking in to consideration Ind AS 16.

Cost price of the plant	` 50,00,000
Cost of site preparation for the plant	` 2,00,000
Installation charges of the plant	` 50,000
Subsidy received from the Government for installing the plant in the backward area	` 4,00,000
Cost of promotional activities	` 20,000
Cost of testing	` 80,000
Sale proceeds of goods produced in the testing process	` 10,000
Rebate allowed by the supplier	2%

28. From the following information, calculate:

- a) Basic EPS
- b) Diluted EPS

Net profit for the current year	` 93,00,000
No: of equity shares	` 15,00,000
No: of 6% convertible debenture of Rs.100 each	` 2,00,000
Each debenture is convertible in to 10 equity shares.	
Interest expense for the current year	` 12,00,000
Tax relating to interest expense 30%	

(6 x 4 = 24 Marks)

**PART D**

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

29. Explain different methods of charging depreciation as per Ind AS 16
30. Prepare cash flow statement of M/s ABC Ltd for the year ended 31<sup>st</sup> March, 2018 with the following information:
  - 1) Company sold goods for cash only.
  - 2) Gross profit ratio was 30% for the year, gross profits amounts to ` 3,82,500
  - 3) Opening inventory was lesser than closing inventory by ` 35,000
  - 4) Wages paid during the year ` 4,92,500

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