FINAL EXAMINATION

June 2016

P–18(CFR)
Syllabus 2012

Corporate Financial Reporting

Time Allowed: 3 Hours Full Marks: 100

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

All workings must form part of your answer. Assumptions, if any, must be clearly indicated.

Answer Question No. 1 *(carrying 20 marks) which is compulsory and also answer* any five (5) *questions (carrying 16 marks each) from Q. No. 2 to Q. No. 8.*

1. Answer *any four* questions (carrying 5 marks each) from the following: 4×5=20

(a) The fair value of plan assets of Prantick Ltd. was ₹ 2,00,000 in respect of employee benefit pension plan as on 1st April, 2015. On 30th September, 2015, the plan paid out benefits of ₹ 38,000 and received inward contributions of ₹ 98,000. On 31st March, 2016, the fair value of plan assets was ₹ 3,00,000. On 1st April, 2015, the reporting company made the following estimates, based on market studies and prevailing prices:

	%
Interest and dividend income after tax payable by the fund	9.25
Realised gains on plan assets (after tax)	2.00
Fund Administrative costs	(1.00)
Expected rate of return	10.25

Required:
Calculate the Actual and Expected Returns on Plan Assets as on 31st March, 2016, as per AS-15.

(b) Global Ltd. is showing an intangible asset at ₹ 90 lakhs as on 01-04-2015. This asset was acquired for ₹ 120 lakhs on 01-04-2012 and the same was available for use from that date. The company has been following the policy of amortization of the intangible asset over a period of 12 years on straight line basis. Comment on the accounting treatment of the above with reference to the relevant accounting standard.

(c) A Ltd. has acquired 80% share in B Ltd. for ₹ 30 lakhs. The net assets of B Ltd. on the day are ₹ 25 lakhs. During the year, A Ltd. sold the investment for ₹ 35 lakhs and net assets of B Ltd. on the date of disposal were ₹ 40 lakhs. Calculate the profit or loss on disposal of this investment to be recognised in the consolidated financial statements.

(d) What are the functions of the Committee on Public Undertakings?

(e) While closing its books of account on 31st March, 2016, a Non-Banking Finance Company has its advances classified as follows:

	₹ in lakhs
Standard assets	15,600
Sub-standard assets	1,250
Secured positions of doubtful debts	
— upto one year	350
— one year to three years	80
— more than three years	40
Unsecured portions of doubtful debts	85
Loss assets	47

Calculate the amount of provision, which must be made against the advances as per prudential norms.

2. Anu Ltd. and Minu Ltd. decided to amalgamate and to form a new company Amuin Ltd. The following are their summarized Balance Sheets as on March 31, 2016.

(Amount in ₹ Lakhs)

		Anu Ltd.	Minu Ltd.
	Equity and Liabilities:		
1.	Shareholders' funds:		
	(a) Share Capital:		
	Equity shares of ₹ 100/- each	1,760	1,650
	12% Preference shares of ₹ 100 each	660	440
	(b) Reserves and Surplus:		
	Profit and Loss Account	110	66
	General Reserve	374	330
	Revaluation Reserve	330	220
	Investment Allowance Reserve	110	110
2.	Non-current Liabilities:		
	10% Debentures (₹ 100 each)	132	66
3.	Current Liabilities:		
	Trade payables	924	418
	Total	**4,400**	**3,300**
	Assets:		
1.	Non-current assets		
	(a) Fixed Assets:		
	Land and Building	1,210	880
	Plant and Machinery	770	550
	(b) Non-current Investments		
	Investments	330	110
2.	Current Assets:		
	(a) Inventories	770	550
	(b) Trade Receivables	660	770
	(c) Cash and Cash equivalents	660	440
	Total	**4,400**	**3,300**