



560

60451

**I Semester M.Com. (F&A) Examination, February 2019
(CBCS)**

1.1 : ACCOUNTING CONVENTIONS AND STANDARDS

Time : 3 Hours

Max. Marks : 70

SECTION – A

1. Answer **any seven** questions out of **ten**. Each question carries **two** marks. (7×2=14)
- Define 'Accounting Standards'.
 - State any two reasons why Government should set the Accounting Standards.
 - Name the three fundamental accounting assumptions as per AS-1.
 - How do you treat Government Grants in the nature of promoters' contribution ?
 - What are the two acceptable methods for recognition of revenue under AS- 9 ?
 - What are interim financial statements ?
 - What is a qualifying asset ? And how do you treat borrowing costs relating to such qualifying assets ?
 - State any two differences between Accounting Standards (in India) and International Accounting Standards (IAS/IFRS).
 - What is the prescribed accounting treatment for Research Expenditure ?
 - How do you treat post-employment benefits : Defined Contribution Plans ?

SECTION – B

Answer **any four** questions out of **six**. Each question carries **five** marks. (4×5=20)

- What are the difficulties faced by the Standard Setters ?
- Explain the principles for preparation of first balance sheet of a transferee company under an amalgamation in the nature of merger.
- Explain Deferred Tax.

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5. List out the steps involved in issuing Accounting Standards in India.
6. What are the standards relating to Government Grants under AS-12 ?
7. Give the formula for calculating Basic and Diluted Earnings per Share.

SECTION – C

Answer **any three** questions out of **five**. Each question carries **twelve** marks. (3×12=36)

8. Explain the provisions of AS - 2 – Valuation of Inventories.
9. Explain the principles of accounting for fixed assets based on “AS-10 : Accounting for Fixed Assets”.
10. How do you treat the following items in the financial statements based on AS -11 ?
“Effects of changes in foreign exchange rates”.
 - a) Transactions in Foreign Currency
 - b) Foreign Operations.
11. What are the two types of Leases ? Explain the accounting treatment of these ‘Leases’ by Lessor and Lessee.
12. Prepare Cash Flow Statement of Rapid Limited in accordance with AS-3 from the following summary cash account for the year ending 31st March 2016. You may use either direct method or indirect method.

Rapid Limited Balance Sheet as at 31-3-2016

	As at 31-3-2016	Rs. In lakhs As at 31-3-2015
I. Equity and Liabilities		
1) Shareholders Funds		
a) Share Capital	1,500	1,000
b) Reserves and Surplus	1,075	550
2) Non-Current Liabilities		
a) Long-Term Borrowings	1,300	1,000
3) Current Liabilities		
a) Trade Payables	1,000	850
b) Interest Payable	100	75
c) Income Tax Payable	150	100
Total	5,125	3,575



II. Assets	As at 31-3-2016	As at 31-3-2015
1) Non-Current Assets		
a) Tangible Fixed Assets	2,000	1,500
b) Non-Current Investments	400	250
c) Long Term Loans and Advances	425	325
2) Current Assets		
a) Inventories	825	625
b) Trade Receivables	1,100	825
c) Cash and Cash Equivalents	375	50
Total	5,125	3,575

Profit and Loss Account for the Year ended 31-3-2016

Rs. In lakhs

Income :

Sales	5,500	
Interest	75	
Dividend	<u>50</u>	
Total		5,625

Expenditure :

Cost of Sales	3,300	
Administrative and Selling Expenses	1,060	
Interest	200	
Depreciation	<u>240</u>	
Total		<u>4,800</u>
Net Profit before Taxation		825
Less : Tax Expense		<u>300</u>
Net Profit after tax		525
Balance brought forward		<u>550</u>
Balance carried to Balance Sheet		<u>1,075</u>

Additional Information :

- Repayment of Term Loan amounted to Rs. 100 lakhs.
- Amount realized on disposal of old fixed assets Rs. 200 lakhs (Book Value Rs. 200 lakhs).