

FINAL EXAMINATION

June 2015

F-P16(AFA)

Syllabus 2008

Advanced Financial Accounting & Reporting

Time Allowed: 3 Hours

Full Marks: 100

The figures in the margin on the right side indicate full marks.

Part A questions are compulsory. Attempt all of them.

Part B has seven questions. Attempt any five of them.

Please: (1) Write answers to all parts of a question together.

(2) Open a new page for answer to a new question.

(3) Attempt the required number of questions only.

(4) Indicate in the front page of the answer book the questions attempted.

Working notes should form part of the answer. Wherever necessary, suitable assumptions may be made by the candidate.

PART A (25 Marks)

1. (a) In each of the cases given below, one out of four alternatives is correct. Indicate the correct answer (= 1 mark) and give your workings/reasons briefly in support of your answer (= 1 mark): $2 \times 8 = 16$
- (i) NIKITA Ltd. purchased 2000 shares of PIYUSH Ltd. in January 2014 at ₹ 120 each and paid brokerage at 0.50%. In November 2014, Piyush Ltd. issued bonus shares at one share for every four shares held by the shareholders. If Nikita Ltd. sold 1500 shares in March, 2015 at ₹ 140 per share and paid a brokerage of 1%, what would be the carrying cost of investment in Piyush Ltd. after the sale of shares as per AS-13?
- (A) ₹ 31,200
(B) ₹ 63,400
(C) ₹ 96,480
(D) None of (A), (B), (C)
- (ii) SRIJAN Ltd. issued certain callable convertible debentures at ₹ 80. The value of similar debentures without call or equity conversion option is ₹ 70. The value of call as determined using Black and Scholes Model for option pricing is ₹ 5. What will be the value of liability and equity component?
- (A) ₹ 65, ₹ 15
(B) ₹ 70, ₹ 10
(C) ₹ 80, ₹ 5
(D) None of the above
- (iii) AKASH Ltd. reported net Income (attributable to equity shareholders) of ₹ 15 lakh for the year 2014-15 and had 1,00,000 equity shares during the entire year ended March 31, 2015. Akash Ltd. also had outstanding 10,000, 8% convertible preference shares of ₹ 100, each share convertible into 10 equity shares during the year 2014-15. The DILUTED EPS of Akash Ltd. as per AS-20 will be
- (A) ₹ 5.80
(B) ₹ 6.30
(C) ₹ 7.90
(D) ₹ 14.36

Please Turn Over

- (iv) Ms. NABANITA, CEO of Laxmi Bank Ltd. reports quarterly and estimates an annual income of ₹ 125 crores. Assume tax rates on first ₹ 50 crores at 30% and on the balance income at 40%. The estimated quarterly incomes are ₹ 15 crores, ₹ 25 crores, ₹ 45 crores and ₹ 40 crores respectively. The tax expenses to be recognized in the last quarter as per AS-25 is.
- (A) ₹ 12.50 crores
(B) ₹ 14.00 crores
(C) ₹ 14.40 crores
(D) None of the above.

- (v) BANSAL Ltd. reports the following information regarding Pension Plan assets:

	₹
Fair market value of Plan Assets (as on 1.4.2014)	7,00,000
Actual Return on Plan assets	50,000
Benefit payment to Retirees	40,000
Fair market value of Plan Assets (as on 31.3.2015)	8,10,000

What will be the Employer contribution to Plan assets as per AS-15?

- (A) ₹ 1,00,000
(B) ₹ 80,000
(C) ₹ 60,000
(D) Insufficient information.
- (vi) WEALTH Ltd. acquired 75,000 shares of SILVER Ltd. on August 1, 2014. The Equity Capital of Silver Ltd. is ₹ 10 lakh of ₹ 10 per share. The machinery of Silver Ltd. is revalued upwards by ₹ 2,00,000. The minority group interest shown in the Consolidated Balance Sheet as at March 31, 2015 was
- (A) ₹ 3,00,000
(B) ₹ 2,00,000
(C) ₹ 50,000
(D) None of (A), (B) and (C)

- (vii) JINDAL Ltd. provides the following information for the year ended March 31, 2015.

Accounting Profit :	₹ 7,00,000
Book Profit as per MAT :	₹ 4,00,000
Profit as per Income Tax Act :	₹ 1,00,000
Effective Tax Rate	30%
MAT Rate	17%

What will be the Deferred Tax Asset (DTA)/Liability (DTL) as per AS-22?

- (A) ₹ 1,80,000 (DTL)
(B) ₹ 1,62,000 (DTL)
(C) ₹ 1,80,000 (DTA)
(D) ₹ 1,62,000 (DTA)

