

M.Com 2nd Semester Examination 2021 (held in September, 2021)

Course Title: Financial Accounting and Reporting

Course Number: 20200

Nature of the Course: Core

Full Marks: 30

Time: One and Half Hour

Mode of Examination: Online (Open Book Examination)

Q1. Answer any two questions from the following : 10x2= 20 Marks

- i) Explain the role of valuation and allocation in preparation of Financial Statements.
(10)
- ii) State the meaning of physical and financial capital maintenance in a business entity
(10)
- iii) Write a brief note on Ind. AS with their source from where they are prepared. Give as example only 5 Ind. ASs
(10)
- iv) Write what do you know about the provisions under the Companies Act, 2013 regarding preparation of financial statements.
(10)

Q2. Write brief on any two of the following: 5x2=10 Marks

- i) Corporate Governance Report.(5)
- ii) Tangible Assets.(5)
- iii) Intangible Assets.(5)
- iv) Standalone financial Statements (5)

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Total number of printed pages-7

2 SEM MCOM (CBCS) FAR 200

2022

(July)

COMMERCE

Paper : 20200

(Financial Accounting and Reporting)

Full Marks : 60

Time : Three hours

The figures in the margin indicate full marks for the questions.

Answer all questions.

1. (a) Explain the following in the context of Ind AS-1 titled presentation of financial statements : $5 \times 3 = 15$

(i) Accrual basis of accounting;

(ii) Consistency of presentation; and

(iii) Materiality and aggregation.

Contd.

Or

(b) On January 1, 2016 Reliance Ltd. purchased equipment for use in research activities. The cost of the equipment is Rs. 5,00,000, RL estimates the useful life of it of 5 years and its residual value is zero. RL uses the straight line method of depreciation. IT Act, 1961 allows 100% depreciation in the first year for equipment being used for research. The current tax rate is 30%.

Assume that there is no temporary difference other than depreciation. Further assume that the taxable income before depreciation and accounting income before depreciation are same at Rs. 5,00,000 from year 1 through year 5.

Calculate current tax, deferred tax, tax expenses and deferred tax liability for each of the 5 years.

15

2. (a) Express in clear terms what are intangible assets. How are intangible assets depicted in a company balance sheet as prescribed under Section 129 and Schedule III of the Companies Act, 2013 ? How such intangible assets are amortised (give *any one* example) every year ? 3+4+3+5=15

Or

(b) What are non-current assets and non-current liabilities ? Explain with examples in the context of Section 129 read with Schedule III of the Companies Act, 2013. 5+5+5=15

3. (a) What do you mean by statement of changes in equity ? Prepare a statement of equity changes from the following information. Show how it appears in Balance Sheet. 15

| | Rs.('000) |
|--|-----------|
| Share application money pending allotment as on 31st March, 2021 | 15 |
| Employee Stock Option | 13 |

| | Rs.('000) |
|---|-----------|
| Capital Reserve | 291 |
| Securities Premium on Employee Stock Option | 132 |
| Debenture Redemption Reserve | 5251 |
| General Reserve | 2,25,000 |
| Retained Earnings transferred to General Reserve | 30,000 |
| Retained Earnings as on 31st March, 2021 | 30,051 |
| Total Comprehensive Income Transferred to Retained Earnings | 35,163 |
| Dividend paid during the year | 3,554 |
| Other Comprehensive Income as on 31/3/21 | 1,518 |
| For the year | 59,674 |
| Equity share capital as on 31/3/2021 | 6,335 |
| Changes during the year | 4 |

Or

- (b) From the following information prepare a note on accounts which is annexed to and forming part of Balance Sheet as on 31-3-21 of RIL, a large private sector company :
- | | Rs. |
|---|-----------|
| (i) Original Cost of : Plant as on 1-4-20 | 40,00,000 |
| : Building | 33,00,000 |
| : Freehold land | 80,00,000 |
| : Equipments | 70,00,000 |

(ii) Accumulated Depreciation as on 1.4.20 : Rs.

| | |
|------------|-----------|
| Plant | 10,00,000 |
| Building | 12,00,000 |
| Equipments | 30,00,000 |

(iii) Additions during the year 2020-2021 :

| | |
|------------|-------------|
| Plant | 20,00,000 |
| Building | 1,00,00,000 |
| Equipments | 1,60,00,000 |

(iv) Sales during the year (20-21) :

| | |
|------------|-----------|
| Plant | 5,00,000 |
| Equipments | 10,00,000 |

(v) Depreciation during the year :

| | |
|------------|-----------|
| Plant | 25,00,000 |
| Building | 6,00,000 |
| Equipments | 9,00,000 |

| | Rs. |
|---|------------|
| (vi) Depreciation on assets sold to be adjusted back : | |
| Plant | 3,00,000 |
| Equipment | 5,00,000 |

Show clearly in the Notes on Accounts relating to Tangible Assets the following :

- (i) Gross Block;
- (ii) Depreciation;
- (iii) Figure of the Assets as on 31-3-20; and
- (iv) Figure of the Assets as on 31-3-21.

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4. (a) How do you define Corporate Governance ? Why this is necessary ? Explain Corporate Governance measures as prescribed by SEBI, Code on Corporate Governance.

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Or

(b) Is there any basic difference between the Directors' Report and Management Discussion and Analysis ? If you think that Management Discussion and Analysis is a sub-set of the Directors' Report then why Management Discussion and Analysis is added in the Annual Reports of the companies ?
Justify.

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