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## TY B.Com (Semester-V)

## Accounting Major IV-Financial Reporting

[Duration : 2 Hours]

[Total Marks : 80]

## Instructions:

- 1) Question No. 1 is compulsory.
- 2) Answer any 3 questions from Q. No. 2 to Q. No. 6.
- 3) Each question carries 20 marks.
- 4) Mention working note wherever necessary.

Q.1 Attempt the following questions:

5

a Following information is provided by Nadella Ltd.:

- i. Goods of Rs. 50,000 were sold on 18<sup>th</sup> March 2024 but at the request of the buyer these were delivered on 15<sup>th</sup> April 2024.
  - ii. On 13<sup>th</sup> January 2024 goods of Rs. 1,25,000 were sent on consignment basis of which 20% of the goods unsold were lying with the consignee as on 31<sup>st</sup> March 2024.
  - iii. Rs. 1,00,000 worth of goods were sold on approval basis on 1<sup>st</sup> January 2024. The period of approval was 3 months after which they were considered sold. Buyer sent approval for 75% goods up to 31<sup>st</sup> January 2024 and no approval or disapproval received for the remaining goods till 31<sup>st</sup> March 2024.
  - iv. Received an order for goods on 2<sup>nd</sup> January 2024, however the goods were not in stock and the delivery would be made after four months on receipt of partial payment.
- Advise the accountant of Nadella Ltd. with valid reasons, the total amount to be recognized as revenue for the year ended 31<sup>st</sup> March 2024 in above cases in the context of AS-9.

b Nair Ltd. obtained a loan from Arora Bank for Rs. 334 lakhs on 30<sup>th</sup> April 2023. It was utilized as follows: 5

Particulars	Amount(Rs. in lakhs)
Construction of a plant	170
Purchase of machinery	60
Working capital	90
Advance for purchase of vehicle	14

Construction of plant was completed in March 2024. The machinery was installed on the same date. Delivery of vehicle was not received. Total interest charged by the bank for the year ending 31<sup>st</sup> March 2024 was Rs. 36 lakhs. Show the treatment of interest as per AS 16.

c From the following details compute EPS 5

- 1st January 2023- 4200 equity shares were outstanding  
 30 April 2023- 600 equity shares are newly issued  
 1<sup>st</sup> December 2023- 600 equity shares are bought back  
 Profits available for distribution is Rs. 10,80,000.

d Premji Ltd purchased a Plant from Tata Ltd. on 30<sup>th</sup> September 2023. The price of the Plant was Rs. 750 lakhs. Other information includes: 5

Discount Rs. 25 lakhs; Transport 0.25% on the purchase price; Installation charges- 1% on the purchase price

Cost of trial run include:

Material Rs. 50,000

Labour Rs. 40,000

Overheads Rs.30,000

A loan of Rs. 750 lakhs was taken on which interest of 15% p.a. was to be paid.

The Plant was ready for the use on 1<sup>st</sup> December 2023. However, it was actually put to use only on 1<sup>st</sup> May 2024. Find out the cost of the Plant.

- Q.2** Nooyi Ltd. has six segments. Following details for the segments is set out below for the year ending 31<sup>st</sup> March 2024: 20

(in Rs.)							
Particulars	Butter	Milk	Cheese	Curd	Chocolate	Buttermilk	Total
Segment Assets	39000	23520	16000	11500	10700	5750	1,06,470
Deferred tax assets (included in segment assets)	1500	270	250	1000	200	500	3,720
Segment Revenue							
External sales	12300	7750	3500	5250	5500	1050	35,350
Inter-segment sales	4200	3500	1000	0	500	1200	10,400
Total Sales	16500	11250	4500	5250	6000	2250	45,750
Segment profits	3000	1500	(1500)	(750)	900	600	3,750

The company accountant needs to determine the reportable segments as per the criteria defined in AS 17.

- Q.3 A** In the books of Agarwal Ltd., the value of Plant stood at Rs. 26,22,000 on 1<sup>st</sup> April 2023. A Plant worth Rs. 8,24,000 was further purchased on 31<sup>st</sup> October 2023. Another Plant of Rs. 14,40,000 was purchased on 1<sup>st</sup> February 2024 in exchange for an old Plant costing Rs. 2,04,000 that was sold for Rs. 1,84,800. The company charges depreciation @ 15% WDV on Plant. Calculate: 10

- Depreciation to be charged to Profit and Loss A/c
- Book value of Plant A/c as on 31<sup>st</sup> March 2024
- Profit/Loss on exchange of Plant

- B** An asset is sold in two different active markets at different prices. A company enters into transactions in both the Markets. It can access the price for the assets in these Markets as follows: 10

Particulars	Market P (Amt. in Rs.)	Market Q (Amt. in Rs.)
Price that would be received	39	36
Transaction cost in the market	7	1
Cost to transport the asset	3	3

Calculate:

- Fair value of the asset if Market P is the Principal Market
- Fair value of the asset if none of the Market is the Principal Market

- Q.4 A** From the following details, compute the total value of human resources of the employee groups skilled and unskilled according to Lev and Schwartz (1971) model: 10

Particulars	Skilled	Unskilled
Annual average earning of an employee till the retirement age	Rs. 1,20,000	Rs. 1,00,000
Age of retirement	65 years	62 years
Discount rate	12%	15%
No. of employees in the group	40	50
Average age	62 years	60 years

- B** Explain how the Indian GAAP is different from the US GAAP. 10
- Q.5 A** Elucidate the qualitative characteristics of financial report. 10
- B** Describe the mechanism of setting financial reporting standards in India. 10
- Q.6** Answer the following: 20
- Motives of disclosures in financial reporting
  - Corporate Social Responsibility Reporting
  - Importance of IFRS
  - Guidance notes