

QP Code: 22/PT/9/VI(NEW)

POST-GRADUATE COURSE

Term End Examination — June, 2022/December, 2022

COMMERCE (New Syllabus)

**Paper-VI : CORPORATE FINANCIAL ACCOUNTING &
REPORTING**

(From January 2022 Enrolment Session)

Time : 2 hours]

[Full Marks : 50

Weightage of Marks : 80%

Special credit will be given for accuracy and relevance in the answer. Marks will be deducted for incorrect spelling, untidy work and illegible handwriting. The weightage for each question has been indicated in the margin.

Use of scientific calculator is strictly prohibited.

Module - I

Answer any *two* of the following questions : $12\frac{1}{2} \times 2 = 25$

1. (a) What are the objectives of disclosure of information ?
(b) State the necessity of accounting standards.
(c) State the disclosure requirements in relation to Statement of Cash Flows as per Ind AS 7. $3 + 4 + 5\frac{1}{2}$
2. (a) Define goodwill.
(b) Explain in brief the method for valuation of goodwill under super-profit method.
(c) Consider the following information and compute the fair value of each type of equity shares :

	Rs.
(i) Issued & Paid up capital	
20,000 equity shares of Rs. 10 each fully paid	2,00,000
4,000 equity shares of Rs. 10 each paid up to Rs. 6 each	24,000
12% preference share capital	1,00,000
(ii) 15% Debentures	1,00,000
(iii) Miscellaneous expenses not written-off	2,000
(iv) Fixed assets less depreciation	2,20,000
(v) Investments 5% Govt. Bonds	38,000
(Face value Rs. 40,000)	
(vi) Average net profits before tax	1,20,000
(vii) Reserves	80,000
(viii) Normal rate of return is 10%	
(ix) Assume tax rate @ 40%	
(x) Normal rate of equity dividend is 12%	
(xi) Current market value of fixed assets is Rs. 2,50,000 and of investments in 5% Govt. Bonds is Rs. 48,000	
(xii) Ignore depreciation	
(xiii) Goodwill is valued at 3 years purchase of superprofits.	

2 + 2 + 8½

3. (a) What is Statement of Affairs ? What are the items to be included in preferential creditors ?
- (b) ABC Ltd. went into liquidation on 31.3.2022. The following balances are extracted from the books of the company on that date :

	Rs.
Issued & Subscribed capital —	
4,000, 12% cumulative preference shares of	
Rs. 100 each fully paid	4,00,000
2,000 equity shares of Rs. 100 each, Rs. 80 paid	1,60,000
8,000 equity shares of Rs. 100 each, Rs. 60 paid	4,80,000
15% Debentures secured on a floating charge	2,00,000
Interest outstanding on debenture	30,000
Trade payables	3,02,000
Land & Building	2,80,000
Plant & Machinery	7,10,000
Inventories	1,90,000
Trade Receivables	2,80,000
Cash at Bank	42,000
Profit & Loss Account (Debit balance)	70,000

Preference dividend were in arrear for two years and to be paid in priority to Equity shareholders as per Articles of Association.

Trade payables include preferential creditors of Rs. 40,000.

Sundry assets realised Rs. 8,70,000. The expenses on liquidation amounted to Rs. 12,800. The liquidator is to receive 2% commission on assets realised except cash.

Prepare the Liquidator's Statement of Account from the above information.

4 + 8½

4. (a) Define financial assets. How are financial assets and financial liabilities recorded in books of accounts at the time of initial recognition ?
- (b) What is Hedge Accounting ? What are the different types of hedging relationships ? (3 + 3½) + (2 + 4)

Module - II

Answer any *two* of the following questions : $12\frac{1}{2} \times 2 = 25$

5. (a) State the benefits of consolidated Financial Statement.
- (b) Balance Sheets of P Ltd. and Q Ltd. as on 31.3.2022.

[Figures in Rs. lakh]

	P Ltd.	Q Ltd.
I. Equity & Liabilities :		
1. Shareholder's Fund		
a) Equity share capital (Rs. 10)	1,300	800
b) Reserves	950	430
2. Non-Current Liabilities	350	270
3. Current Liabilities		
Trade Payables	100	90
	2,700	1,590
II. Assets :		
1. Non-Current Assets		
a) Property, Plant & Equipment (PPE)	1,500	1,080
b) Investment in Q Ltd. (80% shares)	750	—
2. Current Assets		
a) Inventories	230	200
b) Trade Receivables	170	240
c) Cash & Cash Equivalent	50	70
	2,700	1,590

5 **QP Code: 22/PT/9/VI(NEW)**

The fair values of different assets and liabilities as on 31.3.2022 are as follows :

(Rs. in lakh)

(i) PPE	1,200
(ii) Inventories	250

Prepare the group balance sheet of *P Ltd.* and *Q Ltd.* as on 31.3.2022 assuming that Non-controlling Interest (NCI) is measured on the basis of proportionate fair value of the net identifiable assets as per Ind AS 110. 4 + 8½

6. (a) Define 'Business Combination' in terms of Ind AS 103.
- (b) Balance Sheets of Strong Ltd. and Weak Ltd. as on 31.3.2022 were as follows :

[Figures in Rs. lakh]

	Strong Ltd.	Weak Ltd.
I. Equity & Liabilities :		
1. Shareholder's Fund		
a) Equity share capital (Rs. 10)	350	200
b) Reserves & Surplus	100	20
2. Non-Current Liabilities		
12% Debentures	100	
3. Current Liabilities	50	80
	600	300
II. Assets :		
1. Non-Current Assets		
a) Property, Plant & Equipment	350	210
b) Investment in Strong Ltd. (4,000 shares)	—	40
2. Current Assets	250	50
	600	300

On 31.3.2022, Strong Ltd. absorbed Weak Ltd. on the basis of intrinsic value of shares. A sum of Rs. 15,000 is due to Strong Ltd. from Weak Ltd. Strong Ltd. is to discharge the purchase consideration by issue of fully paid equity shares at intrinsic value.

Pass necessary journal entries in the books of Strong Ltd. and Weak Ltd. 2 + 10½

7. (a) What is Segment Reporting ? State the benefits derived from segment reporting.

(b) Omega Enterprises operates its business through six segment lines *A, B, C, D, E & F*. The relevant information of the six segments is given below (in Rs. lakh) :

	<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>	<i>F</i>	Total (Segment)
1. Segment Revenue :							
a) External Sales	200	40	10	12	8	10	280
b) Internal Sales	—	120	90	5	—	5	220
2. Segment Results :							
Profit (Loss)	5	6	10	(80)	(3)	(7)	
3. Segment Assets	40	80	15	60	2	3	200

Identify the reportable segments as per Ind AS 108. (2 + 4) + 6½

8. (a) Define Corporate Social Responsibility. State the benefits of CSR practice.
- (b) State in brief the regulations under section 135 of the Companies Act, 2013 relating to formation and function of CSR committee and also on CSR spending. (2 + 2) + (2 + 3 + 3½)

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