

FINAL EXAMINATION

December 2014

F-PI6(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 questions from the remaining seven questions.

- 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) Paragon Ltd. is having an Asset, carrying amount of which is ₹ 50 lakh on March 31, 2014. Its balance useful life is 4 years and residual value at the end of 4 years is ₹ 4 lakh. Estimated future cash flow from using the asset will be ₹ 10 lakh per annum for 4 years. If the discount rate is 12%, 'the value in use' for the asset as per AS-28 will be
- [Given: PVIFA (12%, 4 years) = 3.0373, and PVIF (12%, 4 years) = 0.6355]
- (A) ₹ 32.638 lakh
(B) ₹ 32.915 lakh
(C) ₹ 34.416 lakh
(D) None of the above
- (ii) Shrija Ltd. finds at the end of financial year 2013-14 that there is a Law Suit outstanding. The possible outcomes as estimated by the Board of Directors are as follows:

	Probability	Amount of Loss ₹
Win	0.60	—
Lose-low damages	0.30	90,000
Lose-high damages	0.10	1,60,000

What is the amount of Contingent liability to be shown by way of a note to financial statements as per AS-29?

- (A) ₹ 43,000
(B) ₹ 37,000
(C) ₹ 27,000
(D) Insufficient information

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- (iii) From the records of DKB Construct Ltd. an Engineering Contractors, who obtained a contract for construction of a dam, the following data is available pertaining to the year ended March 31, 2014.

	(₹ in lakh)
Total Contract Price	2,400
Work Certified	1,250
Work pending Certification	250
Estimated further cost to completion	1,750
Stage-wise payment received	1,100

What will be the amount of Profit/(Loss) for the year ended March 31, 2014 as per AS-7?

- (A) ₹ 1,150 lakh
 (B) ₹ (850) lakh
 (C) ₹ (600) lakh
 (D) No effect in 2013-14
- (iv) Shrijoni Ltd. set up a new factory in a backward district and purchased certain Plant and Machinery for ₹ 250 lakh for this purpose. Purchases were entitled for CENVAT Credit of ₹ 5 lakh and State Government also agreed to extend 20% Subsidy for backward area development. What will be the depreciable value of the Plant and Machinery?
- (A) ₹ 250 lakh
 (B) ₹196 lakh
 (C) ₹188 lakh
 (D) None of (A), (B) and (C)
- (v) Abron Ltd. has five business segments with Operating Profits/(Losses) as shown below:

Segment	Operating Profit/(Loss) (₹ in lakh)
M	250
N	25
P	(175)
Q	(20)
R	(105)

What are the Reportable Segments as per AS-17?

- (A) M, P and R
 (B) M, N, P and R
 (C) M, Q and R
 (D) N, P, Q and R
- (vi) Rich Ltd. acquired 80% shares of Zoom Ltd. on October 01, 2013 at a price of ₹ 5,50,000. The Balances of Profit and Loss Account of Zoom Ltd. are as under:

As on	Balance
April 01, 2013	₹ 1,00,000 (Debit balance)
March 31, 2014	₹ 1,50,000 Credit balance

The Share of Capital Profit of Rich Ltd. at the time of consolidation as on 31.03.2014 is

- (A) ₹ 20,000
 (B) ₹ 40,000
 (C) ₹ 75,000
 (D) Insufficient Information

