

School of Finance and Commerce

**Bachelor of Commerce Honours in International Accounting and Finance
Semester End Examination - Jun 2024**

**Duration : 180 Minutes
Max Marks : 100**

Sem II - H1UD201T - Financial Accounting and Reporting-II

General Instructions

Answer to the specific question asked

Draw neat, labelled diagrams wherever necessary

Approved data hand books are allowed subject to verification by the Invigilator

- 1) Show the impact of compensating errors with an example. K1 (2)
- 2) From the following information, Calculate the value of “Non-controlling Interest” K2 (4)

	X Ltd.	Y Ltd.
Equity:		
Rs. 1 ordinary shares	1,120	840
Retained earnings	1,232	602

1. A Ltd. acquired 80% shares in B Ltd. on 1 January 2019 when B Ltd. had retained losses of Rs. 56,000.
2. The A Ltd. Group values the Non-controlling Interest using the fair value method. The fair value of the Non-controlling Interest in B Ltd. on 1 January 20X9 was Rs. 160,000.

- 3) Show categorisation of assets and liabilities in the financial statements. K2 (6)
- 4) “Cash flow statement is a comprehensive statement providing detailed information of cash flows under various heads.” Identify different heads considered for preparing the statement. K3 (9)

- 5) Examine the given information and interpret the following income statement of Vasudev Ltd. through a comparative income statement:

K3 (9)

Particulars	2020 (Amt. in Rs.)	2021 (Amt. in Rs.)
Net Sales	15,00,000	23,00,000
Less: Cost of goods sold	8,50,000	12,75,000
Gross Profit	6,50,000	10,25,000
Less: Operating Expenses		
General & Administrative expenses	1,70,000	1,72,000
Selling expenses	1,60,000	1,80,000
Profits before Interest & Taxes	3,20,000	6,73,000
Less: Interest on Borrowings	25,000	1,80,000
Profit before Tax	2,95,000	4,93,000
Less: Income Tax	70,000	1,00,000
Profit after Tax	2,25,000	3,93,000

- 6) Explain the purpose of financial analysis.

K5 (10)

- 7) From the following information analyse & interpret the performance of ABZ Inc.:

K4 (12)

Type of Ratio	AB Corp.	Industry Average
Current ratio	1 : 1	3 : 2
Quick ratio	2 : 1	1 : 1
Gross profit ratio	60 %	50 %
Net profit ratio	25 %	27 %
Operating Ratio	30 %	35 %

- 8) "On scrutiny of Bank Pass Book & Cash Book of the business concern, it was found that balance, as shown in the Cash Book, was comparatively higher than as shown in the Pass Book". Determine possible transactions for this difference.

K5 (15)

- 9) From the following are summarized Balance Sheets of 'X' Ltd. and 'Y' Ltd. as on 31st December 2010, prepare a consolidated balance sheet.

Particulars	X Ltd.	Y Ltd.
Equity & Liabilities:		
Share Capital:		
Shares of Rs. 100 each	10,00,000	3,00,000
General Reserve	4,00,000	1,25,000
Profit & Loss A/C	3,00,000	1,75,000
Non-current Liabilities - Creditors	1,00,000	70,000
Total	18,00,000	6,70,000
Assets:		
Freehold Premises	4,50,000	1,20,000
Plant & Machinery	3,50,000	1,60,000
Furniture	80,000	30,000
Stock	3,00,000	1,70,000
Investment in Y Ltd. (at cost)	2,60,000	-
Non-current Assets – Cash in Hand	40,000	30,000
Total	18,00,000	6,70,000

The stock of Rs. 1,60,000 held by 'Y' Ltd. consists of Rs. 60,000 goods purchased from 'X' Ltd. which has charged a profit of 25% on cost.

10) Espier Corp. furnishes the following information for the year ending 30 June, 20X2 (figures are in \$000).

K6 (18)

You are required to prepare:

1. Statement of Profit or Loss and Other Comprehensive Income (OCI);
2. Statement of changes in equity; and
3. Statement of Financial Position

Additional capital	600
Dividends on investments	70
Dividends paid	50
Securities premium on additional capital	60
Income tax expense	104
Property, Plant & Equipment	1120
Cash at Bank	35
Sales revenue	2,900
Trade payables	150
Finance costs	19
Accounts Receivables	190
Provision for Taxation	91
Administrative expenses	342
Other comprehensive income: Gain on Property Revaluation	50
Inventory	380
Cost of sales	1,734
Investments	868
Distribution costs	520
Income from Investments	5
\$1 ordinary shares	1120
Retained earnings	1232