Register Number:

Date:

****

 **ST. JOSEPH’S COLLEGE (AUTONOMOUS) BENGALURU-27**

 **M.COM: IV SEMESTER**

 **SEMESTER EXAMINATION: APRIL 2022**

(Examination conducted in July-August 2022)

 **MCO DEA 0418 - Corporate Reporting Practices and ind as**

**TIME: 21/2 Hour MAX. MARKS: 70**

**This paper contains four pages and four parts**

 **SECTION A**

**Answer any TEN of the following. Each question carries two marks. (10x2=20)**

1. What is reverse acquisition?
2. Give the meaning of corporate Financial Restructuring.
3. State any two advantages of convergence of accounting standards with IFRS.
4. Highlight the scope of IND AS 41: Agriculture
5. How do you identify significant influence?
6. State any two objectives of IFRS 13: Regulatory Deferral Accounts.
7. X Ltd., and Y Ltd., agree to amalgamate and form a new company called XY Ltd., The amalgamation agreement provide for purchase consideration of Rs. 1,00,000 to A Ltd., and Rs. 1,20,000 to B Ltd., to be discharged by the issue of 9,000 shares of Rs.10 each to A Ltd., and 11,000 shares of Rs.10 each to B Ltd., and the balance in cash to A Ltd., and B Ltd., respectively. Show the discharge of purchase consideration.
8. State any two objectives of Business combination.
9. Give the meaning of Non- Controlling interest.
10. How does the unrealised profit be treated in Group accounts?
11. Enlist any four users of financial statements.
12. State the different methods of calculation Purchase Consideration.

**SECTION B**

**Answer any THREE of the following. Each question carries five marks. (3x5=15)**

1. From the following Balance Sheets of H Ltd., and S Ltd., Calculate Goodwill or Bargain Purchase as at 31-03-21.

|  |  |  |
| --- | --- | --- |
| **Particulars** | **H ltd** | **Ltd** |
| **Liabilities:**Share Capital: Shares of Rs.10 General ReserveProfit and Loss A/CSundry Creditors | 1,00,00010,00010,0005,000 | 50,0004,0005,0004,000 |
| **Total** | 1,25,000 | 63,000 |
| **Assets:**Fixed AssetsInvestments: 4000 shares in S Ltd | 60,00065,000 | 63,000-------- |
| **Total** | 1,25,000 | 63,000 |

H Ltd acquires the shares in S Ltd on 31-03-2021. There was no balance in the P & L A/C of S Ltd as at 1-4-2020 but there was already a balance of Rs. 2000 in the General Reserve A/C as on that date.

1. Briefly explain the steps followed in implementation of IFRS.
2. Entities A and B establish a 50:50 joint operation in the form of a separate legal entity, Entity J, whereby each operator has a 50% ownership interest and takes 50% of the output. On formation of the joint operation, Entity A contributes a property with fair value of INR 110 and intangible asset with fair value of INR 10 whereas Entity B contributes equipment with a fair value of INR 120. The carrying amounts of the assets contributed by Entities A and B are INR 100 and INR 80, respectively. What will be the amount of any gain or loss to be recognised by Entity A in its separate financial statements as well as consolidated financial statements?
3. You are given the following extracts of ledger balances taken from Shankar ltd. For the year ending 31-3-2021. Prepare a statement of profit and Loss.

|  |  |
| --- | --- |
| **Particulars** | **Amount** |
| Revenue from operation | 98000 |
| Other income | 2000 |
| Advertising | 5250 |
| Salaries | 27000 |
| Depreciation | 2800 |
| Insurance | 1000 |
| Interest on Debentures | 1000 |
| Preliminary expenses written off | 1000 |
| Bad debts | 500 |
| Discount | 500 |
| Printing and stationery | 1000 |
| Cost of material consumed | 25000 |

1. Discuss the objectives and scope of IND AS 104: Insurance Contracts.

**SECTION C**

**III Answer any two of the following. Each question carries ten marks.** (**2 x 10 = 20 marks)**

1. From the following trial balance Prepare Final Accounts of Nishi Trading Company Limited for the accounting period 31st march 2021.

