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ST. JOSEPH'S COLLEGE (AUTONOMOUS), BANGALORE-27

M.COM - I SEMESTER

SEMESTER EXAMINATION: NOVEMBER 2020

MCQ7120: FINANCIAL ANALYSIS AND REPORTING.

Time- 2 1/2 hrs

Max Marks-70

This paper contains 14 printed pages and four parts

SECTION A

Answer any TEN (10) of the following (10 * 2 Marks = 20 Marks)

1. State the purpose of Indian Accounting Standards.
2. What is Standardisation and Harmonisation of accounting standards?
3. State the complete set of financial statements as per Indian Accounting Standards 1.
4. What is True and Fair Value method?
5. What are Current and Non-Current Assets according to India AS 1?
6. State the contents included in the Chairman's Message in an Annual Report.
7. What are inventories according to Indian Accounting Standard 2?
8. What are Property, Plant and Equipment recognition criteria as per Indian Accounting Standard 16?
9. What are Standalone financial statement?
10. State the recognition criteria of Revenue as per Indian Accounting Standard 115.
11. What are borrowing costs?
12. When should impairment testing be done?

SECTION B

Answer any THREE (3) of the following (3 * 5 Marks = 15 Marks)

13. Explain the road map for implementation of Indian Accounting Standards.
14. State the purpose of financial statements as per Indian Accounting Standards 1
15. Explain the purpose of Directors report in an annual report.

16. From the following details calculate the value of the asset as per Indian Accounting standard 16 Property, Plant and Equipment.

Purchase cost	5,00,000
Wages paid	6,000
Site preparation cost	50,000
Delivery and handing cost	20,000
Professional fee	40,000
Architects and engineers fee	80,000
Non-Refundable taxes paid	3,500
Refundable taxes	5,000
Office expenses	50,000 (10% for installation of the machine)
Administration expenses	5,000
Interest paid on asset purchase	5,000
Sample production cost	4,000
Dismantling and restoring	1,20,000

17. From the following information, Calculate Cost of Goods Sold and Closing stock value by using Current Purchasing Power Method.

	Historical cost in Rs	Index number
Stock as on 1-1-2019	20,000	100
Purchases during 2019	1,50,000	120
Stock as on 31 – 12 – 2020	30,000	150

SECTION C

Answer any TWO of the following. Each question carries ten marks.

(2x10=20)

18. Answer the following

- a) Due to inadequacy of profit, management decided to issue 10% dividend from general reserves. From the following information calculate the amount can be utilised from the general reserves according to Companies (Declaration of Dividend out of reserves) Rules 2014.
1. 9% 17,500 Preference share at Rs 100 each
 2. 8,00,000 equity shares of Rs 10 each
 3. General reserve 25,00,000
 4. Capital reserve 300,000
 5. Revaluation reserve 350,000
 6. Net profit for the year ended 300,000
 7. Average rate of dividend during the last five years is 12% (6 marks)
- b) The Company made a final call and received all pending amount. The company decided to issue one bonus share for every five shares held. Decided to capitalise all reserves by way of bonus.

Authorised capital	Rs
15,000 12% preference shares at Rs 10 each	1,50,000
1,50,000 equity shares of Rs 10 each	15,00,000
Issued and subscribed capital	
12,000, 12% preference share capital at Rs 10 each fully paid	1,20,000
135,000 equity shares of Rs 10 each Rs 8 paid	10,80,000
Reserves and Surplus	
General reserve	1,80,000
Capital Redemption reserve	60,000
Profit and loss account	3,00,000
Securities premium	37,500

Calculate (4 marks)

- a. Number of bonus shares
- b. Bonus share value
- c. Total share capital

19.

- a) Calculate the borrowing cost in the case of P Ltd., a distillery unit.
- 6 Crores arranged by 10% Debentures repayable after 8 years, 2 crores by 8 years loan from IFCI and 2 crores from D with Canara Bank. The IFCI interest is 9% p.a. and OD interest is 13% p.a.
 - The Cost of issue of Debentures is Rs.20 and lakhs.
 - The Service charges for IFCI loan and consultancy charges together amounted 5% of loan.
 - Debentures repayable at 5% premium.

5 marks

- b) Discuss the core principles and recognition criteria of borrowing costs. 5 marks

20. Keeping in mind the stepwise approach in the convergence with IFRS in India, give the overview of Ind AS and the list of converged Ind AS notified by the MCA.

SECTION D

Answer the following compulsory question. The question carries fifteen marks. (1x15=15)

21. From the following information prepare financial statements for the year ended 31-03-2019 as per Schedule III of Companies Act, 2013.

Particulars	Amt (Rs.)
Revenue from operations	5,00,000
Inventories (01-04-18)	3,50,000
Purchases	1,00,000
Equity share capital	8,00,000
Plant and Machinery	4,00,000
Trade Payables	1,75,000
Trade Receivables	1,50,000
Loose Tools	25,000
Cash and Cash Equivalent	50,000
Salaries	2,50,000
Patents	3,00,000
Wages	50,000

Adjustments:

- Closing Inventories Rs. 1,00,000
- Salary outstanding Rs. 25,000
- Depreciation on Machinery @ 10% p.a

--- END OF THE QUESTION PAPER--- MCO 7120-A-20