

PAPER – 16
ADVANCED FINANCIAL ACCOUNTING & REPORTING

TEST PAPER – IV/16/AFA/2008/T-2
ICWAI

Time Allowed: 3hrs

Full Marks: 100

Part One – Objective Type Questions

(10 x 2 = 20 marks)

- 1) An intangible asset was acquired in exchange of securities. The amount to be recognized in the books would be:
 - a. Fair value of intangible asset
 - b. Fair value of security
 - c. Fair value of intangible asset or security whichever is lower.
 - d. Fair value of intangible asset or security whichever is more clearly evident.

- 2) When the carrying amount of a fixed asset is less than its net realizable value, then the fixed asset in the books should be disclosed at:
 - a. Carrying amount
 - b. Net realizable value
 - c. Management choice
 - d. None.

- 3) A non-corporate enterprise, whose turnover exceeds Rs.50 crores is a:
 - a. Level – I enterprise
 - b. Level – II enterprise
 - c. Level – III enterprise

- 4) Fixed Production Overheads are allocated to Inventory on the basis of:
 - a. Actual Capacity
 - b. Idle capacity
 - c. Normal Capacity
 - d. None

- 5) Dividends which were proposed after the balance sheet date is
 - a. adjusting event as per AS-4
 - b. adjusting event as required by Schedule VI of The Companies Act, 1956
 - c. non-adjusting event as per As-4

- 6) Which of the following items of income / liabilities will not be included in the segment income / liability respectively, of a Company which has three business segments namely, "Paper division", "Printing division", and "Publishing division"?
- a. Interest or dividend income
 - b. Loan obtained by the company to purchase an asset for Printing division
 - c. Both (a) and (b)
 - d. Neither (a) nor (b).

7) Segment results of X Ltd.'s divisions are given below. Identify the reportable segments as per AS-17.

Segment	A	B	C	D	E	F	G	H
Profit / (Loss)	5	(90)	15	(5)	8	(5)	5	7

- a. B, C, E & H
 - b. B, C & H
 - c. B & C
 - d. B & E
- 8) The first three criteria to determine a reportable segment are:
- e. Result test, 75% test, Asset Test
 - f. Expense test, Result test, Revenue Test
 - g. Result test, Assets test, Revenue Test
 - h. Liabilities test, Asset test, 75% test.
- 9) The form of accounts for the Central, State and Union Territory governments in India are presented in three parts, namely:
- i. Consolidated fund, Contingency fund and Public Account.
 - j. Consolidated fund, Contingency fund and Operations Account
 - k. Revenue Account, Expenditure Account and Consolidated fund
 - l. None of the above.
- 10) The nature of audit of Government accounts including Government companies would be in the nature of:
- m. Performance audit
 - n. Regularity Audit
 - o. Propriety Audit
 - p. (a) and (b)
 - q. (a), (b) and (c)

Part Two

Answer any four questions out of six.

(4 x 20 = 80 marks)

11) Write a note on the applicability of Accounting Standards to the various categories of entities (including Corporates and Non-Corporates).

(20 marks)

12) a) State the disclosure requirements contemplated under:

i) AS – 3 – Cash Flow Statement

ii) AS 4 – Contingencies and Events occurring after Balance Sheet date

iii) AS 6 – Depreciation Accounting (10 marks)

b) Write short notes on the following with reference to AS 9 – Revenue Recognition:

i) Sale of goods; ii) Rendering of services

iii) Interest, Royalties, Dividends (10 marks)

13) Write short notes on the following with reference to IAS 36, Impairment of Assets:

a. Identification of an asset that may be impaired

b. Measuring recoverable amount

c. Reversal of an impairment loss

d. Goodwill (20 marks)

14) a) Explain the requirements prescribed under AS 17 - Segment Reporting with regard to (i) Identification of segments & (ii) Disclosures required. (10 marks)

b) Explain the specific issues in Segment Reporting relating to Transfer Pricing and Interdivisional Relationship, which are of concern to the Management Accountants. (10 marks)

15) Explain the roles and responsibilities of the Comptroller and Auditor General of India. (20 marks)

16) a) Compare and contrast the Government accounting with the Commercial accounting, with regard to the principles, objective and nature of accounting. (10 marks)

b) From the following information of a company having two primary segments, prepare a statement classifying the same under appropriate heads:

(Rs. In lacs)

Segment Revenue	A	27,050
Segment Revenue	B	3,280
Inter segment Revenue	A	50
Segment Profit	A	4,640
Segment Profit	B (loss)	197
Dividend Income		285
Tax Provision		35
Capital Expenditure	A	1,675
Capital Expenditure	B	1,300
Non cash expenditure (excluding depreciation)		16
Segment	A	114
Segment	B	16
Liabilities	A	3,430
Liabilities	B	770
Other Liabilities		2,200
Assets	A	19,450
Assets	B	2,700
Other Assets		6,550
Depreciation	A	110
Depreciation	B	15

(10 marks)