

- (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 Venus Ltd. For the year ended 31st March, 2019, 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.

31. PQR Ltd made the following purchase of raw materials and issued to its factory for processing. Calculate the value of closing stock of raw materials as per FIFO method and Weighted Average method.

April – Purchased 45 units @ Rs 100 per unit
May – Issued 20 units to factory

June – Purchased 22 units @ Rs 110 per unit and issued 7 units
July – Issued 16 units

(2 x 15 = 30 Marks)

18U548S

(Pages: 4)

Name:

Reg. No.....

FIFTH SEMESTER B.Com. DEGREE EXAMINATION, NOVEMBER 2020

(CUCBCSS-UG)

CC15U BC5 B10/ CC16U BC5 B10 - FINANCIAL REPORTING

(Core Course)

(2015, 2016 Admissions - Supplementary)

Time: Three Hours

Maximum: 80 Marks

Part A

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

1. A formal record of the financial activities and position of a business entity is called
 - (a) Financial statement
 - (b) Balance sheet
 - (c) Statement of profit and loss
 - (d) Cash flow statement
2. When accounting standards of a country are more or less in line with IFRS it is
 - (a) IFRS adoption
 - (b) IFRS convergence
 - (c) IFRS acceptance
 - (d) None of these
3. 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
4. Inventory does not include
 - (a) Finished goods
 - (b) Machinery
 - (c) Work in progress
 - (d) Raw material
5. A promise to transfer either goods or services is known as
 - (a) agreement
 - (b) contract
 - (c) liability
 - (d) performance obligation
6. _____ are employee benefits payable after the completion of the employment.
7. _____ lease is one that transfers substantially all risks and rewards incidental to ownership of an asset.
8. _____ is a financial reporting period shorter than a full financial year.
9. Cash proceeds from issue of shares is a _____ activity.
10. The profit before tax is Rs 3,50,000, tax rate is 40%. There are 30,000 equity shares. EPS is _____

(10 x 1 = 10 Marks)

Part B

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

11. What is IFRS?
12. Define Assets.
13. Define PPE.
14. What is meant by borrowing cost?

15. What is meant by temporary difference?
16. What are onerous contracts?
17. What are contingent liabilities?
18. Who is a 'Related party'?
19. What are cash equivalents?
20. What is an adjusting event?

(8 x 2 = 16 Marks)

Part C

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

21. Explain the advantages of accounting standards.
22. The following costs were incurred in connection with the purchase of a plant.

Sl. No	Particulars	Amount
1	Gross price	30,00,000
2	Discount allowed by seller	1%
3	Cost of site preparation	1,30,000
4	Cost of advertising the product	3,20,000
5	Initial handling cost	70,000
6	Installation charges	1,40,000
7	Cost of promotional activities	60,000
8	Administration cost	3,20,000
9	Cost of testing	2,10,000
10	Sale proceeds of goods produced in the testing process	30,000

Compute the cost of PPE.

23. Explain the steps involved in revenue recognition as per IFRS 15.
24. From the following information compute deferred tax liability/tax asset for the year 2018-19. Assume a tax rate of 30%.

Carrying amount as on 31.03.2018	4, 30,000
Carrying amount as on 31.03.2019	4, 20,000
Tax base on depreciable asset:	
As on 31.03.2018	4, 25,000
As on 31.03.2019	4, 10,000

25. ABC Ltd reported net earnings of Rs. 2, 50,000 for the year ending 2015. The company had 1, 25,000 shares 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 ABC Ltd.'s class 'A' common shares. During the year the convertible preference shares were converted. What would be the Diluted earnings per share?
26. What are the various types of lease transactions under IAS 17?
27. Distinguish between financing and operating activities.

28. S Ltd. had the following loans in place at the beginning and end of the financial year 2018-19

Particulars	1 st April 2018 (Rs)	31 st March 2019 (Rs)
10 % bank loan repayable in 2021	12,00,000	12,00,000
9.5% bank loan repayable in 2022	8,00,000	8,00,000
8.9% debenture payable in 2020		15,00,000

The 8.9% debenture was issued to fund the construction of a qualifying asset (a mining equipment), construction of which began on 1st January 2019. On 1st April 2018 the company began construction of a qualifying asset (a machinery for hydro electric plant) using borrowings. Expenditure drawn down for the construction was Rs 11, 00,000 on 1st April 2018 and Rs 6, 00,000 on 1st January, 2019. Calculate borrowing costs to be capitalised for the hydro electric project.

(6 x 4 = 24 Marks)

Part D

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

29. Discuss the uses of financial statements to different stakeholders.
30. The trial balance of Venus Ltd. as on 31st March, 2019 is as follows:

Particulars	Dr	Cr
9 % 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 1st April, 2018		70,000
Inventory on 1 st April, 2018	4,50,000	
Land at cost	3,00,000	
Building at cost	9,00,000	
Accumulated depreciation on Building, 1 st April, 2018		1,35,000
Plant at cost	10,20,000	
Accumulated depreciation on Plant, 1 st April, 2018		3,70,000
Trade Payables		9,00,000
Trade Receivables	6,00,000	
Allowance for doubtful debts, 1 st April, 2018		25,000
Purchases	20,30,000	
Administrative expenses	2,05,000	
Revenue		30,00,000
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	59,30,000	59,30,000

You are provided with the following information: