

**Goa Vidyaprasarak Mandal's**  
**GOPAL GOVIND POY RAITURCAR COLLEGE OF**  
**COMMERCE AND ECONOMICS, PONDA – GOA**  
**B.COM. CBCS (SEMESTER-V) EXAMINATION, JANUARY 2021**  
**FINANCIAL REPORTING (DSE4 )**

Duration: 2 hours

Marks : 80

- Instructions:** 1) *Question No. 1 is compulsory.*  
 2) *Answer any **THREE** questions from Q. No. 2 to Q. No. 6.*  
 3) *Figures to the right indicate the **full marks** allotted to the questions.*  
 4) *Give working notes wherever necessary.*

**Q. 1)** Answer the following:

- a) State with valid reasons, when the following sales transactions are to be considered as revenue as per AS -9 for the year ended 31<sup>st</sup> March, 2020 and also prepare a statement of revenue to be recognized: (5)

**Transactions**

Transactions	`
Goods sent to the customer on accept or return basis on 1 <sup>st</sup> March, 2020 but the customer accepted 60% of the goods and returned the remaining goods to the company on 10 <sup>th</sup> April, 2020.	40,000
Sold goods to the customer on 20 <sup>th</sup> March, 2020 but at the request of the customer these goods were delivered on 2 <sup>nd</sup> April, 2020.	70,000
Goods sold on consignment basis, of which 30% of the goods remained unsold with the consignee on 31 <sup>st</sup> March, 2020	75,000

- b) A company obtained a loan from Z bank of ` 80 lakhs on 1<sup>st</sup> April, 2019. It utilized the loan amount for the following:

	` in lakhs
i) Construction of shed	30
ii) Purchase of machinery	25
iii) Working capital	10
iv) Advance for purchase of truck	15

Construction of shed was completed in March 2020. The machinery was installed on the same day. The truck was not yet received. The total interest charged by the bank for the year 2020 was ` 8 lakhs. Calculate the interest to be capitalized and the interest to be adjusted with the profit. (5)

- c) Calculate the earnings per share for the financial year 2020 of XYZ Ltd. from following information;

- |  |            |
|--|------------|
| i) Profit before Tax   | ` 2,00,000 |
| ii) Tax for 2020   | ` 60,000   |
| iii) Tax of earlier years  | ` 10,000   |
| iv) 8% Cumulative Preference Shares                                      | ` 2,00,000 |
| v) An income of ` 90,000 omitted in the last year is accounted this year |            |
| vi) No. of outstanding shares  | 1,50,000   |
- (5)

d) PQR Ltd. obtained a loan from SBI of ₹ 8,00,000 with an interest rate of 8% to finance its construction of the plant work on 1-4-2019. The company's other non-specific loan was ₹ 50,00,000 at an interest rate of 12%. The construction of the plant was completed by 31-3-2020. The expenditure incurred by the company was as follows;

1-4-2019 --- ₹ 10,00,000

1-9-2019 --- ₹ 20,00,000

1-2-2020 --- ₹ 5,00,000

Calculate the interest to be capitalized as per the provisions of AS-16. (5)

Q. 2) Prepare a value added statement from the following profit and loss statement of Shri Ram Ltd. for the year ended 31<sup>st</sup> March, 2020: (20)

**Profit and Loss Statement for the year ended 31-03-2020**

Particulars	₹	₹
Sales	1,50,000	
Scrap realized	3,000	1,53,000
<b>Less: Cost of goods and Services</b>		
Raw material consumed	60,000	
Packing	6,000	
Electricity	3,000	
Wages and Salaries	21,000	
Staff welfare	9,000	
Interest on bank loan	15,000	
Insurance premium	3,750	
Audit fees	2,250	
Rent, Rates and Taxes	1,500	
Depreciation	10,500	1,32,000
Profit before Tax		21,000
Provision for Tax		10,000
Profit after Tax		11,000
Dividend		5,000
Retained Earnings		6,000

Q. 3) a) ARK Ltd. provides the following particulars about the plant and Machinery exchanged;

i) Book value of old plant and machinery exchanged --- ₹ 16,000.

ii) Additional cash given for the exchange of the plant --- ₹ 10,000.

iii) Fair Market value of the plant exchanged – ₹ 36,000.

Find out the cost of the new plant and machinery, Profit or loss on the exchange of the old machinery and Journal entries on the purchase of the new plant and profit or loss on the plant exchanged. (10)

b) An asset is sold in two different active markets at different prices. A company enters in to transactions in both the markets. It can access the price for the assets in these markets as follows :

Particulars	Market A	Market B
Price of the Asset	260	250
Transaction Cost	30	10
Cost of Transport	20	20

Calculate the fair value of the asset if the Market A and Market B are not principal markets. (10)

**Q. 4) a)** Calculate the number of shares outstanding of Shri Krishna Ltd. on 31<sup>st</sup> March, 2020 from the following information: **(10)**

**No. of shares bought and sold during the year**

<b>Date</b>	<b>Particulars</b>	<b>No. of Shares</b>
01-04-2019	Balance of shares at the beginning	30,000
01-06-2019	Issue of shares for cash	6,000
31-08-2019	Buyback of shares	3,000
01-10-2019	Issue of shares to underwriter	300
31-12-2019	Converted debentures into shares	1,500
01-02-2020	Issue of shares to settle the liability	1,200
31-03-2020	Issue of shares against purchase of plant	1,500

**b)** Find out the total value of human resources of Skilled and Semi-Skilled workers of ABC Ltd according to Lev and Schwartz model from the following information. **(10)**

<b>Particulars</b>	<b>Skilled</b>	<b>Semi-skilled</b>
Average annual earnings of a worker till the date of retirement	50,000	40,000
Age of retirement	62	60
Discount rate	10%	15%
No. of workers in the group	20	30
Average age	60	59

**Q.5 a)** Explain the qualitative characteristics of financial report. **(10)**

**b)** Define financial reporting and enumerate the contents of financial reporting in India. **(10)**

**Q. 6)** Answer the following:

- a)** Problems of the financial disclosure.
- b)** Corporate Social Responsibility
- c)** Financial Statements.
- d)** International Financial Reporting Standards. **(20)**