FINAL EXAMINATION

December 2013

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 question attempted.*

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): 2×8=16

(i) In a production process, normal waste is 5% of input. 5000 MT of input were put in process resulting in a waste of 300 MT. Cost per MT of input is ₹ 500. What will be the cost per unit?

A. ₹ 500.00
B. ₹ 526.32
C. ₹ 531.91
D. ₹ 561.80

(ii) X Ltd. purchased certain plant and machinery for ₹ 80 lakhs. 20% of the cost, net of CENVAT credit is the subsidy component to be realised from a State Government for establishing industry in a backward district. Purchase price includes excise of ₹ 6 lakhs against which CENVAT credit can be claimed. What will be the depreciable amount when entire subsidy is adjusted against cost?

A. ₹ 64 lakhs
B. ₹ 74 lakhs
C. ₹ 59.20 lakhs
D. ₹ 75.20 lakhs

(iii) M Ltd. has equity capital of ₹ 20 crores consisting of fully paid equity shares of ₹ 10 each. The net profit for the year 2012-13 was ₹ 60 lakhs. It has also issued 40,000, 10% convertible debentures of ₹ 50 each. Each debenture is convertible into five equity shares. Applicable tax rate is 30%. What will be the diluted earnings?

A. ₹ 42,00,000
B. ₹ 62,00,000
C. ₹ 59,40,000
D. ₹ 61,40,000

Please Turn Over

(iv) Northern Ltd. took a bank loan of ₹ 125 lakhs to finance the purchase of a plant of ₹ 160 lakhs at an interest of 15% per annum on 30.09.2012. The plant was ready for use on 31.01.2013; however it was put to use only on 01.04.2013. What amount of finance cost will be added to find out the original cost of the plant?

A. ₹ 6.25 lakhs
B. ₹ 9.375 lakhs
C. ₹ 18.75 lakhs
D. ₹ 8.00 lakhs

(v) Z Ltd. has provided depreciation as per accounting records ₹ 5.00 lakhs and as per tax records it is ₹ 8.00 lakhs. An unamortised preliminary expense as per tax records is ₹ 6,500. There is adequate evidence of future profits sufficiency. How much deferred tax assets/liabilities should be recognised as per AS–22 ? Tax rate is 30%.

A. ₹ 88,050 (DTL)
B. ₹ 90,000 (DTL)
C. ₹ 91,950 (DTL)
D. ₹ 88,060 (DTA)

(vi) ASILEEN LTD. purchased a plant on 01.04.2011 for ₹ 8,00,000. It provides depreciation @ 20% on WDV during the year ended on 31.03.2013. If the Company provides inpairment loss on plant for ₹ 80,000. What would be the carrying amount of Plant on 31.03.2013 as per AS–28?

A. ₹ 5,92,000
B. ₹ 5,12,000
C. ₹ 4,32,000
D. None of (A), (B) and (C)

(vii) GAYATHRI Ltd. purchased 1500 shares of SAVITHA Ltd. in December, 2011 at ₹ 100 each and paid brokerage at 1%. In September, 2012 Savitha Ltd. issued bonus shares at one share for every three held by the Shareholders. If Gayathri Ltd. sold 1,000 shares in March, 2013 at ₹ 110 per share and paid a brokerage of 1%, what would be the carrying cost of investment in Savitha Ltd. after the sale of shares as per AS–13?

A. ₹ 75,750
B. ₹ 41,500
C. ₹ 42,700
D. None of the above

(viii) VENNELA Ltd. acquired 2000 equity shares of DRAVIDAN Ltd. on April, 01,2012 for a price of ₹ 3,00,000. Dravidan Ltd. made a net profit of ₹ 80,000 during the year 2012-13. Dravidan Ltd. issued bonus shares of one share for every five shares held out of the post acquisition profits earned during the year 2012-13. The Share Capital of DRAVIDAN Ltd. is ₹ 2,50,000 consisting of shares of ₹ 100 each. If the share of Vennela Ltd. in the pre-acquisition profit of Dravidan Ltd. is ₹ 56,000, the amount of Goodwill/ Capital Reserve to be shown in the Consolidated Balance Sheet as on March 31,2013 is

A. ₹ 4,000 (Goodwill)
B. ₹ 4,000 (Capital Reserve)
C. ₹ 44,000 (Goodwill)
D. ₹ 50,000 (Goodwill)