

Goa Vidyaprasarak Mandal's
GOPAL GOVIND POY RAITURCAR COLLEGE OF COMMERCE AND
ECONOMICS, PONDA-GOA
B.COM. (SEMESTER – V) EXAMINATION, JULY 2021
ACCOUNTING
FINANCIAL REPORTING (DSE-4)

Duration:- 2 hours

Marks: 30

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- Instructions:** 1) All questions are **compulsory**.
2) Figures to the right indicate the **full marks** allotted to the questions.
3) Give **working notes** wherever necessary.

Q.1) Answer any five from the following: (5x2 = 10)

- a) Objectives of the financial reporting
- b) Corporate Social Responsibility
- c) Earnings per Share
- d) Financial Statements
- e) Generally Accepted Accounting Principles
- f) Value Added Statement
- g) Interim financial reporting
- h) Fair Value

Q.2 Answer any four from the following: (4x5=20)

- a) Explain the qualitative characteristics of the financial report.
- b) State with valid reasons, when the following sales transactions are to be considered as revenue as per AS -9 for the year ended 31st March, 2021 and also prepare a statement of revenue to be recognized:

Transactions

Transactions	₹
Goods sent to the customer on accept or return basis on 21 st March, 2021 but the customer accepted 50% of the goods and returned the remaining goods to the company on 6 th April, 2021.	20, 000
Sold goods to the customer on 25 th March, 2021 but at the request of the customer these goods were delivered on 5 th April, 2021.	40, 000
Goods sold on consignment basis, of which 20% of the goods remained unsold with the consignee on 31 st March, 2021	70, 000

- c) A company obtained a loan from SBI of ₹ 40 lakhs on 1st April, 2020. It utilized the loan amount for the following;

	₹ in lakhs
i) Construction of shed	15
ii) Purchase of machinery	12
iii) Working capital	05
iv) Advance for purchase of truck	08

Construction of shed was completed in March 2021. The machinery was installed on the same day. The truck was not yet received. The total interest charged by the bank for the year 2021 was ₹ 4 lakhs. Calculate the interest to be capitalized and the interest to be adjusted with the profit.

contd...2/-

d) ABC Ltd. has two divisions – Div. 1 and Div. 2. The details of their turnover, results and net assets are given below;

Division - 1

Domestic sales	₹ 450
Sales to Div.2	₹ 22, 875
Sales to China	₹ 30, 675

Division – 2

Sales to Burma	₹ 1350
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Results and net assets and liabilities

Particulars	Head Office	Div. 1	Div. 2
Operating profit or loss	--	1200	-60
Re allocated cost from Head Office	--	360	180
Interest cost	--	30	8
Fixed assets	375	1500	900
Net current assets	360	900	675
Long term liabilities	285	150	900

e) Find out the total value of human resources of skilled workers of XYZ Ltd. according to Lev and Schwartz model from the following information:

Particulars	Skilled
Average annual earnings of a worker till the date of retirement	40, 000
Age of retirement	60
Discount rate	10%
No. of workers in the group	10
Average age	58

f) ARK Ltd. provides the following particulars about its plant and Machinery exchanged:

- i) Book value of old plant and machinery exchanged -- ₹ 32, 000.
- ii) Additional cash given for the exchange of the plant - ₹ 20, 000.
- iii) Fair Market value of the plant exchanged – ₹ 72, 000.

Find out the cost of the new plant and machinery and Profit or loss on the exchange of the old machinery.

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