|  |  |  |
| --- | --- | --- |
| **Particulars** | **Debit**  | **Credit** |
|   | Rs | Rs |
| Sales |   | 654000 |
| General reserve |   | 12000 |
| Opening Inventories | 58400 |   |
| Trade payables |   | 25890 |
| Purchases of goods | 232080 |   |
| Depreciation on Tangible of Assets | 15500 |   |
| Trade receivables | 85000 |   |
| Salary expenses | 98470 |   |
| Provision for Bad and doubtful debts |   | 5000 |
| Cash and cash equivalents | 35500 |   |
| Tangible Assets | 155000 |   |
| Freight | 48880 |   |
| Amortisation on Intangible Assets | 18500 |   |
| Sundry expenses | 42860 |   |
| Share Capital(equity shares of Rs. 100 each) |   | 250000 |
| P and L A/C |   | 7000 |
| Preliminary expenses | 20000 |   |
| Power fuel | 54200 |   |
| Bad debts | 3500 |   |
| Intangible Assets | 86000 |   |
|   | **953890** | **953890** |

**Additional Information:**

1. Closing inventories Rs. 28880.

2. Create Provision for taxation at 30%.

3. Write off 1/5th of preliminary expenses.

4. Directors proposed dividend of 15%.

5. Write off Rs. 2500 as Bad dets and maintain PBDD at 10 % on Debtors.

1. Write a brief note on:

 a. Equity method for investment in Associate and Joint ventures. **(5 marks)**

b. Exploration for and Evaluation of Mineral Resources IND AS 106. **(5 marks)**

20. A Ltd., & B Ltd., agreed to amalgamate and form a new company called AB Ltd., with an authorised capital of Rs.25,00,000 consisting of 2,50,000 equity shares of Rs. 10 each. The purchase consideration is agreed at Rs.5,50,000 for A Ltd., and Rs.6,60,000 for B Ltd., to be settled by the issue of equity shares at a premium of 10%. The agreed value of assets and liabilities taken over by AB Ltd., is as under:

|  |  |  |
| --- | --- | --- |
| **Particulars** | **A LTD** | **B LTD** |
| Land & BuildingsPlant & MachineryFurniture & FixturesStock & DebtorsCash & BankCreditorsBank OverdraftBank Loan12% Debentures | 4,00,0002,50,0001,50,0001,00,00050,00075,00025,00075,0002,00,000 | 3,00,0002,75,0002,50,0001,25,00075,0001,50,00050,00075,0001,50,000 |

You are required to show in the books of AB Ltd:

1. Journal entries for (a) business purchase, (b) incorporation of assets and liabilities

and (c) discharge of purchase consideration and

2. The Balance Sheet in the books of AB Ltd.,

**SECTION D**

**Answer the following compulsory question. The question carries fifteen marks. (1x15=15)**

21. The following are the Balance Sheets of M Ltd. and N Ltd. As on 31.03.2021.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Equity and Liabilities** | **M Ltd** | **N Ltd** | **Assets** | **M Ltd** | **N Ltd** |
| Equity share capital(₹ 100 each) | 5,00,000 | 2,00,000 | Buildings | 1,50,000 | 1,80,000 |
| Other EquityCapital ReserveGeneral ReserveP/L Account |  ------2,40,000 57,200 | 1,20,000 -------36,000 | Plant | 2,40,000 | 1,09,400 |
| Loan from Bank | 1,00,000 |  ------- | 1600 shares in N Ltd. | 3,40,000 |  ------ |
| B/P (including ₹ 1500 to M Ltd.) | 47,100 | 9,400 | B/R (including ₹ 1500 from N Ltd. | 15,400 |  ------ |
| Creditors | --------- | 8000 | Stock | 1,40,000 | 36,000 |
|  |  |  | Debtors | 42,000 | 40,000 |
|  |  |  | Bank | 16,900 | 8,000 |
| TOTAL | **9,44,300** | **3,73,400** | TOTAL | **9,44,300** | **3,73,400** |

M Ltd. Acquired 1600 shares of N Ltd. On 1.7.2020. Prepare Consolidated Balance Sheet as on 31.03.2021 after taking into consideration the following:

1. Creditors of N Ltd. Includes ₹ 6000 due to M Ltd.
2. On 31.03.2020 building of N Ltd. are found undervalued by ₹ 20000 and Plant overvalued by ₹ 10000. The new values are to be incorporated.
3. The balance of P/L a/c of N Ltd. is ₹ 36000 and represents the profit earned by the company during the year ended 31.03.2021.