

31. The following balances appeared in the books of R Ltd. on 31.03.2019:

	<i>Debit</i>		<i>Credit</i>
	Rs.		Rs.
Stock (1.04.2018) ...	60,000	Sales ...	3,47,600
Purchases ...	1,80,000	Interest ...	4,800
Freight ...	8,000	Reserve Fund ...	32,000
Wages ...	18,600	Paid up capital ...	1,20,000
Salaries ...	24,000	Retained earnings	64,500
Insurance ...	9,200		
Administrative expenses ...	16,000	Creditors ...	35,600
Building ...	1,00,000	Bills payable ...	20,000
Carriage inwards ...	8,400	6% Debentures ...	80,000
Interim dividend ...	7,200		
Bills receivables ...	32,600		
Debtors ...	29,200		
Investments ...	34,000		
Machinery ...	1,77,300		
	<u>7,04,500</u>		<u>7,04,500</u>

Adjustments:

- Closing stock Rs. 43,200
- Depreciate machinery by 10%
- Transfer Rs. 25,000 to Reserve Fund
- Provide for debenture interest for one year
- 5000 shares of the same class were issued during the year
- Make a provision for income tax @50%

Prepare Statement of Profit and Loss and Statement of Change in Equity for the year ended 31<sup>st</sup> March 2019 and Balance Sheet as at that date as per Ind AS 1.

**(2 × 15 = 30 Marks)**

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**19U539S**

(Pages: 4)

Name: .....

Reg. No: .....

**FIFTH SEMESTER B.B.A. DEGREE EXAMINATION, NOVEMBER 2021**

(CUCBCSS-UG)

**CC16U BC5 B10 - FINANCIAL REPORTING**

(Commerce - Core Course)

(2016 Admission - Supplementary)

Time: Three Hours

Maximum: 80 Marks

**Part-A**

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

I. Choose the correct answer:

- IFRS are the standards issued by -----  
 a) IASC                      b) ASC                      c) IASB                      d) ICAI
- Ind AS 2 deals with -----  
 a) Property, Plant and equipment                      b) Inventory  
 c) Intangible assets                      d) Borrowing cost
- The profit or loss on sale of an item of PPE is recognized in -----  
 a) Statement of Comprehensive Income                      b) Statement of Financial Position  
 c) Statement of Changes in equity                      d) Statement of Other Comprehensive Income
- Ind AS 19 does not apply to the accounting for -----  
 a) Short- term employee benefits                      b) Post-employment benefits  
 c) Termination benefits                      d) Share based payments
- Theoretical ex- right price is calculated when there is a -----  
 a) Bonus issue                      b) Stock split  
 c) Right issue                      d) Employee Stock Option Scheme

II. Fill in the blanks:

- is the increase in economic benefits during the accounting period in the form of inflows or enhancement of assets or decrease of liabilities that result in an increase in equity.
- of an asset is the higher of FV less cost of disposal and value in use.
- is the amount of income tax payable in future period for taxable temporary differences.
- Agricultural produce is the harvested produce from -----

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**Turn Over**

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

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(10 × 1 = 10 Marks)

**Part-B**

Answer any *eight* questions in two or three sentences. Each question carries 2 marks.

11. What is IFRS adoption?
12. What is IASB?
13. What is tax base?
14. What is a defined benefit plan?
15. What is a qualifying asset in Ind AS 23?
16. What do you mean by share based payment?
17. What is interim reporting?
18. What is a Statement of Financial Position?
19. What is finance lease?
20. What is an accounting estimate?

(8 × 2 = 16 Marks)

**Part-C**

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

21. What are financial reports? Explain the qualitative characteristics of financial reports.
22. Explain the recognition and measurement of PPE as per Ind AS 16.
23. Explain the five step process involved in the recognition of revenue from contracts with customers.
24. Explain the accounting treatment of operating lease in the books of lessor and lessee.
25. K Ltd is having an asset carrying amount of which is Rs. 60 lakhs on 31.3.2015. The useful life of the asset is five years and residual value at the end of fifth year is Rs. 3 Lakhs. Estimated future cash flow from using the plant in next 5 years are:

<i>For the year ended on</i>	<i>Estimated cash flow (Rs.in Lakhs)</i>
31.3.16	30
31.3.17	20
31.3.18	15
31.3.19	10
31.3.20	10

If discount rate is 25%, calculate the impairment loss if the net selling price of the asset on 30.3.2015 is Rs.40 lakhs.

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26. A company bought an asset for Rs. 10,000 at the beginning of 2017. It had a useful life of five years. On 1<sup>st</sup> January, 2019 the asset was revalue to Rs. 15,000. The expected useful life has remained unchanged. How is this accounted for? Also state the reason for the same.
27. On 1.01.2016 an entity grants 250 share options to each of its 200 employees. Each grant is conditional upon the employee working for the entity until 31.12.2019. Five employees leave during the year. The fair value of each of the share option was Rs. 12 at 1.01.2016 and Rs. 15 at 31.12.2016. What is the remuneration expense that will be recognized in respect of the share based payment transaction for the year ended 31.12.2016?
28. In 2019, P Co. had a basic EPS of Rs. 0.125 based on earnings of Rs. 125,000 And 100,000 ordinary shares of Re.1. It also had in issue Rs. 50,000 15% Convertible Loan which is convertible in two years' time at the rate of 4 ordinary shares for every Rs. 5 of debt. The rate of tax is 50%. In 2019, the entity recorded a gross profit of Rs. 500,000 and expenses of Rs. 80,000 were recorded which included interest payable of Rs. 7500. Calculate diluted EPS.

(6 × 4 = 24 Marks)

**Part-D**

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

29. Explain the challenges in the implementation of IFRS.
30. A company had the following loans in place at the beginning and end of 2019:

	1.01.2019	31.12.2019
10% Bank loan repayable in 2022	120,00,000	120,00,000
9.5% Bank loan repayable in 2022	80,00,000	80,00,000
8.9% Debenture repayable in 2023	-	150,00,000

The 8.9% debenture was issued on 1<sup>st</sup> July, 2019 to fund the construction of a hydro-electric plant, the construction of which began on 1<sup>st</sup> January, 2019. Expenditure drawn down for the construction was Rs. 30,00,000 on 1<sup>st</sup> January, 2019 and Rs. 20,00,000 on 1<sup>st</sup> October, 2019. What are the borrowing costs to be capitalized for the hydro- electric plant?

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**Turn Over**