

D 70076

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Name.....

Reg. No.....

FIFTH SEMESTER B.Com. DEGREE EXAMINATION, NOVEMBER 2019

(CUCBCSS—UG)

B.Com.

BCM 5B 10—FINANCE SPECIALIZATION—I
FINANCIAL REPORTING

(2014 Admissions)

Time : Three Hours

Maximum : 80 Marks

Part A

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

1. _____ is a systematic allocation of the cost or revalue amount less any residual value, over the asset's useful life.
2. _____ is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period.
3. A contingent liability is _____ but not accrued.
4. Under a _____ lease, the lessee has substantially all of the risks and rewards of ownership.
5. _____ are interest and other costs that an entity incurs in connection with the borrowing of funds.
6. Which of the following are not enhancing qualitative characteristics of useful financial information as identified in The Conceptual Framework ?
Item I Predictive. Item II Influencing.
Item III Comparable. Item IV Relevance.
(a) I, II and III only. (b) I, II and IV only.
(c) I, III and IV only. (d) II, III and IV only.
7. Which of the following statements about a departure from IFRS is correct ?
(a) Departure is never permitted.
(b) Departure is permitted when the financial statement would be unfairly presented because of compliance with IFRS.
(c) Departure is permitted when management and the external auditor agree on the departure.
(d) Departure is permitted when the disclosure of the adopted accounting policy is detailed in the notes.

Turn over

8. GAAP include which of the following pronouncements :
- (a) Statements of Financial Accounting Standards.
 - (b) Accounting Research Bulletins.
 - (c) Accounting Principles Board Opinions.
 - (d) All of the above.
9. Which of the following material items would not be reported as an extraordinary item ?
- (a) A loss caused by an unusual and infrequent hurricane.
 - (b) A loss caused by an unusual and infrequent volcano.
 - (c) A loss caused by obsolescence of inventory.
 - (d) All of the above would be reported as extraordinary items.
10. A change in the residual value of a building depreciated on a straight-line basis is :
- (a) A change that should be reported in earnings of the period of change.
 - (b) A change reported by restating prior years' financial statements.
 - (c) An error correction.
 - (d) A change reported in the current and future periods when the change affects both.

(10 × 1 = 10 marks)

Part B

Answer any eight questions.

Each question carries 2 marks.

- 11. What are provisions ?
- 12. Who is a related party transaction ?
- 13. What are borrowing costs ?
- 14. What is EPS ?
- 15. What are intangible assets ?
- 16. What are errors ?
- 17. What are disclosures required with respect to accounting policies ?
- 18. What are Events after the Reporting Period ?
- 19. What are employee benefits ?
- 20. Give any *four* classifying of Reserves and surplus ?

(8 × 2 = 16 marks)

Part C

Answer any six questions.

Each question carries 4 marks.

21. What are general features of financial statements prepared as Ind AS 1 ?
22. How are goodwill allocated to cash generating units ?
23. Explain the financing cash flow ?
24. Explain the accounting treatment for operating lease in the books of lessee and lessor.
25. Shine Ltd. purchased an asset for Rs. 60,000 at the beginning of 2014. It had a useful life of 5 years. On 1st January 2016, the asset was revalued to Rs. 75,000. The expected useful life has remained unchanged. Show how revaluation is accounted. Also state the treatment for depreciation from 2016 onwards.
26. XY Ltd. has a fully paid equity capital of 5,00,000 divided into shares of 10 each and 1,00,000 partly paid shares of 10 each, 7 paid up. It has an accumulated profit to the credit of its profit and loss account of 2,00,000, free reserve of 1,50,000 and security premium of 50,000. It has decided to convert the partly paid equity shares into fully paid by applying bonus out of accumulated profit and free reserves. The bonus was declared at 6 per share on the fully paid up capital. Pass necessary journal entries.
27. Ambica stores sells goods on retail stores. It makes a gross profit of 20 % on net sales. The following figures for the year end are available :
Opening inventory Rs. 50,000 ; Purchases Rs. 3,60,000 ; Purchases Returns Rs. 10,000 ; Freight inwards Rs. 10,000 ; Gross sales Rs. 4,50,000 ; Sales Return Rs. 11,250 ; Carriage Outwards Rs. 5,000.
Compute the estimate cost of the inventory on the closing date.
28. S Ltd. presents interim financial report quarterly on 1-4-2018. S Ltd. has carried forward loss of Rs. 800 lakhs for income tax purpose for which deferred tax asset has not been recognized. S Ltd. earns Rs. 600 lakhs ; Rs. 700 lakhs ; Rs. 750 lakhs and Rs. 800 lakhs respectively in the subsequent quarters, excluding the carried forward losses. Income tax rate is 30 %. Calculate the amount of tax expense to be reported in each quarter.

(6 × 4 = 24 marks)

Turn over

Part D

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

29. M Ltd. Group has three divisions A, B and C. Details of their turnover, results and net assets are given below : Amount in 000' s

Division A

Sales to B 9,150 ; other Sales (Home) 180 ; Export Sales 12,270.

Division B

Sales to C 90 ; Exports Sales to Europe 600.

Division C Export Sales to America 540.

	Head Office	A	B	C
Operating Profit or Loss before tax		480	60	(24)
Re-allocated cost from Head Office		144	72	72
Interest cost		12	15	3
Fixed assets	150	600	120	360
Net current assets	144	360	120	270
Long-term liabilities	114	60	30	360

Prepare a Segmental Report for publication in M Ltd. Group.

30. Fab Ltd. has the following data for 31st March 2018 :

Capital Expenditure Rs. 75,00,000 ; Divident declared Rs. 1,20,000 ; Net income Rs. 17,00,000.

Common stock issued Rs. 33,00,000 ; Increase in accounts receivables Rs. 12,00,000 ; Depreciation and amortisation Rs. 3,50,000 ; Proceeds from the sale of assets Rs. 6,00,000 ; Gain on sale of assets Rs. 50,000.

Based on the above, what is the ending cash balance at 31st March 2018, assuming the opening cash balance is Rs. 47,00,000.

31. Differentiate Ind AS and IFRS (Any seven relevant differences).

(2 × 15 = 30 marks)