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V Semester B.Com. Examination, November/December 2017
(CBCS) (2016-17 and Onwards) (F+R)
COMMERCE

5.2 : International Financial Reporting Standards

Time : 3 Hours

Max. Marks : 70

Instruction : Answers should be **completely** either in **English** or **Kannada**.

SECTION – A

Answer **any five** sub-questions. **Each** sub-question carries **two** marks. (5×2=10)

1. a) Write any two demerits of IFRS.
- b) What are the criteria for investment properties ?
- c) List the items included in the shareholder's fund.
- d) What is cost of sales ?
- e) How do you treat pre-acquisition profit or loss ?
- f) What do you mean by unrealised profits ?
- g) What is meant by related party transaction ?

SECTION – B

Answer **any three** questions. **Each** question carries **six** marks. (3×6=18)

2. List out any nine international accounting standards issued by IASB.
3. Narrate the disclosure under insurance contracts as per Ind. AS 104.
4. X Ltd. obtained a loan of ₹ 60,00,000 on 1st April, 2016 from Vijaya Bank, to be capitalized as under :

Construction of company building	₹ 20,00,000
Purchase of Plant and Machinery	₹ 15,00,000
Working capital required	₹ 10,00,000
Purchase of vehicle	₹ 15,00,000

In March, 2017, construction of company building was completed and Plant and Machinery was ready for its intended use. Total interest charged by Vijaya Bank for the financial year ending 31st March, 2017 was ₹ 7,20,000. How do you treat the total interest charged on loan ?

5. From the following particulars of M/s Ravinandan Ltd., prepare a statement of P/L for the year ended 31 March, 2017 as per Schedule III of Companies Act, 2013 :

	₹
Revenue from operations	1,00,000
Printing and Stationery	2,000
Advertisement	4,000
Salaries and allowances	6,000
Interest on long term loans	4,500

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Goodwill written off	1,500
Material consumed	35,000
Discount allowed	1,000
Interest on investment received	1,500
Depreciation on fixed assets	2,000

6. Sri Rama Ltd. acquired 60% of Equity shares in Laxman Ltd. on 1-10-2016. The following balances are extracted from the Balance Sheet of Laxman Ltd. as on 31-3-2017 :

- i) Share capital : 40000 Equity shares of ₹ 100 each fully paid.
- ii) General Reserve on 1-4-2016 ₹ 80,000.
- iii) Profit and Loss A/c (credit) on 1-4-16 ₹ 30,000.
- iv) Net profit for the year ended 31-3-2017 ₹ 60,000.

Calculate cost of control.

SECTION – C

Answer **any three** questions. Each question carries **fourteen** marks.

(3×14=42)

7. a) Explain in brief, any two International Financial Reporting Standards.
b) Discuss the various merits of IFRS.
8. a) Evaluate the requirements and disclosure of EPS under Ind. AS 33.
b) What are the objectives, scope and disclosure of related party as per Ind. AS 24.
9. a) Calculate the borrowing cost in the case of Indraprastha Co. Ltd. :
 - 1) 30 crores arranged by 12% p.a. Debentures payable after 10 years, 10 crores by 12 years loan from SBI and 10 crores from Indian Bank. The SBI interest rate is 14% p.a. and Indian Bank interest rate is 16% p.a.
 - 2) Debentures repayable at 10% premium.
 - 3) The cost of issue of Debentures is ₹ 22 lakhs.
 - 4) The service charges for SBI loan 8%.
b) The cost of a machine is ₹ 3,00,000, which has 5 years of useful life. Depreciation is on straight line method @ 10% p.a. Machine is expected to generate ₹ 30,000 p.a. net cashflow for 5 years. The net realisable value of the machine on current date is ₹ 1,40,000. The required rate of return is 10% p.a. Calculate : (i) Carrying amount of the machine. (ii) Impairment loss (iii) Revised carrying amount.

(The present value of an annuity at 10% p.a. for 5 years is 3.79.)



10. a) The particulars are given for Sachidananda Ltd. for the year ending 31-12-2016 :

	₹
Goods acquired	6,00,000
Stock of goods on 1-1-2016	80,000
Stock of goods on 31-12-2016	90,000
Sales	10,00,000
Depreciation on fixed assets	10,000
Preliminary expenses written off	8,000
Salaries to the employees	19,000
Rent of showroom	12,000
Interest on loan	10,000
Discount received from suppliers	5,000
Office expenses	2,000
Printing and Stationeries	1,800
Carriage outwards	1,200
Advertisement	800
Income tax @ 40%	

From the above particulars, prepare a Statement of Profit or Loss as per Schedule III of Companies Act, 2013.

b) The Trial Balance of Mysore Ltd. on 31-3-2017 was given as under :

	Dr. (₹)	Cr. (₹)
Share capital : Shares of ₹ 100 each	—	4,00,000
8% mortgage debentures	—	1,00,000
Plant and Machinery	4,50,000	—
Furniture	50,000	—
Land and Building	1,00,000	—
Accounts payable	—	1,20,000
Long term loans	—	2,00,000
Provision for depreciation	—	50,000
Inventories	1,80,000	—
Accounts receivables	20,000	—
Investments in flats	1,60,000	—
Technical know-how	40,000	—
Cash and cash equivalent	20,000	—
P/L A/c	—	1,30,000
Revenue received in advance	—	20,000
Total	10,20,000	10,20,000

Prepare a statement of financial position of Mysore Ltd. as on 31-3-2017 as per Schedule III of Companies Act, 2013.

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11. a) The statements of financial position of Keerthi Ltd. and Murthy Ltd. as on 31-3-2017 :

Liabilities	Keerthi Ltd. (₹)	Murthy Ltd. (₹)
Share capital :		
Shares of ₹ 10 each	4,00,000	1,00,000
General Reserve on 1-4-2016	1,00,000	40,000
P/L A/c on 1-4-2016	60,000	15,000
Profit for 2016-17	2,40,000	2,00,000
Accounts payable	40,000	20,000
Total	8,40,000	3,75,000
Assets		
Tangible fixed assets	3,90,000	1,40,000
Investments : (8000 shares of ₹ 20 each in Murthy Ltd.)	1,60,000	-
Accounts receivable	2,40,000	1,60,000
Other current assets	50,000	75,000
Total	8,40,000	3,75,000

Keerthi Ltd. acquired the shares in Murthy Ltd. on 1-8-2016.

From the above details calculate non-controlling interest.

b) Friends Company Ltd. acquired 6000 shares in Enemies Company Ltd. on 1-11-2016. The summarised financial position of the above two companies as on 31-3-2017 was as under :

Liabilities	Friends Co. Ltd. (₹)	Enemies Co. Ltd. (₹)
Share capital :		
Shares of ₹ 100 each fully paid up	4,00,000	2,00,000
Reserves on 1-4-2016	20,000	30,000
P/L Account	1,00,000	80,000
Current liabilities	70,000	60,000
Total	5,90,000	3,70,000
Assets		
Investment in real estate	50,000	80,000
Investment in shares of Enemies Co. Ltd.	2,00,000	-
Machinery	1,50,000	90,000
Current assets	22,000	20,000
Building	1,68,000	1,80,000
Total	5,90,000	3,70,000

P/L Account balance of Enemies Company Ltd. on 1-4-2016 was ₹ 30,000.

Calculate controlling interest and Goodwill or Capital Reserve.